

**AB RWANDA PLC
FORMERLY AB BANK
RWANDA PLC**

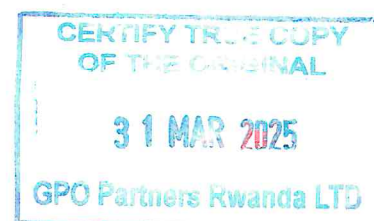
**ANNUAL REPORT, FINANCIAL
STATEMENTS AND AUDIT
REPORT**

**FOR THE YEAR ENDED 31
DECEMBER 2024**



**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
DIRECTORS AND STATUTORY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024**

DIRECTORS

The Directors who served during the twelve months period ended 31 December 2024 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
Susan Mutoni	Director	16-Jun-22	Rwandan

SECRETARY

Sabiti Ivan
Ag. Company Secretary and Legal Advisor

AUDITOR

GPO Partners Rwanda ltd
Certified Public Accountants
KG7 Ave.
Aurore Building – Kacyiru
P.O. Box 1902
Kigali, Rwanda

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

AB Rwanda Plc
15 KN 78 Street
P.O Box 671
Kigali, Rwanda

LAWYER

Landmark Advocates Ltd
ECD PLAZA, 3rd Floor
P.O Box 6422
Kigali, Rwanda

SHAREHOLDERS

Access Microfinance Holding AG
International Finance Corporation
Kreditanstalt für Wiederaufbau

BANKERS

Ecobank Rwanda Plc
KN3, Ave
P.O Box 3268
Kigali, Rwanda

I&M Bank (Rwanda) Plc
KN 03 AVE 9
P.O Box 354
Kigali, Rwanda

NCBA Bank Plc
KG7 AVE
P.O Box 6774
Kigali, Rwanda

Equity Bank Plc
KN 4 Ave
P.O Box 494
Kigali, Rwanda

Bank of Kigali Plc
KN 4 Ave
P.O Box 175
Kigali, Rwanda

BPR Bank 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 2024, which disclose the state of affairs of AB Rwanda Plc (the “Deposit-taking Microfinance Institution /Company”). AB Rwanda Plc was incorporated as a Microfinance Bank on 2 October 2012 and issued with a microfinance-banking license by the National Bank of Rwanda (BNR) on 31 December 2013. The Company started operations on 6 January 2014. In 2018, the Central Bank of Rwanda (BNR) issued a new regulation requiring all commercial banks operating in Rwanda to increase their regulatory minimum capitals from Frw 5 Billion to Frw 20 Billions. This new regulation was not suiting the business model of AB Bank Rwanda Plc, which operates on a relatively small market share. Consequently, in order to comply with the new minimum capital requirements; the shareholders of AB Bank decided to remain focussed on the level of Micro finance company instead of upgrading to commercial banks category. Therefore, the management of the bank applied for a conversion of the then existing microfinance-banking license into a Deposit taking MFI license whose minimum capital requirement is set by law at 1 Billion.

On 1 November 2023, the bank acquired a new license from the Central Bank of Rwanda to undertake activities of a deposit taking MFI; consequently, the bank changed its name from AB Bank Rwanda Plc to AB Rwanda Plc. There has been no significant impact on business from the change of the license, the business model remained the same, the company will keep relying on a strong relationship with funds suppliers especially large and medium corporates to refinance the Company, The Company will keep financing small and medium entrepreneurs and farmers focusing on small sized loans ranging from 250,000 to 30,000,000; Approach to management of Credit and Operational risks remains unchanged. However, there have been changes in reporting requirements from the central bank (reports content, reporting deadlines, etc.), additionally it is worth to mention that minimum capital requirements changed from 15% and 12.5% to 12.5% and 10.5% for Total Capital to Risk Weighted Assets and Core capital to Risk Weighted Assets respectively and the Liquidity Coverage Ratio moved from 100% as per Basel III reporting requirements to 20% Basel I reporting requirements, Other changes are minor and considered to have no significant impact on the Company performance and management requirements.

1. Principal activities

The principal activity of AB 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 6.



4. Dividend

The management has not planned to distribute dividends during the current financial year.

5. Auditor

GPO Partners Rwanda Ltd, a certified public accounting firm was appointed by shareholders of AB Rwanda Ltd as external auditors of the Company for the fiscal years 2024, 2025 and 2026 in accordance with Regulation No 44/2022 of 02/06/2022 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 Board of Directors on 20 March 2025.

DocuSigned by:
Dianne Dusaidi
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Chairperson of the Board

Jonathan Isidori

Chairperson of the Board of Audit Committee

Zachary Ruyumul

Chief Executive Officer

**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view of AB Rwanda Plc (Deposit-taking Microfinance Institution) as set out on pages 12 to 67, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies information" in line with the recent updates of IAS 1, in accordance with IFRS Accounting Standards and in the manner required by Law No 007/2021 of 05/02/2021 as modified and complimented to date by the Law No 019/2023 of 30/03/2023 governing companies in Rwanda, and Regulation No. 60/2023 of 27/03/2023 on publication of financial statements and other disclosures by deposit-taking Microfinances, 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.

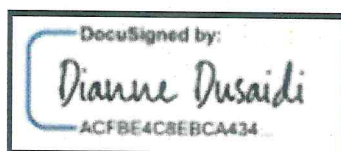
The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk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

The Directors have made an assessment of the ability of the Company 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. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

The independent Auditor is responsible for 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 as modified and complimented to date by the Law No 019/2023 of 30/03/2023 governing companies in Rwanda, and Regulation No. 60/2023 of 27/03/2023 on publication of financial statements and other disclosures by deposit-taking microfinances.

Approval of financial statements

The financial statements of AB Rwanda Plc were approved and authorised for issue by the Board of Directors on 20 March 2025.



A handwritten signature in blue ink, appearing to read "Gustave Ndayishimiye".

Chairperson of the Board

A handwritten signature in blue ink, appearing to read "Zachary Ruzumwa".

Chief Executive Officer

Chairperson of the Board of Audit Committee

**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

AB 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 Company 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 four 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 Company has a Management Committee to ensure that the Company 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 Company’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 ALCO (Assets and Liabilities Committee), it was also set up to derive the most appropriate strategy for the Company 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 Company, 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 Company, as well as deliberate and consider loan applications beyond the discretionary limits of the Credit Risk Management Committee, among others.

Board of Directors

Each Director serves for a 3 year period, renewable twice during the entire period; it is not the Company practice to re-appoint members on annual basis. As of 31 December 2024, the Board of Directors was comprised of the following members:

Names	Title	Appointment date	Nationality
Mr. Albert Kinuma	Director	02-Mar-18	Rwandan
Dr. Bernd Zattler	Director	11-Sep-18	German
Dr. Gregor Taistra	Director	12-Aug-20	German
Ms. Dianne Dusaïdi	Chairperson	31-Aug-20	Rwandan
Ms. Susan Mutoni	Director	16-Jun-22	Rwandan



**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

Membership of Board Committees

The tables below give record of the membership of AB Rwanda's Board committees from 01 January 2024 to 31 December 2024.

Composition of Board Committees from 1st January to 31st December 2024

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

Ordinary Board, Board Committees and extraordinary Board meetings attendance

The following table gives the record of attendance (in %) to AB Rwanda Plc's Ordinary Board, its committees and Extraordinary Board meetings for the year ended 31 December 2024.

Directors	Ordinary Board	Audit Com	Risk Com	Credit Committee
Mr. Albert Kinuma	100%	100%	100%	N/A
Ms. Dianne Dusaidi	100%	N/A	100%	100%
Dr. Gregor Taistra	100%	N/A	100%	100%
Dr. Bernd Zattler	100%	100%	100%	100%
Ms. Susan Mutoni	100%	100%	100%	N/A

Notes

There were four ordinary Board meetings and four Board Audit, Risk and Credit Committees in 2024.



To the shareholders of AB RWANDA PLC**Opinion**

We have audited the accompanying financial statements of AB Rwanda Plc set out on pages 12 to 67, which comprise the Statement of Financial Position as at 31 December 2024, and the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AB Rwanda Plc as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and requirements of the Law N° 072/2021 of 05/11/2021 governing deposit taking microfinance institutions, Regulation N° 62/2023 of 27/03/2023 governing administrative and pecuniary sanctions applicable to deposit-taking microfinance institutions and Law n° 007/2021 of 05/02/2021 governing companies in Rwanda as amended by the law n° 19/2023 of 30/03/2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of AB Rwanda Plc in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Rwanda, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

In accordance 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 material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Key audit matters

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

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	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

therefore increased levels of audit focus are: Economic scenarios – IFRS 9 *Financial Instruments* requires the company to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. Significant management judgment is applied to determining the economic scenarios used and the probability weightings applied to them.

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.

- Used our data and analytics specialists to independently re-compute 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 company’s ECL calculation as these criteria determine whether a 12 month or lifetime allowance is recorded. The company 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;
 - 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 Microfinance’s SICR determination by assessing the qualitative and quantitative factors used by management in their evaluation of the classification into stages 1, 2 and 3;
 - For a sample of key data inputs and assumptions applied in determination of ECL, assessing the accuracy of economic forecasts and challenging assumptions applied by involving our specialists in the re-performance of the economic forecasts and PDs;
 - Evaluated the appropriateness of the Microfinance’s SICR determinations by assessing the qualitative and quantitative factors used by management in their evaluation of the classification into stages 1, 2 and 3;
 - Involved our financial risk management specialists in assessing the appropriateness of the Microfinance’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 Exposure at Default (EADs) by considering local economic conditions, and;
 - 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 company’s ECL results and are therefore the most significant judgmental aspect of the Microfinance’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.

-
- 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*.
-

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Law n° 072/2021 of 05/11/2021 governing deposit taking microfinance institutions, Regulation n° 62/2023 of 27/03/2023 governing administrative and pecuniary sanctions applicable to deposit-taking microfinance institutions and the requirements of Law n° 007/2021 of 05/02/2021 governing companies in Rwanda amended by the law n° 19/2023 of 30/03/2023, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the company's reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the planning and performance of 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 controls 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 AB Rwanda Plc internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information within the entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on Other Legal and Regulatory Requirements

The law governing companies n° 007/2021 of 05/02/2021 requires that in carrying our audit, we consider and report to you on the following matters. We confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper accounting records have been kept by the company, so far as appears from our examination of the accounting records;
- iii) We are not related to AB Rwanda Plc and have no interests or debts in the company;
- iv) In our opinion, the financial statements comply with the international accounting standards;
- v) We have communicated to you through a management letter highlighting problems identified during the audit and our recommendations for improvement.
- vi) In our opinion and considering the information and explanations given to us through accounting and other company documents, the financial statements comply with Article 125 of Law n° 007/2021 of 05/02/2021 governing companies in Rwanda amended by the law n° 19/2023 of 30/03/2023.

For GPO Partners Rwanda Ltd



Patrick GASHAGAZA
Partner

31/03/2025

AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

in '000 Frw		2024	2023
	Note		
Interest income	5	9,063,309	6,074,484
Interest expense	6	(2,192,696)	(1,072,638)
Net interest income before impairment on loans		6,870,613	5,001,846
Impairment charge for loan losses	7	(541,116)	(21,161)
Net interest income		6,329,497	4,980,685
Fee and commission income		471,371	318,900
Fee and commission expense		(12,031)	(4,995)
Net fee and commission income	8	459,339	313,905
Net result from foreign exchange operations	9	(59,168)	461
Net other operating income	10	62,212	54,525
Net non-interest income		462,384	368,892
Net operating income		6,791,881	5,349,577
Personnel expenses	11	(2,909,301)	(2,593,916)
Depreciation and amortization expenses	12	(636,620)	(499,812)
Lease expenses	12	(49,158)	(52,807)
Other administrative expenses	12	(2,520,043)	(1,740,893)
Total operating expenses		(6,115,122)	(4,887,428)
Profit before tax		676,759	462,149
Income tax expense	13	-	(179,195)
Profit for the year		676,759	282,954
Other comprehensive income		-	-
Total comprehensive income for the year		676,759	282,954


The notes set out on pages 34 to 63 form an integral part of these financial statements.



AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

in '000 Frw	Note	2024	2023
ASSETS			
Cash and cash equivalents	14	649,902	837,807
Debt securities	15	9,110,042	3,233,395
Balances with other banks	16	2,127,141	2,377,300
Loans and advances to customers	17	19,736,108	14,130,384
Other financial assets	18	138,801	138,279
Other non-financial assets	19	1,361,487	194,055
Intangible assets	20	479,273	659,573
Property and equipment	21	642,761	557,623
Rights-of-use assets	22	1,597,406	856,608
Deferred income tax asset	23	131,428	662,490
Total assets		35,974,349	23,647,514
LIABILITIES			
Due to banks and other financial institutions	24	2,600,000	-
Customer accounts	25	25,296,294	16,292,731
Provisions	26	204,112	132,375
Lease liabilities	39	1,600,061	933,287
Other financial liabilities	27	232,961	1,197,274
Other non-financial liabilities	28	357,628	85,313
Total liabilities		30,291,056	18,640,980
EQUITY			
Share capital	29	11,461,300	11,461,300
Accumulated losses		(5,778,007)	(6,454,766)
Total equity		5,683,293	5,006,534
Total liabilities and equity		35,974,349	23,647,514

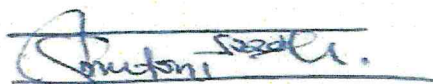
The financial statements on pages 12 to 67 were approved and authorised for issue by the Board of Directors on 20 March 2024 and were signed on its behalf by:

DocuSigned by:

ACFBE4C8EBCA434

Chairperson of the Board



Chief Executive Officer



Chairperson of the Board of Audit Committee

The notes set out on pages 16 to 63 form an integral part of these financial statements.

AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Share capital	Accumulated losses	Total equity
For year ended 31 December 2024 in '000 Frw				
Balance as at 01 January		11,461,300	(6,454,766)	5,006,534
Profit for the year		-	676,759	676,759
Total comprehensive income		-	676,759	676,759
Issue of share capital	29	-	-	-
Balance as at 31 December		11,461,300	(5,778,007)	5,683,293

For year ended 31 December 2023
in '000 Frw

	Notes	Share capital	Accumulated losses	Total equity
Balance as at 01 January		11,461,300	(6,737,720)	4,723,580
Profit for the year	-	-	282,954	282,954
Total comprehensive income		-	282,954	282,954
Issue of share capital	-	-	-	-
Balance as at 31 December		11,461,300	(6,454,766)	5,006,534

The notes set out on pages 34 to 63 form an integral part of these financial statements.



AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

in '000 Frw

	Note	2024	2023
Profit/(loss)			
Profit/(loss) before tax		676,759	462,149
Adjustments for non-cash items:			
Impairment charge for loan losses	7	690,617	367,784
Unrealised loss from currency revaluation	9	59,168	(461)
Depreciation and amortisation expense	12	636,620	499,812
Gain On Debt Restructuring	10	-	-
Gains and losses from sale of property, plant and equipment and intangible assets		-	-
Interest income	5	(9,063,309)	(6,074,484)
Interest expense	6	2,192,696	1,072,638
Cash used in operating activities before changes in operating assets and liabilities		(4,807,450)	(3,672,562)
Changes in operating assets and liabilities			
Changes in operating assets:			
Loans and advances to customers		(6,198,633)	(4,664,798)
Other assets		(636,892)	(26,068)
Interest received		8,287,093	5,626,384
Changes in operating liabilities			
Loans from banks and other financial institutions		-	-
Customer accounts	25	8,571,856	6,923,066
Other liabilities		(691,998)	778,923
Provisions		71,737	18,733
Interest paid		(1,150,016)	(557,283)
Cash inflow /(outflow) from operating activities before taxation		3,445,697	4,426,395
Income tax paid		-	-
Net cash inflow/ (outflow) from operating activities		3,445,697	4,426,395
Cash flow from investment activities			
Purchase of intangible assets		(55,553)	(380,334)
Purchase of property and equipment		(242,070)	(128,082)
Purchase of debt securities	15	(5,742,201)	(929,401)
Net cash outflow from investing activities		(6,039,823)	(1,437,817)
Cash flow from financing activities			
Payment of lease liabilities		(404,564)	(311,733)
Net proceeds from issuance/(net repayments) of debt	24&29	2,600,000	(300,000)
Net cash used in financing activities		2,195,436	(611,733)
Effect of changes in foreign exchange rate on cash and cash equivalents		(39,374)	(10,945)
Total Cash flow		(438,065)	2,387,790
Cash and cash equivalents, beginning of year		3,215,107	827,317
Cash and cash equivalents, end of year		2,777,042	3,215,108

The notes set out on pages 34 to 63 form an integral part of these financial statements.



AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

(1) Reporting Company

AB Rwanda Plc (Formerly AB Bank Rwanda Plc) is a limited liability Deposit-taking Microfinance Institution 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 Company, as a deposit-taking microfinance, 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 2024 were authorised and approved for issue by the Company's Board of Directors on 20 March 2024.

(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 Company, 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 Company's significant accounting policies, including changes during the year, are included in note 2.3.

Statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards and the International Financial Reporting Interpretation Committee (IFRIC) interpretations and comply with the Law No 007/2021 of 05/02/2021 as modified and complimented to date by the Law No 019/2023 of 30/03/2023 governing companies in Rwanda.

Presentation of financial statements

The Company 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 Company.



**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

The Company has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2024 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 Company'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 Company'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 Company'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 Company'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 Company'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 Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

Income taxes

The Company 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 Company'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 Company'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 Company 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 Company 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.

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**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

(2.3) Summary of Material accounting policy information

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

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 Company 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 Company 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 Company accounts for the Day 1 profit or loss, as described below:

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 Company 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 2023 and 2024, there were no transactions with day 1 profits or losses.

Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. In 2023 and 2024 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.



AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

(2.3) Summary of Material accounting policy information

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

Financial assets and liabilities

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

The Company 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.

Business model assessment

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

The Company'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 Company's original expectations, the Company 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 Company holds its financial assets within the "hold to collect" business model.

The SPPI test

As a second step of its classification process, the Company 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 Company considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.



AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

(2.3) Summary of Material accounting policy information

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

Impairment of financial assets

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

The Company 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 Company 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.

In regard to cash and cash equivalents, loans and advances to banks, debt securities at amortised cost, and other financial assets, the Company 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 Company 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 Company 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 Company 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 Company 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 Company’s historical experience and expert credit assessment and including forward-looking information.



AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

(2.3) Summary of Material accounting policy information

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

- **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.
- **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 Company 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 Company 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 the Company in accordance with the contract and the cash flows that the Company 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.



AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

(2.3) Summary of Material accounting policy information

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

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 Company 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 Company 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 Company 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%.
- POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Company 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 AB Rwanda Plc 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 AB Rwanda Plc 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.

AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

(2.3) Summary of Material accounting policy information

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

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 Company 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 Company 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 Company only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

Forward looking information

In its ECL models, the Company 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. AB Rwanda Plc 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 31.12.2024 the Company 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.

**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

(2.3) Summary of Material accounting policy information

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

Write-offs

Financial assets are written off either partially or in their entirety only when the Company 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 Company 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 Company 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 Company 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 Company'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 Company also reassesses whether there has been a significant increase in credit risk. The Company 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 Company'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.

**AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

(2.3) Summary of Material accounting policy information

(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 Company 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.

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AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

(2.3) Summary of Material accounting policy information

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

Derecognition due to substantial modification of terms and conditions

The Company 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 de-recognition 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 Company 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 Company 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 Company 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 Company 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 Company reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Company calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-



AB RWANDA PLC
FORMERLY AB BANK RWANDA PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

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) Summary of Material accounting policy information

(2.3.2) Foreign currency translation

In accordance with IAS 21 the company 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 Company 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	31/12/2024	31/12/2023
United States Dollar	USD	1,382.99	1,263.93
Euro	EUR	1,439.21	1,399.55

Please refer to note 36 for currency exchange risk.

(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, useful lives estimated in years as follows:

• Leasehold improvements	15
• Office Equipment	7
• Furniture and Fittings	7
• Computer Hardware	4
• Motor Vehicles	4
• Motorcycles	4
• Computer Software	2
• Banking Software	5



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(2.3) Summary of Material accounting policy information

(2.3.3) Property and equipment

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.

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(2.3) Summary of Material accounting policy information (continued)

(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 Material accounting policy information

(2.3.8) Leases

At inception of a contract, the Company 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 Company 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 Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company 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 Company has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company 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 Company 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.



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(2.3) Summary of Material accounting policy information (continued)

(2.3.8) Leases

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 Company's 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 Company is reasonably certain to exercise.
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.
- Penalties for early termination of a lease unless the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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 Company 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 Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(2.3.9) Provisions

Provisions are recognised when the Company 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 Company 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 Company 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.



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**(2.3) Summary of Material accounting policy information
(continued)**

(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 Company 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.

(2.3.12) Employee benefits

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 Material accounting policy information

Phase out of IFRS 9 provisioning due to COVID-19 impact

In 2022 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 which emerged in 2020 was completely 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. In 2023 the company fully abandoned collective provision related to Covid-19 pandemic. The same decision remained relevant in 2024.

There are a number of other new standards that were also take place effective from 1 January 2024 but they did not have a material effect on the Company's financial statements. The details of the accounting policies are disclosed in Note (4).



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(4) New and amended standards and interpretations (continued)

Standards issued but not yet effective:

Standards and Amendments	Application date	Impact
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)	1 January 2024	No significant impact
Amendments to IAS 1 Presentation of Financial Statements: <ul style="list-style-type: none"> 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
Amendments to IFRS 16 <i>Leases</i> : Lease Liability in a Sale and Leaseback	1 January 2024	No significant impact

Standards issued but not yet effective:

Standards and Amendments	Application date	Impact
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023).	1 January 2025	No significant impact expected The company will assess the impact on the Company's financial statements in 2025.
IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024).	1 January 2027	No significant impact expected
IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024).	1 January 2027	Presentation impact is expected
Annual Improvements Volume 11 (issued on 18 July 2024).	1 January 2026	No significant impact expected
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 1 January 2026)	1 January 2026	No significant impact expected
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024).	1 January 2026	No significant impact expected

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



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

in '000 Frw

	2024	2023
Interest income from loans and advances to customers	7,924,384	5,700,471
Interest income from loans and advances to banks	221,267	101,326
Interest income from debt securities at amortized cost	917,658	272,687
Total	9,063,309	6,074,484

(6) Interest expense

in '000 Frw

	2024	2023
Interest expense on borrowings	293,830	85,517
Interest expense on term deposits	1,576,295	740,133
Interest expense on savings accounts	226,954	134,792
Interest expense on lease liabilities	95,618	112,196
Total	2,192,696	1,072,638

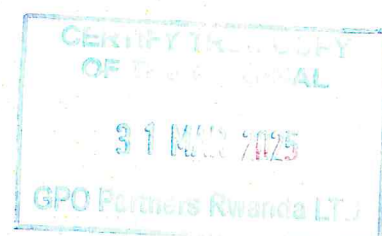
(7) Impairment charge for loan losses

in '000 Frw

	2024	2023
Credit charge/Allowance for the year	(690,617)	(367,784)
Income from recovery of written-off loans	153,593	357,455
Expense on Loan Recoveries	(4,092)	(10,832)
Total	(541,116)	(21,161)

The table below shows the ECL Credit charges on financial instruments for the year recorded in the statement of profit or loss for the year ended 2024:

2024 in'000 Frw	Stage 1 Collective	Stage 2 Collective	Stage 3 Specific	Total
Loans and advances to customers	160,248	10,692	519,676	690,617
Income from recovery of written-off loans	-	-	(153,593)	(153,593)
Expenses on Recoveries	-	-	4,092	4,092
Impairment debit charges	-	-	-	541,116



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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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 2023:

2023 in '000 Frw	Stage 1 Collective	Stage 2 Collective	Stage 3 Specific	Total
Loans and advances to customers	157,575	(21,355)	231,564	367,784
Income from recovery of written-off loans	-	-	(357,455)	(357,455)
Expenses on Recoveries	-	-	10,832	10,832
Impairment debit charges	-	-	-	21,161

(8) Net fee and commission income

Net fee and commission income is broken down as follows:

In '000 Frw	2024	2023
Account maintenance fee	199,065	129,696
Loan application fee	146,199	97,117
Other account service fees	49,840	2,527
Fee and commission income from insurance brokerage	40,257	27,649
Fees from cash transactions	11,544	47,142
Fees on cheques	5,221	5,964
Fees from money transfer	4,528	4,443
Other fees from customers	14,717	4,362
Total fee and commission income	471,371	318,900

In '000 Frw	2024	2023
Other fees to banks	(12,031)	(4,995)
Net fee and commission income	459,339	313,905

(9) Net result from foreign exchange operations

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

in '000 Frw	2024	2023
Gains/(losses) from currency revaluations	29,466	(461)
Losses from foreign exchanges operations with banks	29,702	-
Total	59,168	(461)

(10) Net other operating income

Net other operating income is broken down as follows:

in '000 Frw	2024	2023
Other operating income	62,212	13,338
Bancassurance income	-	41,187
Total other operating income	62,212	54,525



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(11) Personnel Expenses
in '000 Frw

	2024	2023
Salary expenses	2,468,350	2,245,252
Social security expenses	140,402	110,247
Other personnel expenses	300,549	238,417
Total	2,909,301	2,593,916

(12) Other operating expenses

In'000 Frw

	2024	2023
Short-term lease expenses	47,539	8,440
Expenses for low-value leases	1,618	44,367
Sub-total lease expenses	49,158	52,807
Depreciation expenses of right of use assets	243,836	195,817
Depreciation expenses of property and equipment	156,931	166,659
Amortization expenses of intangible assets	235,853	137,337
Sub-total, short term lease, depreciation and amortization expenses	636,620	499,812
Communication expenses	288,510	168,041
Transport expenses	98,218	75,706
Travel expenses	36,011	7,065
IT expenses	47,982	123,580
Utilities expense	87,162	65,155
Printing and office supplies	55,052	34,826
Security expenses	108,281	93,752
Marketing	18,351	16,441
Other consumables	15,157	22,057
Office cleaning expense	13,037	19,358
Consultancy	-	92,687
Legal expenses	145,462	62,453
Insurance expenses	42,530	33,431
Other Tax expenses	6,758	160,180
Repairs and Maintenance	82,745	34,326
Audit fees	26,461	34,307
Professional Membership(AMIR,RBA)	600	3,399
Board expenses	53,885	43,505
BNR Supervision Fee	30,647	22,486
Group Service Charges	607,213	476,193
Various expenses	755,980	85,946
Sub-total other administrative expenses	2,520,043	1,740,893



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Administration expense increase significantly by 40%, moving from 2.3 Bn in 2023 to 3.2 Bn in Dec-2024. This was mainly driven by the increase of various expenses line which includes a written of Deferred Tax Asset Related to tax credit losses amounting 531 Mio which was judged likely not to be utilised in future and the increase of Centralized group service charges which resulted from the resume of some IT costs; in fact AB benefited from the waiver of some core banking software maintenance and upgrades charges in 2023 and in previous years. Depreciation and amortization expenses increased significantly as well following the huge IT assets acquired By the end of the year 2023.i.e banking API and expansion of credit outlets. On the other hand legal expense increased Due to legal provision made during the year.

(13) Income tax expense

The breakdown of income tax expenses is as follows:

in `000 Frw	2024	2023
Deferred income tax expense	-	-
Income tax expense	-	179,195
Total	-	179,195

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

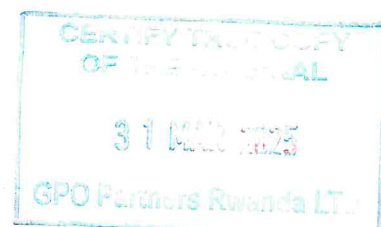
Tax reconciliation in `000 Frw	2024	2023
Profit before income tax	676,759	462,149
Income tax rate of (0%/28%)	0%	29.5%
Expected income tax expense	-	136,334
Tax effects		
+ Effect of write-down of previous year deferred tax assets	(-)	(185,878)
+ Effect of tax disallowable expenses	-	55,101
+/- Effects of tax on leases	(-)	(95)
+/- Other tax effects	-	87,612
Income tax expense	-	(179,195)

On 4th November 2023, AB bank surrendered its former commercial bank license and got a deposit-taking MFI license from the central bank of Rwanda concurrently the bank applied for a new investment certificate which it got during the same month, worth to remind that one of important incentive to operate a microfinance institution in Rwanda as it is stipulated in annex 9 of the Law N° 006/2021 of 05/02/2021 is an entitlement of a corporate income tax holiday of five years; consequently, the company stopped and will keep stopping accrual for corporate income tax expense for the next coming five years; the financial statements for 2024 were therefore prepared at 0% tax Corporate Income Tax Rate. Consequently AB had to write off the accumulated deferred tax asset related to tax credit losses due to that the probability of utilising those tax credit losses after 5 years is very low. The written off deferred tax assets amounts 531,061,835 which was the balance as at end of Dec-2023.

(14) Cash and cash equivalents

Cash and cash equivalents were comprised as follows:

in `000 Frw	2024	2023
Cash on hand	402,407	273,586
Balances with National Bank of Rwanda	247,495	564,221
Total	649,902	837,807



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(15) Debt securities

	2024	2023
Treasury Bonds	8,923,302	2,268,213
Treasury Bills	-	912,888
Accrual interest on T-Bonds	186,741	52,294
	9,110,042	3,233,395

(16) Loans and advances to banks

in `000 Frw	2024	2023
Short-term balances with other banks (< 90 days maturity)	2,127,141	2,377,300
Cash and cash equivalents in the statement of cash flows	2,777,042	3,215,108

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

in `000 Frw	2024	2023
Loans and advances to customers (outstanding principal)	21,411,815	15,542,244
Accrued interest on loans and advances to customers	777,163	448,101
Deferred disbursement fees	(797,853)	(574,545)
Total amount outstanding	21,391,125	15,415,800
Credit impairment losses	(1,655,016)	(1,285,416)
Total net book value	19,736,108	14,130,384

in `000 Frw	2024	2023
Trade	12,803,217	10,143,466
Services	595,499	640,869
Manufacturing	245,032	257,154
Agriculture	6,838,982	2,850,941
Transport	183,953	186,429
Construction	858,796	839,803
Mining and Quarrying	26,736	41,906
Consumer	636,764	581,677
Total	22,188,978	15,542,245



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FOR THE YEAR ENDED 31 DECEMBER 2024

(17) Loans and advances to customers (Continued)

The development of the gross loan portfolio (excl. deferred fees) in 2024 is shown in the following table:

in '000 FRW	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Gross carrying amount As at 01 January 2024	15,034,581	196,425	759,339	15,990,345
New assets originated	18,554,332	-		18,554,332
Derecognised or repaid	(11,857,651)	(63,921)	(113,112)	(12,034,684)
Transfers to Stage 1	584	(584)	-	-
Transfers to Stage 2	(185,899)	186,021	122	-
Transfers to Stage 3	(507,222)	(117,245)	624,467	-
Amounts written off			(321,016)	(321,016)
At 31 December 2024	21,038,725	200,696	949,557	949,557

In '000 Frw	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Normal	21,016,754	200,696	949,557	22,167,007
Restructured/Covid	9,089	-	-	9,089
Restructured/Non-Covid	12,881	-	-	12,881
TOTAL	21,038,725	200,696	949,557	22,188,978

in '000 FRW	Stage 1	Stage 2	Stage 3	Total
ECL allowance As at 01 January 2024	494,577	99,068	691,770	1,285,416
New assets originated	610,363	-	-	610,363
Assets derecognised or repaid (excl. write offs)	(390,069)	(32,239)	(103,047)	(525,355)
Transfers to Stage 1	(295)	295	-	-
Transfers to Stage 2	6,115	(6,226)	111	-
Transfer to stage 3	16,686	59,133	(75,819)	-
Impact on year end ECL of Exposures Transferred between Stages during the year	275	(87,595)	(493,080)	(580,399)
Change to models and inputs used for ECL Calculations	27,851	874	(53,935)	(25,209)
Amounts written off			321,015	321,015
At 31 December 2024	(664,238)	(100,348)	(890,430)	(1,655,016)



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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The development of the gross loan portfolio (excl. deferred fees) in 2023 was shown in the following table:

in '000 FRW	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Gross carrying amount As at 01 January 2023	10,180,332	236,216	908,999	11,325,547
New assets originated	14,175,703	-		14,175,703
Derecognised or repaid	(8,738,875)	(64,383)	(308,359)	(9,111,616)
Transfers to Stage 1	(98,708)	98,708	-	-
Transfers to Stage 2	-	(74,116)	74,116	-
Transfers to Stage 3	(483,871)	-	483,871	-
Amounts written off			399,289	399,289
At 31 December 2023	15,034,581	196,425	759,339	15,990,345

In '000 Frw	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Normal	14,968,972	179,311	696,572	15,844,856
Restructured/Covid	59,009	-	58,437	117,446
Restructured/Non-Covid	6,600	17,114	4,330	28,044
TOTAL	15,034,581	196,425	759,339	15,990,345



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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The following table shows the corresponding ECL allowance:

Impairment allowance as at 31 December 2023

in '000 FRW	Stage 1	Stage 2	Stage 3	Total
ECL allowance				
As at January 2023	337,002	120,423	859,494	1,316,920
New assets originated	469,262	-	-	469,262
Assets derecognised or repaid (excl. write offs)	(292,402)	(33,892)	(296,034)	(622,329)
Transfers to Stage 1	(3,268)	3,268	-	-
Transfers to Stage 2	-	(37,785)	37,785	-
Transfer to stage 3	(16,018)	-	16,018	-
Impact on year end ECL of Exposures Transferred between Stages during the year	-	47,054	473,796	520,850
Change to models and inputs used for ECL Calculations	-	-	-	-
Amounts written off			(399,289)	(399,289)
At 31 December 2023	494,577	99,068	691,770	1,285,415

(17) Loans and advances to customers (Continued)

Collateral and other credit enhancements

The Loans as backed by different types of collaterals are as under:

2024	Max. Exposure	Mortgage	Cash	Inventories	Other	Total
in '000 Frw						
Balances in banks	2,372,390	-	-	-	-	-
Debt securities	3,233,395	-	-	-	-	-
Loans	22,188,978	2,106,459	2,647,773	-	17,434,746	22,188,978
Other fin.. assets	138,279	-	-	-	-	-

(18) Other financial assets

Other financial assets are distributed as follows:

in '000 Frw	2024	2023
Sundry receivables	127,009	16,173
Receivables against group companies	-	1
Clearing and internal accounts	11,792	122,105
Total	138,801	138,279

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



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

(19) Other non-financial assets

in '000 Frw	2024	2023
Prepayments / advance payments	1,268,757	132,113
Claims on tax authorities	91,310	58,807
Inventory	1,421	3,135
Total	1,361,487	194,055

(20) Intangible assets

The following table shows intangible assets held by the Microfinance:

in '000 Frw	2024	2023
Software	473,546	653,846
Banking license	5,727	5,727
Total	479,273	659,573

Other non-financial assets are distributed as follows:

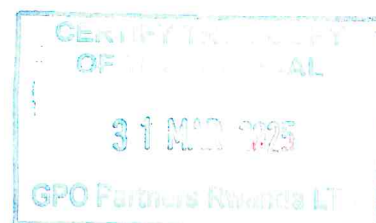
Licences, rights and other intangible assets in '000 Frw	2024	2023
Net book value, 1 January	659,573	44,971
Net book value, 31 December	479,273	659,573

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

(21) Property and equipment

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

in '000 Frw	2024	2023
Leasehold improvements	279,470	327,882
Furniture, fixtures and equipment	70,444	38,629
IT and computer equipment	240,606	167,409
Motor vehicles	52,241	23,703
Total	642,761	557,623



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(21) Property and equipment (continued)

2024	Leasehold improvements	Furniture, fixtures, equipment	Computer equipment	Motor vehicles	Total
in '000 Frw					
Costs					
01 January	806,876	432,609	557,474	84,845	1,881,025
Additions	-	16,247	174,482	51,340	242,070
31 December	806,097	448,856	731,956	136,185	2,123,095
Accumulated depreciation					
01 Jan	478,215	393,980	390,066	61,142	1,323,403
Charge for the year	48,412	(15,568)	101,284	22,802	156,931
31 December	526,627	378,412	491,350	83,944	1,480,334
Net book value	279,470	70,444	240,606	52,241	642,761

2023	Leasehold improvements	Furniture, fixtures, equipment	Computer equipment	Motor vehicles	Total
in '000 Frw					
Costs					
01 January	807,876	414,441	447,667	82,959	1,752,943
Additions	-	18,168	109,807	1,886	129,861
*Adjustment	(1,779)	-	-	-	(1,779)
31 December	806,097	432,609	557,474	84,845	1,881,025
Accumulated depreciation					
01 Jan	430,126	349,632	361,420	40,284	1,181,463
Charge for the year	48,089	44,348	28,645	20,858	141,939
31 December	478,215	393,980	390,066	61,142	1,323,403
Net book value	327,882	38,629	167,409	23,703	557,622



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(22) Right-of-use assets

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

In `000 Frw	2024	2023
Acquisition costs		
1 January	1,866,908	1,706,692
Additions	529,303	162,057
Modifications	456,109	-
Derecognition	(777)	(1,840)
31 December	2,851,543	1,866,908
Accumulated depreciation		
1 January	1,010,301	814,484
Additions	243,836	195,817
Derecognition	-	-
31 December	1,254,137	1,010,301
Net book value 31 December	1,597,406	856,608

(23) Deferred tax assets

The deferred tax assets are allocated as follows:

in `000 Frw	2024	2023
Tax loss carried forward	-	531,062
Other provisions	35,377	35,377
Allowance for loan impairment	226,193	226,193
Other temporary differences	33,455	33,455
Accelerated tax depreciation	(163,597)	(163,597)
Total	131,428	662,490

As it was mentioned above on the note 13, In 2023 AB Bank Rwanda applied for a Deposit taking-Micro finance institution and it received from the central bank its license as a Deposit-Taking Microfinance Institution (MFI) as of 1 November 2023. Therefore, it surrendered its commercial banking license. Subsequently we note through annex 9 of the Law N° 006/2021 of 05/02/2021 that the government of Rwanda offers to the microfinance institutions an incentive of 5 years CIT holiday and therefore the CIT rate changed from 28% to 0% for the next five years period effective 2024. Consequently, considering that the probability of utilising the credit losses become very low, Company wrote off 531Mio related to tax credit losses; the DTA balance as at end Dec-2024 reduced to 131 Mio from 662 Mio in 2023.

(24) Loans from banks and other financial institutions

in `000 Frw	2024	2023
Balance as at 1 January	-	300,000
Additions	73,200,000	49,900,000
Interest expense	84,808	85,517
Repayments	(70,684,808)	(50,285,517)
Balance as at 31 December	2,600,000	-



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In 2023 the bank borrowed 2 Billion from the Easter African Development Bank, the loan was set for 3 years, being paid on a quarterly basis, in addition to that loan, AB Rwanda has been participating actively on the money market borrowing and repaying on a weekly basis; the balanced carried forward comprise 1.6Bn loan from EADB and 1Billion from local banks; the closing balance was 2.6 Bn in 2024 (0 in 2023).

(25) Customer accounts

Total customer accounts are distributed as follows:

in '000 Frw	2024	2023
Term deposit accounts	18,895,305	11,058,664
Savings accounts	4,235,634	3,734,685
Current accounts	1,218,292	984,027
Interest Payable	947,062	515,355
Total	25,296,294	16,292,731

(26) Provisions

Provisions are distributed as follows:

in '000 Frw	2024	2023
Untaken vacation	109,788	90,246
Clearing Accounts	-	42,126
Provision for Legal obligations	90,000	-
Provision for contingent liabilities	4,325	-
Total	204,112	132,375



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ABR closed the year with a provision on legal obligations amounting 90Mio, as a result of one large customer who had a defaulted loan in past; when that company failed to pay the loan, ABR informed the customer about selling its assets held as collateral backing up the loan, therefore the company paid all its pending liability to ABR. After paying the loan, ABR stopped the auction process, one year after the customer filed a complaint to the court claiming that He was charged more than his actual liability. The provision made is in line of that excess payment that the customer is complaining about, it will be held until the court judgement and decision.

Movements that occurred on the clearing accounts and untaken vacations are detailed as under:

in `000 Frw	Legal	Untaken vacation
Opening balance	42,129	90,246
Amounts used	(42,129)	(21,020)
Additions	90,000	40,562
Closing balance	90,000	109,788

The movements for 2023 are shown below:

in `000 Frw	Legal	Untaken vacation
Opening balance	48,916	64,726
Amounts used	(6,787)	-
Additions	-	25,520
Closing balance	42,129	90,246

(27) Other financial liabilities

Other financial liabilities are distributed as follows:

in `000 Frw	2024	2023
Accrued expenses	151,956	85,552
Social security contributions payables	19,922	15,989
Payable to AH	-	747,126
Liabilities for goods and services	61,083	348,607
Total	232,961	1,197,274

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



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(28) Other non-financial liabilities

Other non-financial liabilities are distributed as follows:

in `000 Frw	2024	2023
Non-income tax liabilities	352,432	71,573
Grant liabilities*	5,196	13,740
Total	357,628	85,313

*The Company 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. No grant was provided in 2023 and in 2024.

(29) Share capital

As at 31 December 2024 the authorized share capital is Frw 11,461,300,046 (2023: Frw 11,461,300,046) which have been fully paid in by the shareholders of the Company with the following shareholder structure:

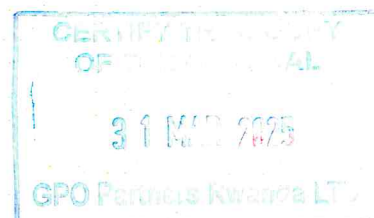
Shareholder	Subscribed and paid shares 2024	Subscribed and paid shares 2023	% total 2024
Access Microfinance Holding AG	75,690,363	75,690,363	67.88%
International Finance Corporation	16,731,963	16,731,963	15.01%
Kreditanstalt für Wiederaufbau	19,081,629	19,081,629	17.11%
Total	111,503,955	111,503,955	100%

Total number of subscribed and paid up shares amounted to 111,503,955 by the end of 2023 worth to mention that in 2024 there were no additional shares have been neither subscribed nor paid. There are no shares classes, neither differentiation based on 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	2024	2023
Opening 1 January	111,503,955	111,503,955
Addition capital increase in cash	-	-
31 December	111,503,955	111,503,955

(30) Net Result according to financial categories

Interest 2024 in `000 Frw		Subsequent measurement		Total
		Fair value	Impairment	
Loans and advances to customers	7,924,384		(541,116)	7,383,268
Balances with other banks	221,267			221,267
Debt securities	917,658			917,658
Loans from borrowings	(293,830)			(293,830)
Customer accounts	(1,803,249)			(1,803,249)
Lease liabilities	(95,618)			(95,618)
	6,870,613	-	(541,116)	6,329,497



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Interest 2023 in '000 Frw		Subsequent measurement		Total
		Fair value	Impairment	
Loans and advances to customers	5,700,471		(21,161)	5,679,310
Balances with other banks	101,326			101,326
Debt securities	272,687			272,687
Loans from borrowings	(85,517)			(85,517)
Customer accounts	(874,925)			(874,925)
Lease liabilities	(112,196)			(112,196)
	5,001,846	-	(21,161)	4,980,685

(31) Financial instruments classes

Carrying amounts as at 31 December 2024 and 31 December 2023 in '000 Frw

Classes of financial assets	Category	Carrying amount 31.12.2024 in '000 Frw	Carrying amount 31.12.2023 in '000 Frw
Cash and cash equivalents	Amortised cost	649,902	855,483
Debt securities	Amortised cost	9,110,042	3,233,395
Loans and advances to banks	Amortised cost	2,127,141	2,372,390
Loans and advances to customers	Amortised cost	19,736,108	14,130,385
Other financial assets	Amortised cost	138,801	138,279
Classes of financial liabilities			
Loans from banks and other financial institutions	Amortised cost	2,600,000	-
Customer accounts	Amortised cost	25,296,294	16,292,731
Lease liabilities	Amortised cost	1,600,061	933,287
Other financial liabilities	Amortised cost	232,961	1,197,287



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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 Company. 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 Company 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 2024 and 2023.

(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. ABR has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing.

In 2018, One of the bank's large Customers got a loan from AB Bank amounting 131,000,000 (One hundred thirty one Million Rwanda Francs), the loan was supposed to be paid back in 36 months, the borrower provided different lands as collaterals to back the loan. During the contract period of 36 months, The borrower failed to pay back the loan, the total outstanding debt including principal, accrued interest and delay penalties was amounting (345,568,974 Frw); Principal amount was 82,839,646 Frw; normal interest :2,198,634, and Delay penalties :260,530,693 Frw. In 2021 the bank agreed with the customer that if He can pay back the Principal in 6



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consecutive instalments, the bank would waive all accrued interest including normal interests and delay penalties, unfortunately the customer failed to pay back in agreed upon timeliness. ABR initiated an auction to sell the collaterals, during that time the customer paid the Principal and a maximum interest not above than the principal amount as per the central bank guideline. The total loan paid back reached 165 Mio. And the case was closed. In 2024 the same customer appealed in court and He is claiming back the accrued interest He paid amounting 85 Mio, on the basis that this was not part of the waiver contract. The court resolved the case in favour of the client and instructed ABR to pay back to the client the normal accrued interest amounting 85 Mio; by the date of the end year balance sheet, ABR has appealed to the high court with further evidences that all charges were lawful. The High court received the case, but the ruling date is not yet advised, despite strong evidences that are being provided, we recognise the independency of the judge to understand and interpret the legal matters, prudentially management agreed to book a legal provision of 90 Mio, in case the high court may judge in favour of the client.



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(34) Capital Management

The Company'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 Company 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 Company aims at a capital adequacy ratio of 12.5% relating to the ratio of total capital to risk weighted assets and a Core Capital/ Total Risk weighted Assets not less than 10.5% as per regulation. Total capital comprises of share capital, retained earnings/ Losses and subordinated debt. The book value of intangible assets, Good will and deferred income tax assets are generally deducted in arriving at total capital. The capital adequacy requirements for the Company were met in 2024 and 2023.

(35) Capital Management

The Company's regulatory capital position at 31 December 2024 was as follows:

Description	2024 Frw'000	2023 Frw'000
Core Capital (Tier 1):		
Ordinary share capital	11,461,300	11,461,300
Retained Losses	(5,778,007)	(6,454,766)
Less intangible assets	(479,273)	(659,573)
Less deferred income tax asset	(131,428)	(662,490)
Total	5,072,592	3,684,471
Additional Tier 2 Capital (Tier 2):	-	203,608
Total qualifying capital	5,072,592	3,888,079
Risk weighted assets	25,055,699	16,288,605
Capital Ratios:		
Total capital expressed as a percentage of total risk-weighted assets	20.25%	22.62%
Minimum capital required %	12.5%	12.5%



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(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 Company. In the Company'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 Company's lending is to micro, small and medium-sized businesses this section concentrates on business lending.

The economy where the Company operates in is characterised by a relatively high degree of informal transactions. Moreover, the Company'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 10 years in Rwanda the Company has developed an approach to lending under these conditions that has allowed the Company 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 Company 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. ABR has a centralised credit decision taking unit in order to avoid conflict of interest from branches (target achievement vs risk mitigation); in 2022 the Company 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 Company'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.



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The Company 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 Company continuously increases its knowledge on the borrower, which reduces the Company 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 Company.

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 Company's business lending, the Company applies them in a differentiated way for the segments of micro and Super Micro business lending. While in micro lending The Company 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 Company's legal department.

Based on the Company'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. PAR 1, PAR 30 and PAR 90 improved during the year moving from 7.5%/ 6% and 4.9% to 6.2% / 5.3% and 4.4% respectively. Write-offs during the year totalled Frw 320,916 thousand or 9.1% of the total portfolio, last year, 2023 the amount written off was amounting Frw 399,335, say 2.5% of the total portfolio.

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.

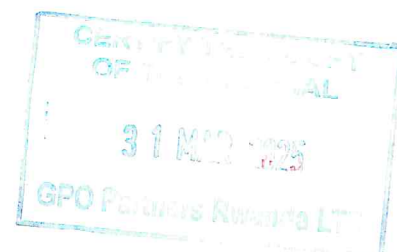
(36) Risk Management (Continued)

As of 31 December 2024, the quality of the loan portfolio is as follows:

Outstanding Portfolio	PAR>30		PAR>90		Risk Coverage
	'000 Frw	%	'000 Frw	%	
	21,411,814	5.2%	949,557	4.3%	143.9%

As of 31 December 2023, the quality of the loan portfolio is as follows:

Outstanding Portfolio	PAR>30		PAR>90		Risk Coverage
	'000 Frw	%	'000 Frw	%	
	15,150,184	10%	759,000	4.9%	138.8%



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Portfolio concentration

Portfolio concentration arises when the Company has significant credit exposures focussed on limited number of counterparties. The Company 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.

Frw'000	2024	2023
Outstanding Portfolio	22,188,978	15,990,345
10 largest client exposures	280,999	260,410
Percentage (%)	1.3%	1.6%

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 loans as backed by different types of collaterals are as under:

Frw'000	2024	2023
Real estate	2,821,661	1,767,473
Cash collateral	2,647,773	2,086,976
Others	16,719,544	12,135,896
Total	22,188,978	15,990,346

While majority of super Micro loans are covered by registered collaterals especially residential and commercial properties, a significant part of micro loans and other loans are covered by inventories, guarantees and household equipments whose fair values cannot be measured reliably.

67% of the total loan book represent Business Loans, that is to mention Micro and Super Micro loans, Agro loans represent 32% of the total loans while Non-business loans consisting of retail loans and staff loans all taken together make up around 1% of the total portfolio. In retail lending, the Company applies very conservative standards to avoid over indebtedness and resulting high risk levels.

Credit quality based on default rates:

In 2024 the following table shows the maximum credit risk and the impairment of Gross Loan Portfolio (excluding deferred disbursement fees):

Loans to customers	Gross carrying value	Stage 1	Stage 2	Stage 3
Not overdue	20,812,751	20,812,751	-	-
1 to 30 days overdue	204,003	204,003	-	-
31 to 90 days overdue	200,696	-	200,696	-
Restructured loans overdue less than 90 days	21,971	21,971	-	-
Loans overdue more than 90 days; defaulted loans	949,557	-	-	949,557
Restructured loans overdue more than 90 days	-	-	-	-
Total loans to customers	22,188,978	21,038,725	200,696	949,557



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(36) Risk Management (Continued)

In 2023 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 value	Stage 1	Stage 2	Stage 3
Not overdue	14,799,465	14,799,465	-	-
1 to 30 days overdue	252,230	-	196,425	-
31 to 90 days overdue	179,311	235,117	-	-
Restructured loans overdue less than 90 days	82,723	-	-	82,723
Loans overdue more than 90 days; defaulted loans	613,849	-	-	613,849
Restructured loans overdue more than 90 days	62,767	-	-	62,767
Total loans to customers	15,990,346	15,034,582	196,425	759,339

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

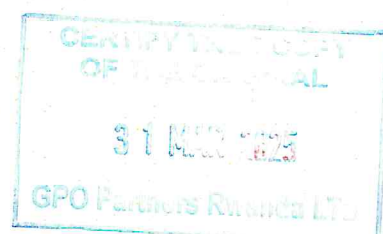
In 2024 the Company applied more simplified forward-looking variables:

31 December 2024	
Staff turnover in %	1.6%
FX-rate in %	10%
GDP Growth (annual %)	8%
Oil Price	(10%)

Staff turnover are estimated on a monthly basis.

The following table was showing key forward-looking economic variables/assumptions used for the ECL calculations in 2023.

31 December 2023	
Staff turnover in %	0.7%
FX-rate in %	4.1%
GDP Growth (annual %)	6.7%
Oil Price	(8%)



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FOR THE YEAR ENDED 31 DECEMBER 2024

(36) Risk Management (Continued)

Currency risk

Currency risk in the narrow sense arises when assets and liabilities of the Company 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 Company operations were dominated by local currency transactions at more than 99%, after analysing the business model of the Company, the core business of AB Rwanda Plc 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 Company, therefore a strategic decision was taken by the management to stop transacting in foreign currencies; except for liabilities from imported services such as Centralised group services and other minor foreign invoices especially some IT support services and licenses; No liabilities of the Company in foreign currency are hedged and the Company did not have any outstanding forward contracts as at 31 December 2024 (2023: nil).

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

Financial assets 2024 (in `000 Frw)	Local currency	USD	EUR	Total
Cash and cash equivalents	646,365	3,366	170	649,902
Debt securities	9,110,042	-	-	9,110,042
Loans and advances to banks	2,121,792	5,232	116	2,127,141
Loans and advances to customers	19,736,108	-	-	19,736,108
Other financial assets	138,903	3	(105)	138,801
Total financial assets	31,753,211	8,601	182	31,761,994
Loans from banks	2,600,000	-	-	2,600,000
Customer accounts	25,293,527	2,766	-	25,296,294
Other financial liabilities	232,905	56	-	232,961
Provisions	204,112	-	-	204,112
Lease liabilities	1,600,061	-	-	1,600,061
Total financial liabilities	29,930,605	2,822	-	29,933,427
Open currency position	1,822,606	5,779	182	1,828,566

Financial assets 2023 (in `000 Frw)	Local currency	USD	EUR	Total
Cash and cash equivalents	834,480	3,119	207	837,807
Debt securities	3,233,395	-	-	3,233,395
Loans and advances to banks	2,370,983	1,066	5,251	2,377,300
Loans and advances to customers	14,130,384	-	-	14,130,384
Other financial assets	138,279	-	-	138,279
Total financial assets	20,707,521	4,186	5,458	20,717,165



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Loans from banks	-	-	-	-
Customer accounts	16,290,190	2,541	-	16,292,731
Other financial liabilities	484,904	-	-	484,904
Provisions	132,349	-	-	132,349
Lease liabilities	933,388	-	-	933,388
Total financial liabilities	17,840,832	2,541	-	17,843,372
Open currency position	2,866,689	1,645	5,458	2,873,793

The Company did not have outstanding forward contracts as at 31 December 2024 (2023: nil)

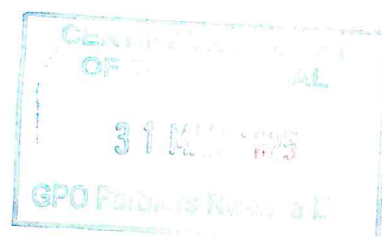
Liquidity risk

Liquidity risk in the strict sense of the word is the danger that the Company 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 Company concentrates on lending to micro, small and medium size entrepreneurs as well as individual farmers, Small size loans typically micro loans ranging from 250,000 to 7,500,000 Rwanda Francs make up 54% of the total loan portfolio, Agro-loans represent 32% of the total loans, Super Micro loans which are medium size occupy 13% of the loan portfolio, the remaining 1% is made of other loans comprising mainly staff loans. 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 include customer deposits 70% (2023: 69%); Equity 16% (2022:21%), the remaining 14% (2023:15%) comprises borrowings and other short-term liabilities.

As a result, the Company has a structurally positive liquidity mismatch and a strong liquidity position. In the event of a liquidity shortage, the Company 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 Company 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 Company applies a number of externally and internally set liquidity indicators and is usually well within the established limits.



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(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 Company's Board of Directors as well as the Access Holding head office in Berlin. Throughout the reporting period, the Company has adequate liquidity available at all times to meet all financial obligations in a timely manner.

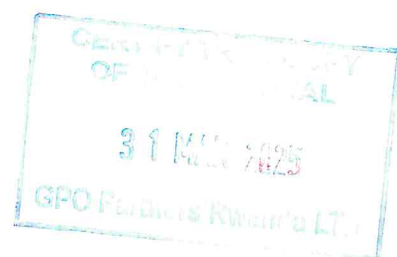
The Company maintains a high level of cash and cash equivalents that can be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Liquid assets consist of balances with the Central Bank placements in other 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:

	2024	2023
Liquid Assets / Total Assets	32,8%	27,3%
Liquid Assets / Deposits < 90 days	136%	39.7%

Liquid Assets include Cash in Vaults, Balances in banks and financial securities due to their nature of being pledged on money market to get short term borrowing; worth to mention that the Company deposits is dominated by term deposits which gives more insight to the management on when maturities will be happening, hence allowing for proper planning.

Additionally, the Company 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	2024	2023
Total deposits	25,296,294	16,292,732
10 largest client exposures	16,330,000	9,773,000
Percentage (%)	64.5%	60%



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(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 Company 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 Company 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 Company's Risk Management Committee (RMC) monitors interest rate risk at least on a quarterly basis.

The Company considers interest rate risk as immaterial.

The Company 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 2024, 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 Equivalent	649,902	-	-	-	-	-	649,902
Debt securities	-	-	-	239,881	1,222,518	7,647,643	9,110,042
Balances in banks	2,127,141	-	-	-	-	-	2,127,141
Loans	766,112	651,098	12,605,242	6,807,915	1,348,650	9,959	22,188,978
Other financial assets	138,801	-	-	-	-	-	138,801
Total financial assets	3,681,956	651,098	12,605,242	7,047,797	2,571,168	7,657,602	34,214,863
Liabilities							
Customer accounts	5,453,926	3,280,000	15,242,000	1,320,368	-	-	25,296,294
Other financial liabilities	232,961	-	-	-	-	-	232,961
Lease liabilities	128,199	(27,721)	307,739	291,226	510,006	390,610	1,600,061
Total financial liabilities	6,172,714	3,252,279	15,549,739	1,611,594	510,006	390,610	27,486,944
Net liquidity gap	(2,490,759)	(2,601,181)	(2,944,497)	5,436,203	2,061,162	7,266,991	6,727,920
Cumulated liquidity gap	(2,490,759))	(5,091,940)	(8,036,437)	(2,600,234)	(539,072)	6,727,920	

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As of 31 December 2023, 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 Equivalent	837,807	-	-	-	-	-	837,807
Debt securities	-	-	955,456	-	852,554	1,425,345	3,233,395
Balances in banks	2,377,300						2,377,300
Loans	79,662	389,347	7,244,302	5,108,692	1,262,423	45,958	14,130,384
Other financial assets	138,279	-	-	-	-	-	138,279
Total financial assets	3,433,048	389,347	8,199,758	5,108,692	2,114,977	1,471,303	20,717,125
Liabilities							
Customer accounts	6,029,381	876,829	9,312,776	72,553	1,192	-	16,292,731
Other financial liabilities	-		1,197,274				1,197,274
Lease liabilities	-	76,669	373,027	348,092	26,355	109,144	933,287
Total financial liabilities	6,029,381	953,498	10,883,077	420,645	27,547	109,144	18,423,292
Net liquidity gap	(2,596,333)	(564,151)	(2,683,319)	4,688,047	2,087,430	1,362,159	2,293,833
Cumulated liquidity gap	(2,596,333))	(3,160,484)	(5,843,803)	(1,155,756)	931,674	2,293,833	



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(36) Risk Management (Continued)

Compliance risks

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

Anti-money laundering and anti-terrorist financing procedures are an important focus area. The Company 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 Company, 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 Company, 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 Company. 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 Company.

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 Company.

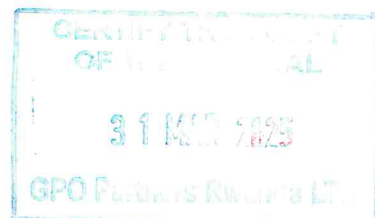
In order to maintain its objectivity, the IAF is not involved in any day-to-day banking operations and control procedures. Instead, each business unit is responsible for its own internal control activities and for monitoring effectiveness and efficiency of its operations.

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 Company. This mainly covers:

- Reviewing the functionality, effectiveness and adequacy of the risk management activities of the Company,
- 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.



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(36) Risk Management (Continued)

Internal audit function of the Company continued with further development and improvement of audit practices by emphasizing risk and process-based audit methodologies. For the year 2024, 18 regular audit assignments were planned and approved by the Board of Directors. All the planned audit assignments have been completed throughout the year. In addition to that 4 investigations audit have been completed. By the end of 2024, the company had in total 4 staff members within Internal Audit (2024) same as (2023).

(37) Events after the reporting period

The Company 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	
	2024	2023	2024	2023
Consultancy service	286,376	351,832	-	18,363
Core banking System				
Licence, maintenance and upgrades	609,564	-	-	-
Amounts due from related parties	863,461	-	-	-
Amounts due to related parties	-	-	-	-
Software Acquisition-API	332,675	519,645		

Access Microfinance Holding AG

Payments to AH covers primary group services Charges (i.e. Management supports in Risk, HR, Audit), Upgrades and Maintenance fees for MyMS core banking software, Access Mind and Campus fees, the latter being professional training platforms availed to group members. The amount due from related parties as above mentioned, was paid in 2024 as a prepayment to AH to cover contractual services and core banking licenses and upgrade related fees that will happen in 2025 as a way of mitigating the loss from foreign exchange rates that may result from unpredictable fluctuations of Euro Currency Versus the local currency.

AB Microfinance Bank Nigeria

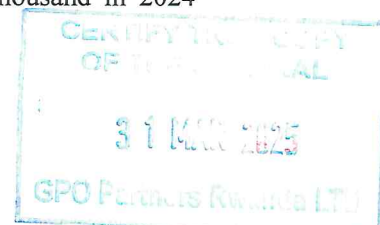
AB Microfinance Bank Nigeria is a sister Company under joint ownership of Access Microfinance Holding AG, which provides IT audit services to the Company.

Compensation of key management personnel of the Company

In '000 Frw	2024	2023
Employee benefits	694,399	579,818
Employer contribution to pension funds (RSSB)	34,681	28,991
Total	729,080	608,809

- Loans to senior management team amount 19,238 thousand (2023: 68,091 thousand).
- No loans have been disbursed to members of the board of directors.

Members of the Board of Directors received sitting allowances of Frw 58,128 thousand in 2024 (2023:33,623 thousand).



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(39) Lease Liabilities

In '000 Frw	2024	2023
At 1 January	933,287	963,804
Additions	446,209	161,661
Modifications	529,511	-
Derecognition	-	(237)
Finance cost	95,618	119,790
Lease payments	(404,564)	(311,733)
At 31 December	1,600,061	933,287

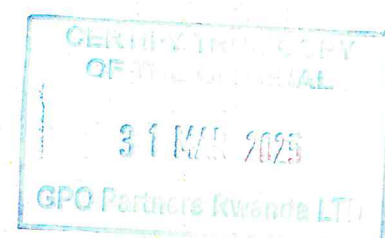


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Other Disclosures	
Item	Amount /Ratio/Number
I. Capital strength	
a. Core capital (Tier 1)	5,072,592
b. Supplementary capital (Tier 2)	-
c. Total capital	5,072,592
d. Total risk weighted assets	25,055,699
e. Core capital /Total risk weighted assets (Tier 1)	20.25%
f. Tier 2 ratio	0%
g. Total capital /Total risk weighted assets	20.25%
h. Leverage ratio (Long Term Debts/Equity)	25.7%
II. Credit Risk	
1. Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation	22,188,978
2. Average gross credit exposure, broken down by major types of credit exposure	19,089,662
Micro Loans	8,846,430
Super Micro Loans	2,443,286
SME Loans	143,868
Agro Loans	1,997,365
Other Loans	226,998
a) Loans, commitments and other non-derivative off-balance sheet exposure	-
b) Debt securities	9,110,042

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

	City of Kigali	North Province	Eastern Province	Western Province	Southern Province	Total
Micro	7,014,909	1,124,202	1,311,470	747,443	1,942,962	12,140,986
Other Loans	2,316,036	1,379,996	3,131,167	1,245,166	1,975,627	10,047,992
TOTAL	9,330,945	2,504,199	4,442,636	1,992,608	3,918,589	22,188,978



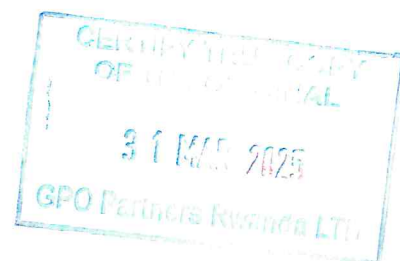
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4. Sector distribution of exposures, broken down by major types of credit exposure and aggregated in the following areas

	Micro loans	Super Micro Loans	Other Loans	Total
a) Public				
b) Financial	29,072	21,024	39,125	89,221
c) Manufacturing	133,397	135,399	-	268,796
d) Infrastructure and construction	38,688	-	65,574	104,261
e) Service and commerce	10,230,751	2,036,095	2,141	12,268,987
f) Others	7,628,798	90,126	1,738,787	9,457,712
				22,188,978

5. Off-balance sheet items	-
6. Non- performing loans indicators	
a) Non-performing Loans (NPL)	949,557
b) NPL Ratio	4.3%
7.Related Parties	
a) Loans to directors, shareholders and subsidiaries	-
b) Loans to employees	161,494
8. Restructured loans as at 31.12.2020	
a. No. of borrowers	21
b. Amount outstanding (Frw '000)	21,971
c. Provision thereon (Frw '000) (regulatory):	2,791
d. Restructured loans as % of gross loans	0.9%

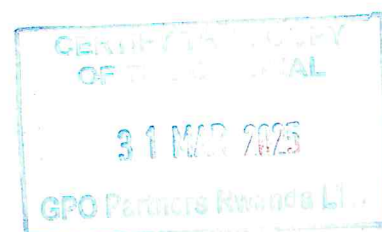
C. Liquidity risk	
High Quality liquid assets	9,887,085
Total Liquid Liabilities	9,502,575
a) Liquidity Coverage Ratio (LCR)	104



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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	4
c. Number of non-independent directors	1
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



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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	4
c. Number of non-independent directors	1
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

