Annual Report

Proudly African, Truly International

Guaranty Trust Bank (Rwanda) plc

Introduction

Consolidated Financial Statements of Guaranty Trust Bank (Rwanda) plc complies with applicable legal Requirements of National Bank of Rwanda regarding Annual Financial Statements and comprises Separate and consolidated Financial Statements of the Bank for the year ended 31 December 2023. The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards Boards .For Better understanding , certain disclosures and some prior year figures have been presented in line with current year figures. Due to rounding, numbers presented in line with current year figures .Due to rounding , numbers presented through this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

CONTENTS

Company Overview

Guaranty Trust Bank (Rwanda) plc is a subsidiary of Guaranty Trust holding company plc (GTCO), a foremost financial institution with 11 subsidiaries spanning West Africa , East Africa and United Kingdom .In 2013,GTCO acquired Fina Bank Group which had been in operation in Kenya for over 25 years with subsidiaries in Rwanda and Uganda. Sequel to the acquisition, Fina Bank(Rwanda) ltd was renamed GTBank (Rwanda) plc. GTC currently employs over 10,000 professionals across Nigeria, Rwanda, Cote D'Ivoire, Gambia, Ghana, Liberia, Kenya, Uganda, Sierra Leone, Tanzania and the United Kingdom while it is also listed on the Nigerian and London Stock Exchanges. The entrance of GTBank via the acquisition of Fina Bank Group's operations in Rwanda, Uganda and Kenya enabled the Bank to expand its footprint to East Africa and

reinforced its "Proudly African and Truly International' philosophy. GTBank (Rwanda) Plc has a very strong service culture with 14 branches across the 4 provinces in Rwanda.

Our Vision

We are a teamdriven to deliver the outmost in customer service.

We are synonymous with innovation,building excellence and superior financial and creating role models for society.

Our Mission

We are a high quality financial services provider with the urge to be the best at all times whilst adding value to all stakeholders.

Orange rules

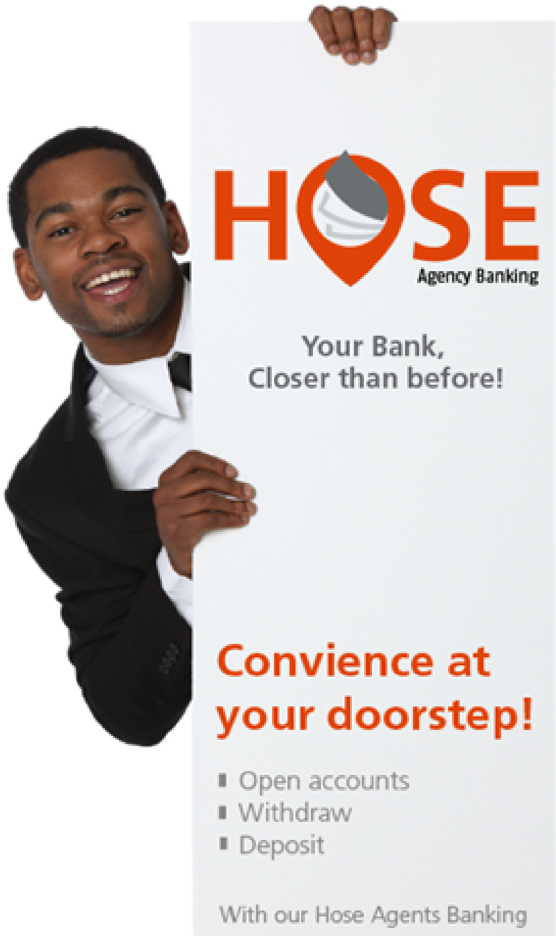
1. Simplicity
2. Professionalism
3. Service
4. Friendliness
5. Excellence
6. Trustworthiness
7. Social Responsibility
8. Innovation

Business Achievements

In 2023 the Bank introduced several products and services to ease our customers' needs instantly.

Agency Banking Introduction

Business Achievements

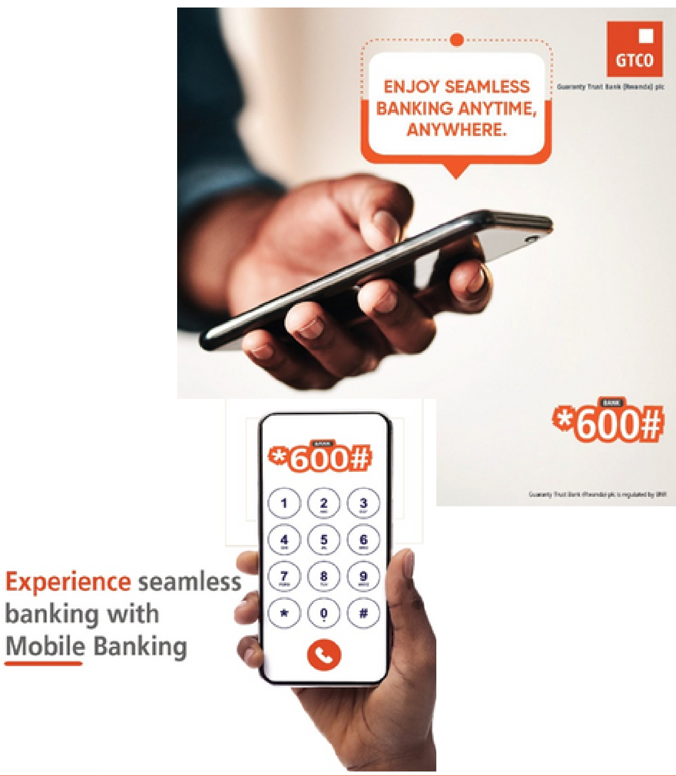


Guaranty Trust Bank (Rwanda) plc, in partnership with Mobicash, introduced Agency Banking services under the name Hose Agency Banking. This service enables customers to deposit and withdraw cash, transfer funds, pay bills, check balances, purchase airtime and data, and perform many other transactions.

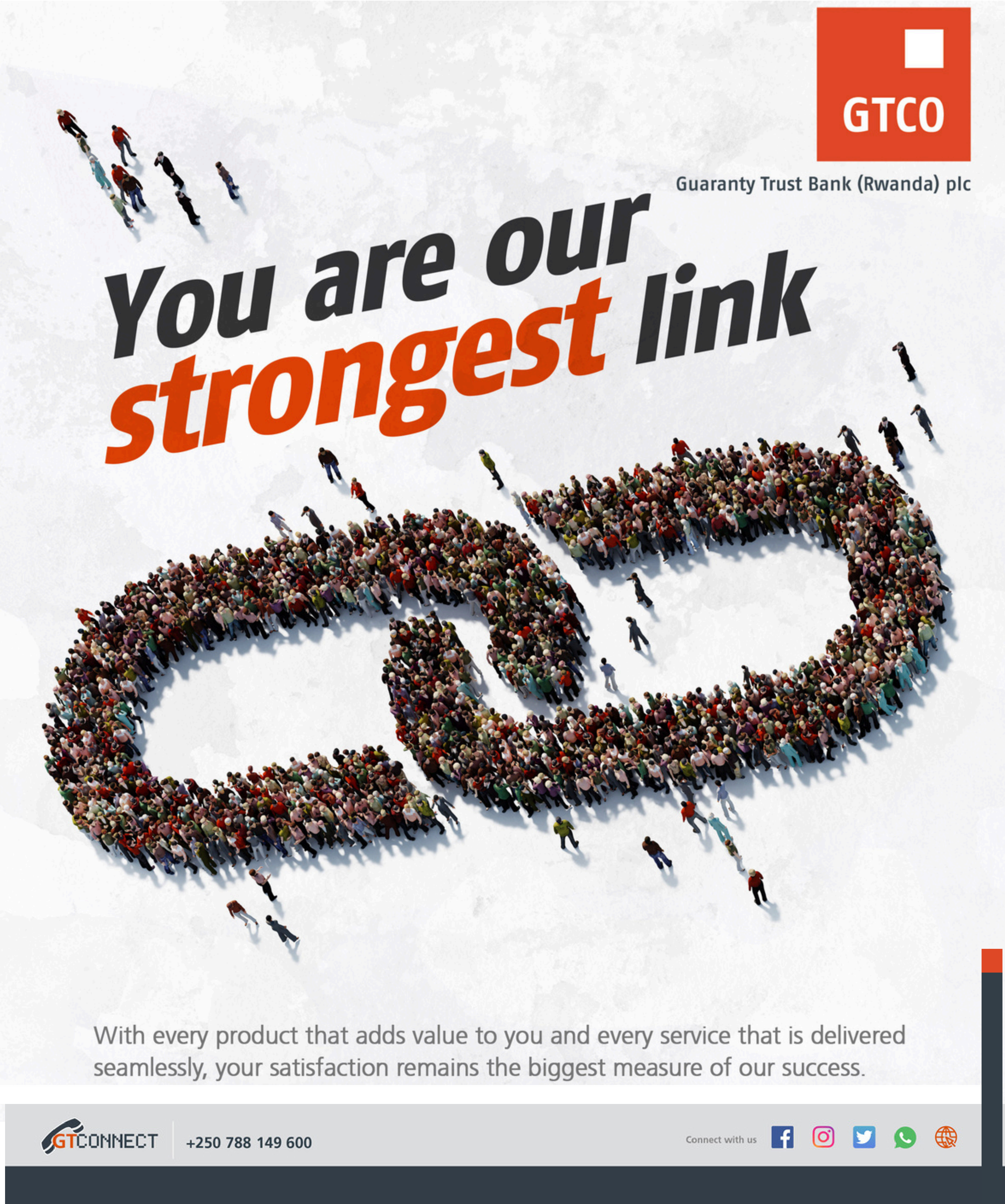
The agents include both individuals and businesses such as supermarkets, pharmacies, and restaurants that generate daily cash flow.

This initiative allows all our customers to benefit from various services, including account opening, cash deposits and withdrawals, balance inquiries, mini-statement generation, checkbook applications, fund transfers, cashless purchases of goods and services, tax payments (RRA & RSSB), and bill payments, even in areas where the Bank does not have branches

USSD (*600#) Update



In 2023, the Bank enhanced its USSD service to enable self-account opening with a simple click using *600#. Customers can now start transactions immediately upon completing all the necessary requirements for opening an account. This enhancement has reduced waiting lines in banking halls, which were previously slowing down customer service and delaying account openings for urgent purposes. This project is expected to expand our customer base through efficient and rapid account opening, even for those without internet access, significantly enhancing customer satisfaction.


GTCO
Guaranty Trust Bank (Rwanda) plc
You are our strongest link
With every product that adds value to you and every service that is delivered seamlessly, your satisfaction remains the biggest measure of our success.
GTCONNECT
+250 788 149 600
Connect with us

AML/CFT/CFP FRAMEWORK

Guaranty Trust Bank (Rwanda) Plc, is committed to the fight against all forms of financial crime, which includes, money laundering, terrorism financing, Proliferation financing and bribery and corruption. To show this commitment, the Company has continually implemented a frame work for Anti-Money Laundering ("AML"), Combating the Financing of Terrorism ("CFT") and Combating Proliferation financing (CPF). Strict adherence to this framework is mandatory for all employees.

Guaranty Trust Bank (Rwanda) Plc's framework ensures compliance with AML/CFT/CPF legislation and regulations in Rwanda and has incorporated leading best practices including, but not limited to:

- The Financial Action Task Force (FATF) 40 Recommendations.
- Money Laundering (Prevention and Prohibition)
- Terrorism (Preventionand Prohibition)
- BNR AML/CFT/CPF Regulations, 2022. FIC AML/CFT/CPF Regulation, 2023
- Corrupt Practices and Other Related Offences
- Central Bank of Rwanda (BNR) Circulars. Financial Intelligence Centre (FIC) Circulars.

Structure of the Framework

The Bank has developed policies and procedural guidelines and these documents are regularly reviewed/revised to ensure that they remain relevant and current and are in line with the evolving regulatory requirements and best practices. The policies and procedures clearly articulate the Bank's AML/CFT/CPF stance in the global fight against financial crime and are available on the Company's intranet site for access to all employees at any point in time.

Annually, the Bank's Compliance Policies are reviewed and approved by the Board of Directors and where it is necessary to update the policies between cycles, an addendum is issued for implementation and incorporated in the relevant Policy at the next annual review.

Consequently, the Bank identifies and assesses the risks from a proactive stance and allocates the requisite resources which center around systems and controls to manage these risks

Scope of the Framework

The scope of the AML/CFT/CPF framework includes the following:

(i) Board and Management Responsibilities:

In accordance with AML/CFT/CPF global best practice, the "tone is set from the top". The Board of Directors have oversight responsibilities for the AML/CFT/CPF framework of the Bank. The Board ensures that the Banks' Management and all employees adhere strictly to all regulatory and internal procedures relating to AML/CFT/CPF and that the Bank maintains a zero-tolerance threshold to regulatory infraction. The Bank's Head of Risk and Compliance is appointed by the Board of Directors and approved by the Central Bank of Rwanda (BNR).

(ii)Reports to Senior Management and the Board:

On a monthly and quarterly basis, AML/CFT/CPF reports are submitted to the Bank's Senior Management and the Board members respectively. These reports provide the Board and Senior Management with information to enable them to assess the Bank's compliance with its regulatory obligations. The reports also ensure that Directors and Senior Management are kept abreast of current trends and developments in the financial industry, particularly in the area of AML/CFT/CPF risk management.

(iii) Know Your Customer (KYC) Procedures:

In order to ensure that only customers that align with the Bank's risk appetite are on-boarded, duly completed account opening forms, identification document and other relevant information and documents are provided.

Customer Due Diligence (CDD) is conducted by the Bank prior to entering any banking relationship with a customer. This includes at a minimum ,identity and address verification as well as ascertaining the source of income and wealth of the customer.

Customers that are identified as high risk are subjected to an Enhanced Due Diligence(EDD).EDD is conducted on such customers including Politically Exposed Persons (PEPs) to assess and manage the risks that the customers may pose. The approval of Senior Management and the Compliance team is required prior to the commencement of a banking relationship with such high- risk customers

In compliance with regulatory requirements and perceived AML/ CFT/CPF risk threats, Designated Non-Financial Businesses and Professionals (DNFBPs) and other similar businesses are required to undertake requisite and regulatory measures prior to account opening.

As part of the Bank's KYC and CDD procedures, identification documents are requested and obtained to confirm the ultimate beneficial owners of a business and the organization's control and structure.

The Bank has procedures in place to ensure sanction screening is conducted prior to entering into a relationship as well as prior to effecting a transaction, so that we do not enter into a relationship with a sanctioned person/entity.

The Bank is also in compliance with the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards criteria, and thus, have put measures in place to identify the defined persons in the Bank's database. All identified US persons are required to complete the requisite tax forms i.e., W8 BEN, W8 BEN-E and W9.

(iv) Transaction Monitoring:

Transaction monitoring is done using manual and automated methods across the Bank. The former is performed by employees, who regularly identify red flags in transactions/activities and the latter resides within the Compliance team with the aid of transaction monitoring solutions.

Employees are aware that suspicious activities/ transactions should immediately be referred to the Compliance team.

Suspicious Transactions are brought to the attention of the Compliance team on a manual or automated basis; the former by way of employees filing internal suspicious transaction reports to the Compliance team and the latter by way of transaction monitoring tools reviewed by Compliance Officers. If deemed appropriate, reports are filed to the respective Financial Intelligence Centre(FIC).

To properly monitor transactions passing through the Bank, the SAS AML tool, has been deployed and it provides an advancement in the means by which transactions are monitored and investigated.

(v) Transaction Reporting:

Regulatory and statutory requirements stipulate that certain reports and returns are made to regulatory bodies. The Compliance team ensures that all regulatory and statutory returns are submitted as and when due to the relevant authorities

(vi)Relationship with Regulators and Law Enforcement Agencies:

The Bank maintains a cordial and supportive relationship with all regulatory and law enforcement agencies. The Bank promptly complies with and responds to all requests made, pursuant to the law, and provides information to regulators including the FIC, the BNR and other relevant agencies.
We are also at the forefront of cooperating with regulators to give feedback on new regulations and means to mitigate the risks that are being encountered in the financial industry brought on by new innovations and developing trends

(vii) Sanctions Compliance Management:

As a policy, the Bank does not enter in any relationship with sanctioned individuals/entities. All Branches are required to screen names of individuals and organizations who have or plan to enter a business relationship or carry out a transaction with/ through the any Branch against the Bank's internal watch list.

The internal watch list contains amongst others, the names of individuals and entities, who have been blacklisted by various regulatory bodies worldwide: Office of Foreign Asset Control (OFAC); European Union (EU); Her Majesty's Treasury (HMT); The Ministry of Economy, Finance and Industry in France (MINEFI); The United Nations(UN) and The Local List as provided by local regulatory and enforcement bodies.

Employees are required, as part of the Bank's policy, to refrain from any relationship and/or transaction which yield a true or positive match and follow the escalation procedure. Sanctions screening is done at account opening and on a real time basis for all SWIFT transactions.

(viii) Politically Exposed Persons (PEPs)

PEPs are individuals who are or have been entrusted with prominent public functions and the classification includes people or entities associated with them. Enhanced due diligence measures are applied to PEPs, as with other high-risk customers to mitigate the AML/CFT/CPF risk they pose. This is to ensure that the Bank is not unknowingly supporting activities such as money laundering and/or the financing of terrorism.

In line with Financial Action Task Forces recommendation, the Bank employs the use of an automated monitoring tool in identifying and monitoring PEP transactions. This is achieved through the thorough review of information provided by customers and their transaction trends. Continuous monitoring is also carried out on these accounts.

On-boarding of new PEP accounts, as well as continuityof such accounts (for those already existing in the system) is subject to the approval of Senior Management or the Risk and Compliance Team.

(ix)AML/CFT/CPF principles or Correspondent Banking

The Bank only on-boards and maintains correspondent banking relationships with financial institutions that have implemented adequate AML/CFT/CPF policies and procedures
The Bank does not enter in any form of relationships with shell banks nor maintain any payable through accounts. The Compliance team ensures that due diligence, including adverse media searches, are performed annually on our correspondent relationships to mitigate potential AML/CFT/CPF risks.

(x) Prohibited Business Relationships

In line with international best practice, the Bank does not open accounts or conduct transactions for customers using pseudonyms or numbers instead of actual names or maintain relationships with individuals or entities that have been sanctioned.

(xi) Risk Assessment

The Bank ensures Risk Assessment is conducted on its customers, products and services. This is to ensure that AML/CFT/CPF risks are identified, assessed and mitigated.

(xii) Anti-Bribery and Corruption (ABC) and Anti-Fraud)

The Bank upholds the highest standards of ethical conducts in all its activities and interactions. The Bank has zero tolerance for any form of bribery, corruption, fraud and unethical practices. The Bank's Board Approved Ethics policy provides the requisite standards and principles on ethical conducts and practices expected and required across the Bank and our related stakeholders.

(xiii) AML/CFT/CPF Training:

The Company places a great importance on the training of its employees. Training is conducted to ensure employees are well informed and up to date on the AML/CFT/CPF laws, KYC principles and the red flags of money laundering or terrorism financing which may occur in their job functions.

Annual Compliance training is mandatory for the Board members and all levels of staff, including Senior Management. Trainings are conducted via e-learning, face to face or on an ad hoc basis by email or via intranet slides to the appropriate personnel in relation to topical national and international findings.

Tests are also conducted annually after the trainings to ensure that all employees have understood the training contents.

(xiv) AML/CFT/CPF Audits:

To ensure compliance with laws and regulations and to ensure an ever-evolving fit for use of the Compliance function, the internal audit of the AML/CFT/CPF function is conducted on a quarterly basis. The purpose of the audit is to test the adequacy of the AML/CFT/CPF functions and ensure that the AML/CFT Measures are put in place, up to date and effective

The reports and findings of the audit are circulated to Senior Management. A follow-up to the audits takes place to ensure that the relevant issues are closed out and that the highlighted recommendations have been implemented.

(xv) Record Retention:

In accordance with regulations, customer identification documents are retained throughout the life of the account and for ten (10) years after the cessation of the banking relationship. Transaction instruments are retained for ten (10) years after the transaction date. In litigation and/or regulatory investigations, the records will be kept for as long as they are required.

(xvi) Data Protection:

The Bank's Data Protection Policy is revised on an ad-hoc basis to reflect the legal, regulatory and operating environment. The Bank adheres strictly to both local and international data protection policies such as the National Data Protection Regulations in Rwanda and the European Union General Data Protection Regulation (EU-GDPR.)

(xvii) Subsidiaries:

In compliance with international best practice, the Bank ensures that its branches AML/CFT/CPF provisions are consistent with its framework. These measures are applied to the extent that the respective branches' local laws and regulations permit; However, where there is a variance the stricter regulation will always apply. Greater collaboration has been fostered and control measures taken based on the current international best practices. This is to ensure that all our branches maintain the highest standards for AML/CFT/CPF controls.

COMPLAINTS AND FEEDBACK

Introduction

At Guaranty Trust Bank (Rwanda)plc, our vision is to deliver the utmost in customer service. We understand the importance of our Customers' satisfaction to the achievement of our set goals.

Hence, we have incorporated the 'Treating Customers Fairly' (TCF) policy, which underscores the Bank's commitment to high service standards, prioritizing customer interests, and managing conflicts impartially. This policy ensures that products are designed with clear, transparent attributes and that their performance is regularly reviewed based on customer feedback
We recognize that Customer feedback is an important tool in monitoring and responding to Customer expectations hence we continued to embed good conduct practice across our business, with a range of initiatives to further improve the service and experience we offer to Customers.

The Feedback Channels/ Customer Touchpoints
We value the feedback provided by our Customers, as such the following channels/touch points are available to encourage our Customers' interaction with the Bank:

- The Complaints received via the complaint portal on the Bank's website and letters;
- GT Connect (interactive helpline);
- Social Media feedback platform;
- The Customer Information Service desk at any of our branches;
- The Whistle Blowing portal on the Bank's website.

Customers' opinion on products, services, and processes

The Bank constantly evaluates valuable insights provided by Customers and other stakeholders on our products, services, and policies in order to improve the business, products and overall Customer experience.

Banking with Integrity and Customer Focus
At the heart of our operations is a steadfast commitment to integrity and a customer-centric approach Which include:

Clear Communication:
The Bank ensures that all charges and fees comply with regulatory guidelines while clearly communicating terms and conditions to customers. Customers are provided with reasonable timeframes to review and execute contracts, including a cooling-off period of up to thirty working days to cancel without penalty. Throughout the contract period, the Bank proactively engages with customers, notifying them of any changes to agreed terms and conditions.

Product and Service Improvement:

To enhance our products and services, we analyze data and feedback to identify recurring issues. This information undergoes detailed analysis and is reviewed by relevant stakeholders for learning purposes and to prevent the recurrence of identified issues.

Personal Data Protection and Privacy:

In compliance with Personal Data Protection and Privacy laws, the Bank has initiated the process of obtaining consent from our customers. This proactive measure underscores our dedication to safeguarding and respecting their personal information. Securing explicit consent not only ensures legal compliance but also reinforces transparency and trust in our customer interactions. The Bank prioritizes customer safety and data privacy, adhering to global health and safety standards to provide a secure environment. Customer data is protected against unauthorized access, with periodic sharing limited to statutory and regulatory requirements. Additionally, the Bank respects customers' consent for data processing, allowing them the right to withdraw consent at any time.

Customer Empowerment:
Empowering customers is a crucial aspect of the Bank's strategy. We provide educational information to help customers make informed decisions about products and services,

including making standard contracts available on our website for pre-review. Our staff receive ongoing training to ensure they remain competent and informed on relevant matters, including data protection.

Complaints Handling and Resolution Structure:
The Bank is committed to effective complaint handling and values feedback through complaints when they arise. The complaints and feedback structure ensure the prompt resolution of customers' complaints. The Customer Experience Unit of the Bank is charged with the responsibility for oversight of the resolution of customers' complaints. It also serves as the liaison between the Bank and its customers as well as regulatory authorities. Complaints received are given a unique identifier number for tracking purposes, acknowledged, and addressed promptly. Where a resolution can be provided immediately, the customer is provided with feedback, if not, the issue raised is referred to the appropriate team in the Bank for prompt resolution. The customer is kept informed throughout the process until final feedback is provided and resolution attained. The complaint is then marked as closed.

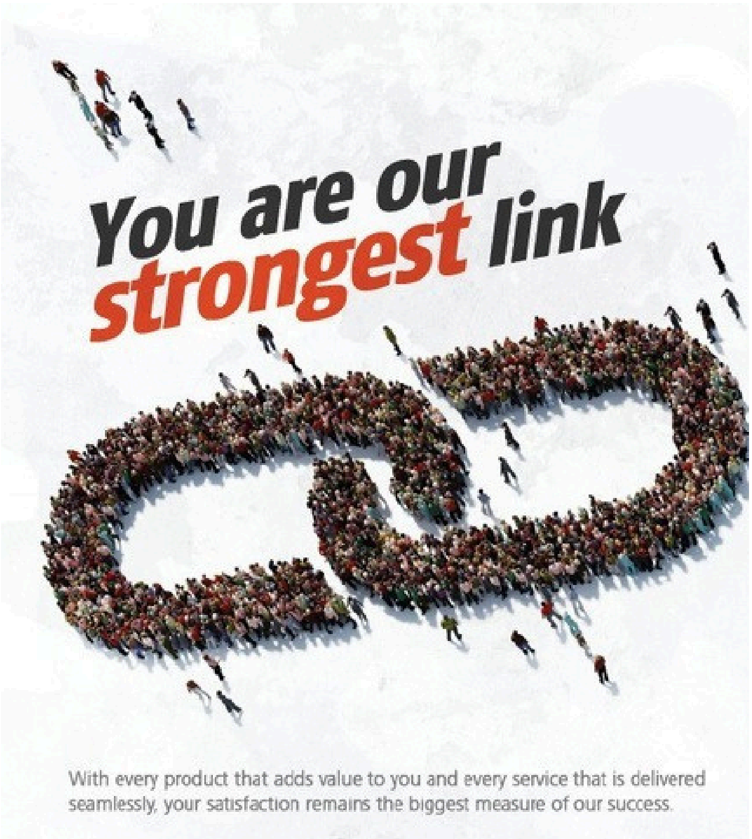
The complaints handling process is reviewed periodically and complaints received are categorized and reviewed properly with the aim of enhancing the Bank's delivery of efficient and effective services. The Bank ensures that complaints are dealt with in an equitable, objective, and unbiased manner. We also endeavor to align our procedures with regulatory requirements and international best practice in a bid to ensure that the complaint handling process is fair and reasonable.

REPORTS

In line with the Central Bank of Rwanda guidelines on resolution of Customers' complaints, the Bank provides periodic reports to BNR. Below is a breakdown of Complaints received and resolved by the Bank between January and December 2023 pursuant to BNR regulation N° 55/2022 of 27/10/2022 relating to financial service consumer protection.

Description	Description
Received Complaints	1236
Resolved Complaints	1224
Unresolved Complaints pending that the Bank carried forward	12

Some of the outstanding complaints included complaints on dispense errors on other Bank terminal, failed bill payment and failed money transfers; these were resolved in collaboration with our third-party partners and have been closed.



DIGITAL PRODUCTS AND SERVICES

Hose Agency Banking enables convenient access to financial services, including deposits, withdrawals, money transfers, and utility bill payments, bringing banking services closer to our customers' locations. It serves as a cost-effective way to extend the reach of GTBank services in areas with limited access to branches

GTBANK Internet Banking (iBank) The Guaranty Trust Bank Internet Banking Service is a free, reliable and flexible way of managing your bank account(s) conveniently 24/7 from anywhere in the world. Our internet Banking Service is equipped to enable you make 3rd party transfers to all bank accounts in Rwanda and foreign exchange transfers to any account in the world. You can also perform own account transfers, check account balances, print account statements. Please visit www.gtbank.com to experience our internet banking service

GTBank Automated Payment System (GAPS) GAPS is a web-based service that facilitates the processing of vendor (and other) payments in batches, using either a dial-up connection to the Bank or a secured (https) connection over the Internet. It also gives you 24/7 online real-time access to your account.

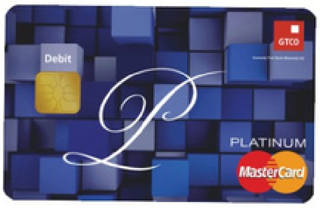
GTBank Electronic Notification System (GeNS) The Guaranty Trust Bank Electronic Notification Service (GeNS) provides instant details of transactions on your account(s). This service is designed to generate and send out notification prompts to customers via electronic mail and SMS. Whenever any transaction is carried on customers' account(s), GeNS ensures these customers have real time knowledge of their transactions.

GTCollection is the Bank's payment collection platform that integrates with third parties to collect payments on their behalf over-the-counter.

Instant Card Issuance **Ready When You Are** If your GTBank Debit MasterCard is expired, missing, damaged, or if you just need a new card, you can get a replacement instantly. Simply walk into any GTBank branch, request a replacement Debit Card, and walk out with the new card in hand immediately.

DIGITAL PRODUCTS AND SERVICES

GTBank Debit MasterCard T is a debit card issued in partnership with MasterCard to provide unlimited access to customers' accounts.
The card is linked to your Rwandan Francs Denominated GTBank Current and/or Savings account and can be used for online transactions, to pay for goods and services at Point of Sale (POS) terminals and also to withdraw cash from ATMs wherever the MasterCard logo is displayed.
Please visit any GTBank branch to get the GTBank Debit MasterCard instantly.



The GTBank Platinum Debit MasterCard is a premium card denominated in Rwandan Francs, offering cardholders benefits beyond those provided to Standard Debit MasterCard holders.
Please visit any GTBank branch to get the GTBank Platinum MasterCard instantly

The Corporate Debit MasterCard issued by GTBank is specifically designed for businesses and corporate entities to manage their financial transactions efficiently. This card allows businesses to access cash conveniently for various purposes, such as petty cash and business trip expenses.
Please visit any GTBank branch to get the GTBank Corporate MasterCard instantly

JUST DIAL *600#

Mobile Banking (*600#) is our USSD-based Banking platform for retail banking that allows you access all the banking services you need by simply dialing *600# on your mobile phone

QUICK!
as a blink

GTCO
Guaranty Trust Bank (Rwanda) plc

Achieve your personal goals with our **Unsecured Salary Advance** of up to **Rwf50,000,000.**

BOARD OF DIRECTORS

Board of Directors

ENATHA DUSENGE

INDEPENDENT DIRECTOR& CHAIRPERSON

She has more than 20 years of experience working at the senior level in private and public enterprises as well as Government Institutions.

She served as a member of the Board of Directors for Sonarwa General Ltd, Banque Populaire du Rwanda Ltd, and HIDA.

She is currently a freelance consultant providing management support services with a focus on Human Resource & Organizations development.

Mrs. Dusenge holds an Executive MBA from Maastricht School of Management (Netherland) majoring in Corporate Strategy & Economic policy, a Bachelor of Laws from Kigali Independent University, and a Bachelor's degree in Human Resource Management from Universite Catholique de Louvain (Belgium).

EMMANUEL N. EJIZU

MANAGING DIRECTOR

Mr. Emmanuel Nnamaka Ejizu has over 17 years' banking experience which spans through Corporate, Commercial, SME, and Retail Banking businesses. He joined Guaranty Trust Bank (Nigeria) plc in 2004 as an entry-level Executive Trainee within the Commercial Banking Group and rose through the ranks to become a Group Head in the Commercial Banking Division of Guaranty Trust Bank plc in Nigeria. Since 2014, he served on the board of Guaranty Trust Bank (Rwanda) plc as an Executive Director until his appointment in 2018 as the Managing Director.

Mr. Ejizu holds a Bachelor of Science degree in Sociology from the University of Ibadan, Nigeria where he graduated at the top of his class, and a Master of Business Administration in Leadership and Organizational Development from Oklahoma Christian University, United States of America where he graduated with distinction and awarded/certified member of "Delta Mu Delta" for international honor society in business, in recognition of his high scholastic attainment (Eta Iota Chapter Oklahoma Christian University). He has attended a number of executive management and banking specific training programs in leading educational institutions like the Michigan Ross Executive Leadership Development program and the prestigious Lagos Business School (LBS) where he is an alumnus

ERIC CYAGA

INDEPENDENT DIRECTOR

Eric is the Managing Partner at K-Solutions & Partners in Kigali, Rwanda. Eric's role is to ensure the legality of commercial transactions, advise companies on their legal rights and duties. Eric has a deep understanding of the aspects of contract law, securities law, insolvency, business organization, and employment law.

He is a member of the Rwanda Bar Association. As a Senior lawyer, Eric together with others led the transformation of the leadership of the Rwanda Bar Association laws in 2015 with the aim of making an extraordinary impact on the career of the legal professionals.

He serves on the boards of directors of a number of organizations including GTBank (Rwanda) plc.

Eric is also the honorary Consul for Côte d'Ivoire in Rwanda, a position that he has held since September 14, 2018.

OLUSEGUN AGBAJE

NON-EXECUTIVE DIRECTOR

Mr. Segun Agbaje is the Group Chief Executive Officer of GTCO, one of Africa's leading banking groups with a client base of over 20 million customers and business outlays across ten (10) African Countries and the United Kingdom. Mr. Agbaje started his career in 1988 as an Auditor at Ernst & Young, USA. He subsequently joined GTBank as a pioneer staff in 1991 and rose through the ranks to become Executive Director in 2000 and Deputy Managing Director in 2002. In 2011, he was appointed Managing Director and CEO of GTBank, and under his leadership the Bank became one of Nigeria's most profitable banks, maintaining impressive year-on-year growth in market share and profitability.

Mr. Agbaje is widely regarded as one of Africa's leading CEOs with a reputation for identifying capital opportunities and executing business deals. He holds a Bachelor of Science in Accounting and a Master's in Business Administration, both from the University of San Francisco, USA. He is also an alumnus of the Harvard Business School and has over 30 years of experience in investment, commercial and international banking.

Passionate about innovation and embracing disruptive technologies, Mr. Agbaje is driving the transformation of GTCO by constantly pioneering ground-breaking ideas that offer customers more value beyond financial services. Under his leadership, the Organization has promoted enterprise in the SME sector by empowering small businesses and creating Free Business Platforms such as the GTBank Food and Drink Fair and the GTBank Fashion Weekend.

Mr. Agbaje also revolutionized consumer lending in Nigeria through GTBank's offering of Quick Credit, which gives individuals and small businesses instant, real-time access to loans at a low interest of 1.3 percent monthly.

In recognition of his sterling leadership and consistent outstanding performance, Mr. Agbaje has been the recipient of several awards over the years, some of which include: the African Banker of the Year Award by the African Banker Magazine, the Banker of the Year, Africa by the World Finance Magazine and CEO of the Year at the Africa Investor Awards.

Mr. Agbaje currently serves on the boards of GTBank (Ghana) Limited, GTBank (UK) Limited, GTBank (Kenya) Limited, and GTBank (Tanzania) Limited. He is also a Director on the MasterCard Advisory Board (the Middle East and Africa), and was elected to the Board of Directors of PepsiCo Inc., USA as an Independent Director and a member of the company's audit committee in July 2020.

FRANÇOISE KAGOYIRE

INDEPENDENT DIRECTOR

Françoise joined the Board of GTBank Rwanda in June 2022. Previously, she sited on different Boards of various institutions including AGACIRO Development Fund for nine years.

Françoise has over 30 years of work experience with more than 25 years as a financial regulator expert with exceptional skills bank's soundness assessment and deep financial risks analytical capacity.

In her career, she has occupied various managerial positions in the National Bank of Rwanda mainly as a Director of the Bank Supervision Department in the Directorate of Financial Stability and also as a Director of Conduct Supervision and Financial inclusion Department; for more than 10 years.

Françoise has a Degree in Banking from ITB (INSTITUT DES TECHNIQUES BANCAIRES) located in Paris-France and an Associate Degree in Accounting from the University of Rwanda. Françoise is currently an independent consultant in the financial sector with a focus on financial institutions compliance with applicable standards; financial inclusion and customer empowerment.

Corporate Social Responsibility

In 2023, Guaranty Trust Bank (Rwanda) plc continued to demonstrate its unwavering commitment to social responsibility by implementing several impactful CSR projects. These initiatives are a testament to our dedication to fostering positive change and supporting the communities we serve. Below are some of the key CSR projects we successfully carried out:

Donation

The Bank donated a cow to a vulnerable genocide survivor in Ngoma District. This donation aims to enhance her quality of life, reduce dependence on others for daily needs, and foster a sense of self-reliance. Additionally, the Bank provided training on saving and other financial skills to help improve her standard of living and overall well-being

Sponsorship of the annual raffle at EBK

The Bank sponsored the annual end-of-year raffle event at the Belgium School of Kigali. GTBank (Rwanda) plc partnered with the school to ensure all students could participate. This event fosters a sense of community and excitement, offering students the chance to win prizes while learning valuable lessons in teamwork and engagement. It promotes school spirit and unity, motivating students to stay enthusiastic about their education and extracurricular activities. Through this sponsorship, the Bank supports the holistic development of students, aiding their academic and social growth.

Corporate Governance

Guaranty Trust Bank (Rwanda) plc ("the Bank" or "the Company") has acquired over the years, an enviable reputation built on a solid foundation of integrity, professionalism, quality and value adding service delivery, and excellent corporate governance practices. Our guiding principles ("the Orange Rules") are Simplicity, Professionalism, Service, Friendliness, Excellence, Trustworthiness, Social Responsibility and Innovation. These principles, on which the Bank was founded, remain the bedrock upon which we have built and developed our exemplary corporate governance practices. At Guaranty Trust Bank (Rwanda) plc, the principles of good corporate governance practices remain one of our core values and an important ingredient in creating and sustaining shareholder value and providing excellent service to our customers, while ensuring that behaviour is ethical, legal and transparent. The Bank is mindful of its obligations to remain committed to safeguarding and improving shareholders' value through transparent best practices fashioned along local regulatory standards as well as international best practices. Guaranty Trust Bank (Rwanda) plc ensures compliance with the tenets of Corporate Governance in Rwanda as formally codified by the National Bank of Rwanda's Corporate Governance Regulation, which enumerates best practices for the Board of Directors of Banks in Rwanda, as well as disclosures and transparency in financial matters. The Bank is governed by a framework that facilitates checks and balances and ensures that appropriate controls are put in place. It encompasses authority, accountability, stewardship, leadership, direction and control and ensures that the responsibilities and functions of the Board as well as the senior management of the Bank are well defined.

BOARD COMMITTEES

Under the Articles of Association, Directors appoint committees consisting of such members of their body and such other persons as they think fit and delegate any of their powers to such committees. Any committee so formed in the exercise of its powers so delegated, conforms with Regulations laid down by the Regulator. The Board committees are: Board Risk Management; Board Credit Committee and Board Audit Committee.

Board Risk Management Committee

The Committee is tasked with the responsibility of setting and reviewing the Bank's risk policies. The coverage of supervision includes the following: credit risk, reputation risk, operations risk, technology risk, market and rate risks, liquidity risk and other pervasive risks as may be posed by the events in the industry at any point in time. The Committee's major responsibilities are to set policies on the company's risk profile and limits, determine the adequacy and completeness of the Company's risk detection and measurement systems, assess the adequacy of the mitigants to the risks, review and approve the contingency plan for specific risks and ensure that all units in the Company are fully aware of the risks involved in their functions. This Committee is charged with the quarterly review of the Company's central liability report and summary of criticized loans with the concurrent power of recommending adequacy of the reserves for loan losses and approving possible charge-offs. The committee is also responsible to derive the most appropriate strategy for the bank in terms of the mix of assets and liabilities given its expectations of the future and the potential consequences of interest-rate movements, liquidity constraints, and foreign exchange exposure and capital adequacy. The committee ensures that all strategies conform to the bank's risk appetite and levels of exposure.

The Committee meets quarterly. Board Credit Committee This Committee is responsible for approval of credit facilities in the Company. It reviews all credits granted by the Company and approves specific loans above the Management Credit Committee's authority limit as defined from time to time by the Board. The Committee is also responsible for ensuring that the Company's internal control procedures in the area of risk assets remain high to safeguard the quality of the Company's risk assets. The Committee meets at least once quarterly. Audit Committee of the Bank This Committee is responsible for ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid- down by the Board of Directors. Its major functions include: (i) approval of the annual audit plan of the internal auditors, (ii) review and approval of the audit scope and plan of the external auditors, (iii) review of the audit report on internal weaknesses observed by both the internal and external auditors during their respective examination and to ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices. The Committee also reviews the Bank's annual and interim financial statements, including reviewing the effectiveness of the Company's disclosure controls and systems of internal control and areas of judgment involved in the compilation of the Company's results. The Committee is responsible for the review of the integrity of the company's financial reporting and oversees the independence and objectivity of the external auditors. The membership at the Board level is based on relevant experience of the Board member. The Committee consists of not less than three members, at least two of whom are independent directors. The Committee has access to external auditors to seek for explanations and additional information. The Committee meets at least four times a year.

MANAGEMENT COMMITTEES

These are Committees comprising of senior management of the Bank. The Committees are risk driven as they are basically set up to identify, analyse, synthesize and make recommendations on risks arising from day-to-day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as the risk issues occur to immediately take actions and decisions within the confines of their powers.

The key Management Committees in the Bank are:

(i)Executive Divisional Heads Committee
(ii)Management Credit Committee;
(iii)Criticized Assets Committee;
(iv)Assets and Liability Management Committee (ALCO);
(v)IT Steering Committee
(vi)Risk Management Committee

Executive Divisional Heads Committee

The Executive Committee is responsible for implementation of operational plans, annual budgeting and periodic reviews of operations, strategic plans, ALCO strategies, credit proposals review, identification and management of key risks and opportunities. The committee reviews and approves guidelines for employees' remuneration.

This Committee assists the Chief Executive Officer to manage the banking institution and to guide and control the overall direction of the business of the banking institution and acts as a medium of communication and co-ordination be-tween business units and the board. The Committee consists of a combination of senior management officials and meets on a monthly basis. Management Credit Committee (MCC) This is the Committee responsible for ensuring that the Company complies fully with the Credit Policy Guide as laid down by the Board of Directors.

The Committee also provides inputs for the Board Credit Committee. This Committee reviews and approves credit facilities to individual obligors not exceeding in aggregate a sum to be determined by the Board from time to time. The Management Credit Committee is responsible for reviewing and approving all credits that are above the approval level of the Managing Director as determined by the Board. The Committee reviews the entire credit portfolio of the Company and conducts periodic assessment of the quality of risk assets in the Company. It also ensures that adequate monitoring of credits/facilities is carried out. The Committee meets weekly depending on the number of credit applications to be considered. Criticized Assets Committee (CAC) This Committee is responsible for the assessment of the risk asset portfolio of the Bank. It highlights the status of the Bank's assets in line with the internal and external regulatory framework, and ensures that triggers are sent in respect of delinquent assets. The Committee also ensures that adequate provisions are taken in line with the regulatory guidelines. The members of the Committee include the Managing Director, the Chief Operating Officer, and other relevant Senior Management Staff of the Bank.

Assets and Liability Management Committee (ALCO)

This Committee is responsible for the management of a variety of risks arising from the Bank's business including, market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies. The members of the Committee include the Managing Director; Chief Operating Officer; the Treasurer; the Head, Financial Control; Head, Risk and Compliance; and a representative of the Assets and Liability Management Unit. IT Steering Committee This Committee is responsible for assisting Management with the implementation of IT Strategy approved by the Board. The roles and responsibilities of the Committee include: (i) Planning, Budgeting and Monitoring; (ii) Ensuring Operational Excellence and (iii) IT Risk Assurance. Risk Management Committee The Risk Management Committee is the committee charged with monitoring the entire risk spectrum inherent in the Bank's business.

These risks have been primarily identified as Credit Risk, Operational Risk, Market and Liquidity Risk, Strategy and Reputational risks, Information security Risk and compliance risk; in order to provide reasonable assurance on the achievement of the Bank's Risk Management's objectives and compliance with internal and external policies and regulations. The Risk Management Committee derives its powers from the Board of Directors through the Board Risk Management Committee and advises the Board Risk Management Committee on risk areas and possible internal control weaknesses, and execution of related action plans

CHAIRMAN'S STATEMENT

Distinguished shareholders, fellow Board members, Management, staff and our esteemed customers. I wish to present the 2023 Annual Report of Guaranty Trust Bank (Rwanda) plc. The year 2023 was a challenging year as the world including Rwanda were still facing economic challenges consequences caused by the pandemic. Also, the supplier and economic challenges caused by the war between Russia and Ukraine and the recent Middle East conflict impacted negatively the world economy which was still recovering from covid-19 pandemic. I wish to congratulate the Government of Rwanda under the stewardship of His Excellency President Paul Kagame in their exemplary handling of the challenges currently being faced by the world economy. The Government continues to implement different initiatives and remains exceptionally proactive in ensuring the revival of the economy. In this regard, the Government has recently reached a staff-level agreement with the International Monetary Fund (IMF) mission team to implement economic and financial policies for the second reviews under the Policy Coordination Instrument (PCI) and the Resilience and Sustainability Facility (RSF). The mission team agreed on economic policies for a new 14-month Stand-by Credit Facility (SCF), providing around $262million to address balance of payment pressures from climate-related shocks. Moreover, the Government is partnering with European Union (EU) focusing on mutually beneficial investments through the EU Global Gateway strategy. The European Union has investing over Euro900million in Rwanda under this program to cover investments in health, critical raw materials, agro-food industry, climate resilience, and education. The country's economy registered 8.24% growth in 2023 compared to 8.2% recorded in 2022.

In 2023, the Bank delivered a solid performance while navigating substantial global economic change from the war between Russia and Ukraine and the Middle East conflict which caused inflationary cost pressures and significant fluctuations in currency exchange. Against this backdrop, I am pleased to report a strong performance in Bank's revenue increasing by 3.1% compared to the previous year. This growth was driven by increased interest income, fee-based revenue, and efficient cost management. We continue to focus on efficiency while growing the base. Our bank maintained a strong capital position, exceeding regulatory requirements and ensuring our ability to absorb potential shocks. This capital strength provides a solid foundation for sustainable growth and enhances the confidence of our stakeholders.

Our commitment to rigorous risk management practices has resulted in a high-quality loan portfolio. This disciplined approach has minimized credit losses and enhanced the overall stability of our bank. We remain steadfast in our commitment to understanding and fulfilling the financial needs of our customers. By offering innovative products, personalized services, and seamless digital experiences, we have deepened customer relationships and enhanced customer satisfaction. We continued to invest in technology infrastructure and process automation, improving operational efficiency and reducing costs. This focus on operational excellence has enabled us to provide superior service, streamline internal processes, and optimize resource allocation.

The Bank's performance improved in other key metrics for the year 2023. The Capital Adequacy Ratio (CAR) stood at 37.3% higher than the minimum regulatory requirement of 15%. The leverage ratio stood at 16.9%, compared to 6% minimum prudential requirement as stipulated by the prudential guidelines reaffirming that the Bank is adequately solvent. The Liquidity Coverage Ratio (LCR) stood at 1330.6% as at end December 2023 above 100% minimum prudential requirements. The aggregate Net Stable Funding Ratio (NSFR) stood at 142.3%, above the 100% regulatory requirement. The Bank will continue focusing on an exceptional customer service experience which is amongst its competitive advantage in the industry. In addition, the Bank will continue developing a unique and innovative digital banking service in the industry as well as focusing on retail banking, SMEs business and treasury services to sustain its growth objectives.

We strongly believe that the Bank will continue growing in all areas: efficiency, size and profitability and be able to create higher shareholders' value and better serve our esteem customers and our community.

Sincerely,

Enata Dusenge
Chairperson

MANAGING DIRECTOR'S STATEMENT

Focused Growth and Commitment to Retail Excellence

Dear Stakeholders,

I am delighted to present Guaranty Trust Bank (Rwanda) plc's performance for the year 2023, marked by significant achievements and robust growth.

We are pleased to report a Profit Before Tax (PBT) of Rwf6.4Billion for the year ended December 2023, reflecting a remarkable 65.6% increase from Rwf3.9Billion in 2022. This growth was underpinned by our strategic focus on expanding earning assets and driving operational efficiency. Our total assets grew by 19.6% attributable to improvement in financial assets portfolio and customer deposits saw a substantial growth of 20.3%, driven by effective customer mobilization and value chain enhancements.

At Guaranty Trust Bank (Rwanda) plc, we remain committed to driving economic development through our steadfast dedication to the retail sector. Leveraging advanced digital platforms and strategic technology investments, we have significantly improved access to our comprehensive range of services tailored to meet the evolving needs of individuals and businesses. In 2023, we introduced several innovative banking solutions and enhanced existing ones, including GTBank Internet Banking (iBank) for seamless online account management and transactions worldwide. Our GTBank Automated Payment System (GAPS) ensures efficient vendor payments, while the GTBank Electronic Notification System (GeNS) provides instant transaction alerts via email and SMS. Additionally, our Mobile Banking platform, accessible through *600#, empowers customers to perform transactions and open accounts remotely.

We are proud to offer Instant Card Issuance for immediate replacement of GTBank Debit MasterCard, supporting online transactions, point-of-sale payments, and ATM withdrawals. Our GTBank Platinum MasterCard and GTBank Corporate MasterCard cater to premium and business-specific needs, respectively.

In our commitment to fostering a vibrant and inclusive economy and to enhance the Bank's Agency Banking outreach, we launched a comprehensive training program benefitting over 600 agents across Rwanda. This initiative aimed to elevate customer service standards and deepen understanding of our retail products, enhancing customer satisfaction and loyalty.

Moreover, we conducted extensive financial literacy training to promote financial well-being among retail customers, reinforcing our dedication to financial inclusion and community development.

In the realm of Corporate Social Responsibility (CSR), Guaranty Trust Bank (Rwanda) plc made impactful strides in uplifting communities. We provided essential support to vulnerable genocide survivors in Ngoma District, improving livelihoods and fostering resilience within the community. Additionally, our initiatives in financial literacy equipped individuals with essential skills to enhance their standard of living. We proudly sponsored the Belgian School of Kigali, promoting academic excellence and community spirit among students.

Looking forward, Guaranty Trust Bank (Rwanda) plc remains steadfast in its commitment to CSR initiatives that drive positive change. We will continue championing inclusivity, resilience, and progress through our banking services and community engagements.

As an international bank with a strong African presence, our strategy emphasizes segmentation, service excellence, and innovative product offerings to capture the retail segment. We are dedicated to advancing progress, supporting business expansion, and promoting financial literacy. Our investment in a talented workforce and vibrant workplace culture positions us to lead in shaping the future of banking and driving economic growth.

I extend sincere gratitude to our esteemed stakeholders; our valued customers, the National Bank of Rwanda, our Board of Directors, and our dedicated staff. Your unwavering support has been instrumental in our success, and together, we will continue achieving remarkable milestones.

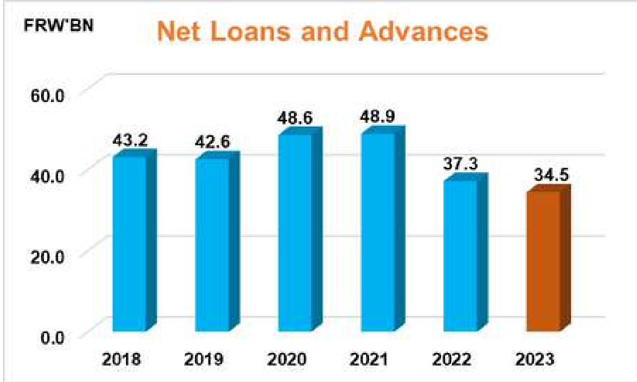
Guaranty Trust Bank (Rwanda) plc remains committed to delivering exceptional value and building a premier institution focused on the retail segment. We will embrace innovation, adapt to market dynamics, and seize opportunities for sustainable growth.

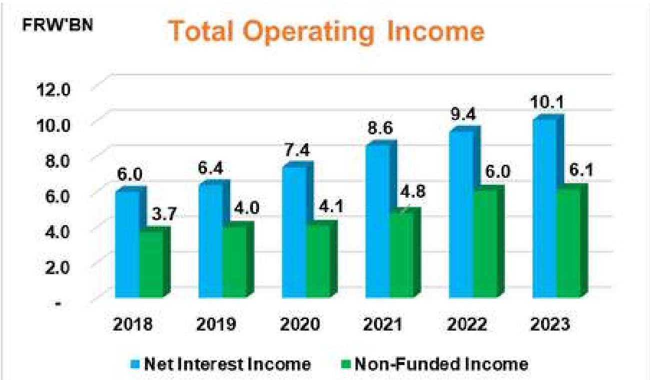
Thank you for your trust and continued partnership.

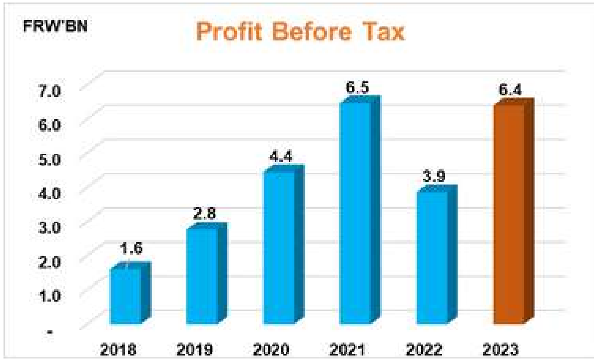
Sincerely,

Emmanuel Ejizu
Managing Director
Guaranty Trust Bank (Rwanda) plc

PERFOMANCE HIGHLIGHTS







Financial Soundness Highlights	2023 %	2022 %	2021 %	2020 %	2019 %	2018 %
Capital Strength Ratios						
Capital Adequacy Ratio (MIN 15%)	37.3%	33.4%	26.4%	24.3%	21.0%	21.2%
Core Capital / Risk Weighted Assets (MIN 10.5%)	36.6%	32.5%	25.3%	22.1%	19.4%	19.0%
Leverage ratio (MIN 6%)	16.9%	14.8%	12.9%	11.7%	11.0%	11.8%
Coverage/ Asset Quality Ratios						
NPLs / Gross Loans	0.7%	3.5%	5.2%	4.6%	3.6%	14.3%
Provisions / NPLs	237.4%	87.7%	107.3%	50.0%	79.1%	72.2%
Earning Assets / Total Asset	67.7%	67.2%	69.7%	72.5%	77.5%	83.5%
Loan Loss Reserve / Gross Loans	1.8%	3.0%	5.6%	2.3%	2.8%	10.3%
Profitability Ratios						
Post-Tax Return on Assets	2.8%	1.9%	3.3%	2.8%	1.7%	1.2%
Post-Tax Return on Equity	14.9%	10.2%	19.7%	17.6%	11.1%	8.3%
Net Interest Margin	8.7%	9.1%	9.0%	8.6%	8.0%	6.9%
Cost to Income	62.0%	76.4%	54.2%	63.4%	75.6%	85.7%
Liquidity Ratios						
Liquid Assets / Total Deposits	90.3%	80.6%	68.1%	62.7%	56.8%	54.2%
Gross Loans / Total Deposits	30.3%	38.8%	50.4%	55.9%	60.4%	66.3%
Net Loans/Total Asset	22.2%	28.7%	36.9%	42.6%	45.4%	49.1%
Total Deposits / Total Assets	76.6%	76.2%	77.4%	78.0%	77.3%	82.6%

DIRECTORS & AUDITORS REPORTS

Directors and Statutory Informaton

Shareholding

The Bank's shareholding as at 31 December 2023 is as shown below.

Shareholders	Number of Shares	% holding
Guaranty Trust Bank (Kenya) Limited	19,276,000	96.38%
Agaciro Development Fund (AGDF)	724,000	3.62%
Total	**20,000,000**	**100%**

The price per share equal to Frw1,000

BOARD OF DIRECTORS

Mrs. Enatha Dusenge Twizere	(Rwandan) Chairperson - Independent
Mrs. Francoise Kagoyire	(Rwandan) Independent
Mr. Eric Cyaga	(Rwandan) Independent
Mr. Olusegun Agbaje	(Nigeria)Non-Independent
Mr. Nnamaka Emmanuel Ejizu	(Nigeria) Managing Director

BOARD AUDIT COMMITTEE

Mrs. Francoise Kagoyire	Chairperson
Mr. Olusegun Agbaje	Member
Mr. Eric Cyaga	Member

BOARD CREDIT COMMITTEE

Mr. Olusegun Agbaje	Chairperson
Mr. Eric Cyaga	Member
Mr. Nnamaka Emmanuel Ejizu	Member

BOARD RISK COMMITTEE

Mr. Eric Cyaga	Chairperson
Mrs. Francoise Kagoyire	Member
Mr. Olusegun Agbaje	Member
Mr. Nnamaka Emmanuel Ejizu	Member

Attendance of Board and Board Committee

Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance for the financial year ended December 31, 2023.

	Full Board	Board Credit Committee	Board Risk Committee	Board Audit Committee
Date of Meetings	15.06.2023 30.08.2023 07.12.2023	15.06.2023 30.08.2023 07.12.2023	15.06.2023 30.08.2023 07.12.2023	15.06.2023 30.08.2023 07.12.2023
Mrs. Enata Dusenge	**3**	**3**	**3**	**3**
Mr. Olusegun Agbaje	3	n/a	n/a	n/a
Mr. Eric Cyaga	3	3	3	3
Mrs. Francoise Kagoyire	3	n/a	3	3
Mr. Nnamaka Emmanuel Ejizu	3	3	3	3

Note: The 4th quarter board meeting is scheduled to be held in March 2024

EXECUTIVE MANAGEMENT (EXCO)

Mr. Nnamaka Emmanuel Ejizu	Managing Director – Chairperson
Mrs. Irenosen B. Ohiwerei	Chief Operating Officer
Mr. Stephen Njuguna Mwangi	Chief Financial Officer
Mr. Louis Hategekimana	Head of Legal Services and Company Secretariat - Secretary
Mr. Joel Gatanazi	Head of Business Division
Mr. Patrick Rutegwa	Head of Risk and Compliance
Mr. Wilson Ngyendo	Head of Treasury

ASSETS AND LIABILITIES COMMITTEE (ALCO)

Mr. Nnamaka Emmanuel Ejizu	Chairperson
Mrs. Irenosen B. Ohiwerei	Member
Mr. Stephen Njuguna Mwangi	Member
Mr. Wilson Ngyendo	Secretary
Mr. Patrick Rutegwa	Member
Mr. Joel Gatanazi	Member
Mrs. Alice Natukunda	Member

MANAGEMENT CREDIT COMMITTEE (MCC)

Mr. Nnamaka Emmanuel Ejizu	Chairperson
Mrs. Irenosen B. Ohiwerei	Member
Mr. Stephen Njuguna Mwangi	Member
Mr. Louis Hategekimana	Member
Mr. Joel Gatanazi	Member
Ms. Jasmine Isimbi Busoro	Secretary
Mr. Emile Gashumba	Member
Mr. Wilson Ngyendo	member
Mrs. Alice Natukunda	Member

IT STEERING COMMITTEE

Mr. Nnamaka Emmanuel Ejizu	Chairperson
Mrs. Irenosen B. Ohiwerei	Member
Mr. Stephen Njuguna Mwangi	Member
Mr. Ismael Sekamana	Member
Mrs. Alice Natukunda	Member
Mr. Ivan Baudry Boulard Irakoze	Secretary
Mr. Joel Gatanazi	Member

RISK MANAGEMENT COMMITTEE

Mrs. Irenosen B. Ohiwerei	Chairperson
Ms. Gisele Mutamba	Secretary
Mr. Louis Hategekimana	Member
Mr. Ivan Baudry Boulard Irakoze	Member
Mrs. Alice Natukunda	Member
Mr. Gilbert Kuradusenge	Member
Mrs. Vestine Uwineza	Member
Mr. Joel Gatanazi	Member
Mr. Patrick Rutegwa	Member
Mrs. Josine Ingabire	Member
Mr. Stephen Njuguna Mwangi	Member

CRITICIZED ASSET COMMITTEE (CAC)

Mr. Nnamaka Emmanuel Ejizu	Chairperson
Ms. Jasmine Isimbi Busoro	Secretary
Mrs. Alice Karatwa	Member
Mrs. Irenosen B. Ohiwere	Member
Mr. Louis Hategekimana	Member
Mr. Joel Gatanazi	Member
Mrs. Alice Natukunda	Member

PROCUREMENT COMMITTEE

Mr. Louis Hategekimana	Chairman
Mr. Patrick Rutegwa	Member
Mr. Stephen Njuguna Mwangi	Member
Mr. Didier Mugiraneza	Member
Mr. Badiel Rubangutsangabo	Secretary
Ms. Jasmine Isimbi Busoro	Member

REGISTERED OFFICE	The Bank is incorporated in Rwanda as a public company limited by shares and is domiciled in Rwanda. The address of its registered office is: **Guaranty Trust Bank (Rwanda) plc** R.C No. 100003180 Kigali Muhima Investment Company Building Nyarugenge District–Kigali City KN 2 Ave, 1370 P O Box 331 Kigali, Rwanda Tel: + 250 252 598 600
AUDITOR	**KPMG Rwanda Limited** **Certified Public Accountants** **Company Code: 101867507** **P.O. Box 6755** **Grand Pension Plaza - 5th Floor** **KN 2 Ave 3** **Kigali, Rwanda**
LAWYER	**B&A Advocates** Company Code: 103475958 P O BOX 4067 Address KK 31 AV Gikondo Kigali, Rwanda

CORRESPONDENT BANK

Bank details

1. **Guaranty Trust Bank (UK) Limited**
   60-62 Margaret street, London W1W 8TF
2. **Crown Agents Bank**
   St Nicholas House, St Nicholas Road, Suton, Surrey, SM1 1EL, United Kingdom
3. **Banque de Commerce et des Placements (BCP) S.A**
   Rue de la Fontaine 1, P.O.Box 3069, CH-1211 Geneva 3
4. **SwedBank AB (Publ)**
   Landsvagen 40, 105 34 Stockholm, Sweden
5. **Absa Bank Ltd**
   15 Alice Lane, Sandtone, 2196, South-Africa
6. **Citi Bank Ltd**
   701 East 60th Street North Sioux Falls 57104 and 388 Greenwhich Street, New York. NY. 1001

BRANCH NETWORK

RESIDENT BRANCH
Muhima Investment Company Building
Nyarugenge District–Kigali City
KN 2 Ave, 1370
P.O. Box 331, Kigali
Tel: (+ 250) 252 598 600
(+ 250) 788 149 600
E-mail: info@gtbank.com
Website: www.gtbank.com.rw

NGOMA BRANCH (Ex Kibungo)
Ngoma District–Eastern Province
P.O. Box 331, Kigali
Telephone: (+250) 788 149 717
(+250) 788 149 718

KIGALI CITY MARKET BRANCH
Nyarugenge District–Kigali City
P.O. Box 331, Kigali
Telephone: (+250) 788 149 735
(+250) 788 149 736

REMERA BRANCH
Gasabo District–Kigali City
Yussa Plaza
P.O. Box 331, Kigali
Telephone: (+250) 788 149 701
(+250) 788 149 702

KARONGI BRANCH (Ex Kibuye)
Karongi District
Western Province PeaceHouse
P.O. Box 331, Kigali
Telephone: (+250) 788 149 721
(+250) 788 149 722

RUSIZI BRANCH (Ex Cyangugu)
Rusizi district - Western Province
Amani House
P.O. Box 331, Kigali
Telephone: (+250) 788 149 731
(+250) 788 149 732

RUBAVU BRANCH (Ex Gisenyi)
Rubavu District, Western Province
P.O. Box 331, Kigali
Telephone: (+250) 788 149 713
(+250) 788 149 714

KIMIRONKO BRANCH
Gasabo District–Kigali City
P.O. Box 331, Kigali
Telephone: (+250) 788 149 753
(+250) 788 149 754

KAYONZA BRANCH
Kayonza District–Eastern Province
P.O. Box 331, Kigali
Telephone: (+250) 788 149 744
(+250) 788 149 745

NYABUGOGO BRANCH
Nyarugenge District, Kigali City
P.O. Box 331, Kigali
Telephone: (+250) 788 149 728
(+250) 788 149 729

MUHANGA BRANCH (Ex Gitarama)
Muhanga District, Southern Province
P.O. Box 331, Kigali
Telephone: (+250) 788 149 705
(+250) 788 149 706

MUSANZE BRANCH (Ex Ruhengeri)
Musanze District - Northern Province
P.O. Box 331 Kigali
Telephone: (+250) 788 149 709
(+250) 788 149 710

GISOZI BRANCH
Gasabo District, Kigali City
P.O. Box 331, Kigali
Telephone: (+250) 788 149 756
(+250) 788 149 757

KICUKIRO BRANCH
Gasabo District, Kigali City
P.O. Box 331, Kigali
Telephone: (+250) 788 149 747
(+250) 788 149 749

Directors' Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of Guaranty Trust Bank (Rwanda) plc ("the Bank").

PRINCIPAL ACTIVITIES

The Bank is engaged in the business of banking and the provision of related services.

RESULTS

The results for the year are set out on page 14.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year 2023 (2022: Nil).

DIRECTORS

The Directors who served during the year are set out on page 1.

AUDITOR

The auditors, KPMG Rwanda Limited, were appointed in 2023 in accordance with Regulation N°14/2017 of 23/11/2017 on accreditation and other requirements for external auditors of banks, insurers and insurance brokers and have expressed their willingness to continue in office.

BY ORDER OF THE BOARD

Secretary

Date: 20/03/2024

Statement of directors' responsibilities

The Directors are responsible for the preparation of financial statements that give a true and fair view of Guaranty Trust Bank (Rwanda) plc which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include material accounting policies in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards), in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies in Rwanda and Regulation No. 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by Banks in Rwanda.

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 misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management

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

The independent auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the IFRS Accounting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 governing companies, and Regulation No. 28/2019 of 09/09/2019 on publication of financial statements and other disclosures by Banks in Rwanda.

Approval of Financial Statements

The financial statements of Guaranty Trust Bank (Rwanda) plc, as identified in the first paragraph, were approved and authorized for issue by the board of directors on …20……/…03…./ 2024

……………………………………………
Managing Director

……………………………………………
Director

Date 20th March 2024

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GUARANTY TRUST BANK (RWANDA) PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Guaranty Trust Bank (Rwanda) Plc ("the Bank"), set out on pages 14 to 78 which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies and Regulation No. 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

OTHER MATTER RELATING TO COMPARATIVE INFORMATION

The financial statements of the Bank as at and for the year ended 31 December 2022, were not by another auditor who expressed an unmodified opinion on those financial statements on 30 March 2023

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT(CONTINUED)
TO THE SHAREHOLDERS OF GUARANTY TRUST BANK (RWANDA) PLC

	How the matter was addressed in our audit
Impairment loss allowance on loans and advances to customers **Refer to Note 5, 12, 27 (a), 28 (b) and 31 (o) of the financial statements**	
— Significant increase in credit risk ("SICR") – for the corporate and institutional, business and retail portfolios, the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12 month or lifetime allowance is recorded. — The Bank assesses SICR by considering all accounts with arrears of above 30 days and incorporating all relevant, reasonable and supportable information, including forward-looking information of the customers position at any one time. These include qualitative information, and information from credit rating processes. The setting of precise trigger points to move a financial asset from 'Stage 1' to 'Stage 2' or moving from Stage 2' to 'Stage 3' and vice versa respectively requires judgement which may have a material impact upon the size of the ECL allowance; — Model estimations – inherently judgemental modelling is used to estimate ECL which involves determining the probability of default ("PD") and loss given default and the exposure at default. The PD model used in the corporate and institutional, business and retail portfolios is the key driver of the Bank's ECL results and is therefore the most significant judgemental aspect of the Bank's ECL modelling approach; and — Quantitative adjustments or overlays – adjustments to the model driven ECL results are raised by managementaddress known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to the corporate institutional, business and retail portfolios. — Key accounting judgments like the Bank's internal credit grading model which is used in probability of default assignment	**Our audit procedures in this area included, among others:** — Obtaining an understanding of the credit management processes and the key systems, applications and controls used in the determination of ECL by evaluating design and implementation, and the operating effectiveness of the key controls over the staging criteria, review of the model output, and changes to loss given default, updates to the forward-looking information, and collateral data. — Using our data and analytics specialists to independently assess probability of default modelling based on historical days past due reports — We assessed the reasonableness of loss given default and exposure at default assumptions by comparing to recent experience of the Bank on recovery made on collateral sold by the Bank, recoveries from insurance companies and local economic conditions. — Involving our own financial risk management specialists to review the model governance and documentation and structure relating to the Forward looking information, consistency of macroeconomic data used in forward looking modelling, macroeconomic variable selection, assessment of macroeconomic variable and non-performing forecasting, verification of the scenario analysis through creation of different scenarios and methodology of aggregating them to derive final forecasted non-performing loans. — For a sample of qualitative adjustments, considering the size and complexity of management overlays, we assessed the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and agreeing the adjustments to source data. Evaluating the adequacy of the financial statement disclosures in accordance with the requirements of IFRS 7 , Financial instruments disclosures including disclosures of key assumptions and judgements used in determination of ECL in terms of IFRS 9 Financial Instruments

INDEPENDENT AUDITOR'S REPORT(CONTINUED)
TO THE SHAREHOLDERS OF GUARANTY TRUST BANK (RWANDA) PLC

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Guaranty Trust Bank (Rwanda) Plc annual report and financial statements for the year ended 31 December 2023 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 connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies and Regulation No. 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

IIdentify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
¾Evaluate 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.

INDEPENDENT AUDITOR'S REPORT(CONTINUED)
TO THE SHAREHOLDERS OF GUARANTY TRUST BANK (RWANDA) PLC

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS(CONTINUED)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Law No. 007/2021 of 05/02/2021 Governing Companies and Regulation No. 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks, we report to you solely based on our audit of the financial statements, that:

_ We have obtained all the information and explanations, whichto the best of our knowledge and belief, were necessary for the purpose of our audit.
_ Proper accounting records have been kept by the Bank, so far as appears from our examination.
_ We have no relationship, interest, or debt withthe Guaranty Trust Bank (Rwanda)Plc. As indicated in our report on the financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) which includes comprehensive independence and other requirements.
_ We have reported internal control matters together with our recommendations to management in a separate management letter.
_According to the best of the information and the explanations given to us as the auditor, as shown by the accounting and other documents of the Bank, the annual accountscomply with Article 123 and Article 125 of Law No. 007/2021of 05/02/2021 Governing Companies.

The engagement partner on the audit resulting in this independent auditor's report is CPA Wilson Kaindi [PC/CPA/0642/0123].

KPMG Rwanda Limited
Certified Public Accountants
P. O. Box 6755
Kigali, Rwanda

Date: …23/04/2024..

FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 Frw'000	2022 Frw'000
Interest income*	1	10,714,110	10,289,195
Interest expense*	2(a)	(663,103)	(903,159)
Net interest income		**10,051,007**	**9,386,036**
Fee and commission income	3 (a)	2,788,175	3,351,698
Fee and commission expense	3 (b)	(1,287,148)	(1,223,420)
Net fee and commission income		**1,501,027**	**2,128,278**
Foreign exchange income	4(a)	3,030,323	1,875,727
Other income	4(b)	306,674	814,643
Total operating income		**14,889,031**	**14,204,684**
Net impairment charge on loans and advances	5	612,198	(929,106)
Impairment charge on investment securities	5	(2,216,416)	(2,681,164)
Employee benefits expense	6	(2,782,037)	(2,565,541)
Depreciation and amortization	7 (a)	(1,027,667)	(1,096,042)
Other operating expenses	7 (b)	(2,974,120)	(2,945,862)
Finance Cost	2(b)	(109,891)	(128,677)
Profit before income tax		**6,391,098**	**3,858,292**
Income tax expense	8(a)	(2,030,817)	(1,335,805)
Profit for the year		**4,360,281**	**2,522,487**
Other comprehensive income			
Revaluation gain of land and building net of tax	8(b)	88,806	-
Total comprehensive income for the year		**4,449,087**	**2,522,487**

*Interest income and interest expense were calculated using the effective interest rate method.

The notes set out on pages 18 to 78 form an integral part of these financial statements.

Statement of Financial Position

	Notes	2023 Frw'000	2022 Frw'000
ASSETS			
Cash and balances with the National Bank of Rwanda	9	34,219,708	30,842,831
Amounts due from other banks	10	28,750,933	14,765,086
Loans and advances	12	34,471,872	37,253,477
Investment securities held at amortized cost	11	49,363,945	38,945,704
Property and equipment	15	2,372,968	2,492,921
Right of use asset	16	1,468,487	1,576,534
Intangible assets	14	209,399	341,119
Deferred income tax Asset	20	1,250,573	568,025
Other assets	13 (a)	1,117,717	991,071
TOTAL ASSETS		**153,225,602**	**127,776,768**
LIABILITIES			
Customer deposits	17(a)	118,955,171	98,922,931
Other Borrowings	17(b)	454,076	644,554
Provisions	19(a)	137,298	144,831
Other liabilities	19(b)	2,031,129	1,449,911
Lease liabilities	18(b)	1,715,899	1,808,793
Current income tax payable	8(c)	677,194	-
TOTAL LIABILITIES		**123,970,767**	**102,971,020**
EQUITY			
Share capital	21	20,000,000	20,000,000
Revaluation reserves	22	349,159	368,693
Retained earnings	23(a)	8,777,431	3,934,852
Statutory Reserve	23(b)	128,245	502,203
TOTAL EQUITY		**29,254,835**	**24,805,748**
TOTAL EQUITY AND LIABILITIES		**153,225,602**	**127,776,768**

The financial statements on page 14 to 78 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Managing Director

Director

The notes set out on pages 18 to 78 form an integral part of these financial statements.

Statement of Changes in Equity

	Notes	Share capital	Revaluation reserve	Retained earnings	Statutory Reserve	Total equity
		Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Year ended 31 December 2023						
At 1 January 2023		**20,000,000**	**368,693**	**3,934,853**	**502,202**	**24,805,748**
Comprehensive income:						
Profit for the year		-	-	4,360,281	-	**4,360,281**
Other comprehensive income	8(b)	-	-	88,806	-	**88,806**
Total comprehensive income for the year		-	-	**4,449,087**	-	**4,449,087**
Revaluation gain-net of tax	22	-	88,806	(88,806)	-	-
Direct transfer of accumulated depreciation on disposal of revalued asset	22	-	(108,340)	108,340	-	-
Transfer from Statutory reserve	23 (b)	-	-	373,957	(373,957)	-
At 31 December 2023		**20,000,000**	**349,159**	**8,777,431**	**128,245**	**29,254,835**
At 1 January 2022		**10,994,882**	**368,693**	**10,395,947**	**523,739**	**22,283,261**
Comprehensive income:						
Profit for the year		-	-	2,522,487	-	**2,522,487**
Total comprehensive income for the year		-	-	**2,522,487**	-	**2,522,487**
Transfer from Statutory reserve	23 (b)	-	-	21,537	(21,537)	-
Conversion of Retained Earnings to Capital	21	9,005,118	-	(9,005,118)	-	-
At 31 December 2022		**20,000,000**	**368,693**	**3,934,853**	**502,202**	**24,805,748**

The notes set out on pages 19 to 78 form an integral part of these financial statements.

Statement of Cash Flows

	Notes	2023	2022
		Frw'000	Frw'000
Cash flows from operating activities			
Profit before income tax		6,391,098	3,858,292
Adjustments for:			
Depreciation on property and equipment	15	480,658	495,218
Amortization of intangible assets	14	219,136	230,313
Gain on disposal of fixed assets	4(b)	(123,001)	(4,393)
Amortization on right-of-use asset	16	327,873	370,511
Interest on Lease liabilities	18	109,891	128,677
Foreign exchange rate fluctuation gains		(5,120,705)	(1,481,506)
IFRS 16- Lease cost net changes P/L impact	16&18	10,652	918
		2,295,602	**3,598,030**
Changes in operating assets and liabilities:			
- Loans and advances	12	2,375,525	11,000,954
- Investment securities	11	(3,990,035)	(9,719,868)
- Other assets	13(a)	(126,647)	282,310
- Customer deposits and cash reserves	9&17(a)	19,304,530	(4,836,082)
- Provision for litigation	19(a)	(7,534)	12,464
- Other liabilities	19b	581,218	(727,886)
Interest payment on Lease liabilities	18(b)	(109,891)	(128,677)
Interest received		406,080	654,088
Interest paid		(49,854)	(50,004)
Income tax paid	8(c)	(2,073,157)	(2,605,836)
Net cash generated from/(used in) operations		**18,605,837**	**(2,520,507)**
Cash flows from investing activities			
Purchase of property and equipment	15	(477,162)	(298,280)
Purchase of intangible assets	14	(87,416)	(518)
Proceeds from sale of property and equipment		365,251	30,000
Net cash used in investing activities		**(199,327)**	**(268,798)**
Cash flows from financing activities			
Long term borrowings acquired	17(b)	6,762	11,873
Principal repayment on long term borrowings	17(b)	(192,061)	(266,536)
Interest payment on long term borrowings	17(b)	(5,178)	(11,831)
Principal repayment of Lease liabilities	18	(323,372)	(351,962)
Net cash flows used in financing activities		**(513,849)**	**(618,456)**
Net increase / (decrease) in cash and cash equivalents		**17,892,661**	**(3,407,761)**
Cash and cash equivalents at start of year	25	52,027,224	53,953,479
Effect of exchange rate fluctuations on cash and cash equivalents		5,120,705	1,481,506
Cash and cash equivalents at end of year	**25**	**75,040,590**	**52,027,224**

The notes set out on pages 19 to 80 form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1 Interest income*

Financial assets measured at amortized cost	2023 Frw'000	2022 Frw'000
Loans and advances	5,251,277	6,552,635
Investment securities	4,537,990	2,779,138
Placements with banks	924,843	957,422
	10,714,110	**10,289,195**

2 a) Interest expense*

	2023 Frw'000	2022 Frw'000
Other Borrowing (Economic Recovery Fund)	6,737	9,761
Customer deposits	656,366	889,724
Deposits with banks	-	3,674
	663,103	**903,159**

*Interest income and interest expense were calculated using the effective interest rate method.
The amount reported above include interest income and expense calculated using the effective interest method that relate to the following financial assets and financial liabilities.

	2023 Frw'000	2022 Frw'000
Financial assets measured at amortized cost	104,891,541	87,836,595
Financial liabilities measured at amortized cost	119,409,248	99,567,485

b) Finance Cost	2023 Frw'000	2022 Frw'000
Interest on lease liabilities	109,891	128,677

3 Net fee and commission income

(a) **Fees and commission income**	2023 Frw'000	2022 Frw'000
Current account ledger fees	212,070	194,548
Credit related fees and commissions	432,529	628,937
Commissions on guarantees	208,115	217,969
Local and international cash transfers	1,392,913	1,516,672
Letters of credit commissions	66,038	342,393
Cash withdrawal commissions	92,751	85,074
ATM commissions	42,679	40,236
Cheque book charges	27,621	29,195
Other fee income:		
Bills of Collection fees	406	480
E-Business Other Charges	35,097	45,962
Miscellaneous Charges	3,072	2,719
Income on GTB UK transfer	26,770	38,770
Stop Payment Cheque Charges	220	339
Duplicate Statement Charges	29,888	29,925
Insurance Commissions	9,209	2,767
Standing Order Charges	9,527	7,511
Counter Cheques Withdrawal Charges	22,291	17,192
Commissions on Bankers Cheques Issued	295	370
Charge on number of withdrawals	11,128	11,804
Other service fee income	6,872	9,548

3 Net fee and commission income (continued)

	2023	2022
(a) Fees and commission income (continued)	**Frw'000**	**Frw'000**
Penalties fees on pre-matured term deposit	776	31
Visa Card Reimbursement fees	60,457	31,089
Non-Interest-Other Charges	44,773	45,635
GAPS Commission Account	52,677	52,532
Total Fees and commission income	**2,788,175**	**3,351,698**

(b) Fees and commissions expense	**2023**	**2022**
	Frw'000	**Frw'000**
Banking services	158,588	137,933
Transaction charges	730,650	572,261
Foreign Currency Import/Export Charges	281,233	410,681
Other fee expenses:		
Reuters Charges	80,665	68,872
Mobile & E-Banking Charges	28,256	20,601
ATM Card Fees	7,756	13,072
Total Fees and commission expense	**1,287,148**	**1,223,420**
Net fees and commissions	**1,501,027**	**2,128,278**

In the following table, fees and commissions income from contracts with customers in the scope of IFRS 15 is disaggregated by major service lines. Some contracts with customers may have no fixed duration and can be terminated or modified by either party or at any time. Other contracts may automatically renew on a periodic basis that is specified in the contract. The Bank shall consider the duration of the contract in which the parties to the contract have present enforceable rights and obligations. All the Bank segments have similar fees and commission income and expenses.

	2023	2022
Fees & Commissions income disaggregation	**Frw'000**	**Frw'000**
Money transfers commission	1,419,683	1,555,442
Letter of credit and guarantees issuance fees	274,153	560,362
Credit related fees and commissions	432,529	628,937
E-channels commission	87,774	98,494
Customer accounts operation fees	365,861	337,812
ATM operations fees	103,135	71,325
Other services related fees	105,039	99,326
Total fees and commissions income	**2,788,175**	**3,351,698**

The fees and commissions presented income of Frw2,788,175 in the financial year 2023 (2022: Frw3,351,698) and expense of Frw1,287,148 in 2023 (2022: Frw1,223,420) related to financial assets and financial liabilities not measured at FVTPL. These figures excluded amount incorporated in determining the effective interest rate on such financial assets and financial liabilities.

The table below provides information about contract liabilities from contract with customers.

	2023	2022
Contract liabilities	**Frw'000**	**Frw'000**
Customer deposits	118,955,171	98,922,931
Other borrowings (Economic Recovery Funds)	454,076	644,554
Total	**119,409,248**	**99,567,485**

		2023	2022
4	**Trading income**	**Frw'000**	**Frw'000**
(a)	**Foreign exchange income**		
	Gain on Forex Revaluation	16,902	8,628
	Gain on Forex Trading	3,013,420	1,867,099
	Net Foreign exchange income	**3,030,323**	**1,875,727**
(b)	**Other income**		
	Gain on disposal of property and equipment	123,001	4,393
	Other non-trading income	183,674	810,250
		306,674	**814,643**

		2023	2022
5.	**a) Net impairment charges (credit) for credit losses**	**Frw'000**	**Frw'000**
	Stage 1	23,212	139,892
	Stage 2	18,299	1,066
	Stage 3	18,489	1,030,375
	Recoveries on amounts previously written off	(672,198)	(242,227)
	Net impairment charges/(credit)	**(612,198)**	**929,106**
	b) Impairment charges on investment securities[1]		
	Impairment charges on other financial assets	2,216,416	2,681,164
	Total Impairment charges for the year	**1,604,218**	**3,610,270**

[1]The Bank took additional 15% haircut on total outstanding Republic of Ghana Eurobonds in 2023 (2022:45%) following an announcement December 2022 by the Government of Ghana of the ongoing restructure of the external debts and suspension of payments to investors. This constitutes a consolidated 60% haircut of the total outstanding amount as at 31st December 2023.

		2023	2022
		Frw'000	**Frw'000**
6.	**Employee benefits expense**		
	Salaries and wages	2,377,810	2,189,826
	Contributions to social security funds	87,235	75,274
	Staff medical expenses	55,995	59,539
	Other employee benefits*	260,997	240,902
		2,782,037	**2,565,541**

*Other employee benefits relates to terminal benefits, staff allowances and staff long service awards.

7(a) Depreciation and amortization

		2023	2022
		Frw'000	Frw'000
Amortization charge on intangible assets	(Note 14)	219,136	230,313
Depreciation on property and equipment	(Note 15)	480,657	495,218
		699,794	725,531
Depreciation on right of use assets	(Note 16)	327,873	370,511
		1,027,667	1,096,042

7(b) Other operating expenses

	2023	2022
	Frw'000	Frw'000
Travel Related Expenses	43,625	82,471
Directors' expenses	115,257	201,955
Security costs	106,871	97,183
Legal fees	65,213	176,225
Repairs and maintenance	461,621	404,184
Consultancy costs	670,617	585,647
Water and electricity costs	166,217	148,583
Printing and stationery	92,213	81,500
Connection and communication charges	235,972	209,799
Periodicals and other book subscriptions	111,081	96,667
Human Capital Related Expenses	17,406	27,594
Fines and penalties	7,050	-
Disallowed VAT and other tax Expenses	205,178	219,175
Advertising and publicity	52,262	50,059
Audit fees	40,236	41,135
Office cash handling charges	73,549	59,176
Insurance	187,402	165,218
Sundry losses	1,362	149,906
Motor vehicle expenses	81,469	22,151
Donation and grants	1,500	1,000
Deposit Protection Insurance	96,749	72,662
Other administrative expenses	141,269	53,572
	2,974,120	2,945,862

8(a) Income tax expense

	2023	2022
	Frw'000	Frw'000
Current income tax (per local regulation*)	2,750,351	2,071,562
Deferred income tax credit	(719,534)	(724,554)
Prior year over provision	-	(11,203)
Income tax expense	2,030,817	1,335,805

*The Rwanda tax authority (Rwanda Revenue Authority) amended the income tax law under law No. 051/2023 of 05/09/2023 taking effect on September 14th 2023 wherein the corporate income tax rate was reduced to 28% on taxable income (2022: 30%). However, the application of the new law was not retrospective thus the current year 2023 income tax rate was approximately 29.40274%.

8(a) Income tax expense(continued)

The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

		2023 Frw'000		2022 Frw'000
Profit before income tax		6,391,098		3,858,292
Tax calculated at the statutory income tax rate of 29.40274% (2022: 30%)		1,879,158		1,157,488
Tax effect of:				
Permanent timing differences:				
Other non-deductible expenses[1]	3%	177,197	5%	189,520
Other deductible expenses[2]	-1%	(36,847)	0%	-
Prior year overstatement	0%	-	0%	(11,203)
Effect of regulatory tax rate change	0%	11,309		-
Income tax expense		**2,030,817**		**1,335,805**
Effective tax rate		**31.8%**		**34.6%**

[1]The other non-deductibles expenses include staff welfare expenses, travel expenses, professional fees etc.
[2]The other deductibles expenses include provision for staff long service award contribution for prior years reversed.

	2023	2022
8(b) Other income recognized through OCI	**Frw'000**	**Frw'000**
Revaluation surplus on land and building	125,792	-
Deferred tax credit	(36,986)	-
Total	**88,806**	**-**

8(c) Current income tax payable	**2023 Frw'000**	**2022 Frw'000**
At 1 January	-	534,273
Income tax charge for the year	2,750,351	2,071,562
Tax paid during the year	(2,073,157)	(2,605,836)
As at December	**677,194**	**-**

		2023	2022
9	**Cash and balances with National Bank of Rwanda**	**Frw'000**	**Frw'000**
	Cash at hand	8,302,556	5,124,465
	Balances with the National Bank of Rwanda	20,226,761	20,805,539
	Cash reserve requirement	5,690,391	4,912,827
		34,219,708	**30,842,831**

The credit quality of unrestricted balances with the National Bank of Rwanda are assessed by reference to external credit ratings from Fitch. As at 31 December 2023, Rwanda's sovereign rating was B+.

		2023	2022
10	**Amounts due from other banks**	**Frw'000**	**Frw'000**
	Operating accounts with other banks	7,695,209	3,127,672
	Interest earning placements with other banks	21,055,724	11,637,414
		28,750,933	**14,765,086**

ECL computed on bank balances and other on-balance sheet assets items was immaterial.

11 Investment securities

	2023	2022
At amortized cost	**Frw'000**	**Frw'000**
Treasury bills		
Opening	34,169,148	23,293,401
Additions	60,507,161	64,160,247
Repayments	(50,248,600)	(53,284,500)
At end of the year	**44,427,709**	**34,169,148**
Treasury bonds		
Opening	7,457,720	5,679,141
Additions	2,376,096	3,123,990
Repayments	-	(1,345,411)
Impairment provision on investment securities	(4,897,580)	(2,681,164)
At end of the year	**4,936,236**	**4,776,556**
Total at end of year	**49,363,945**	**38,945,704**

The gross maturity profile of Investment securities is as follows:

	2023	2022
	Frw'000	**Frw'000**
Treasury bonds maturing:		
within 3 years	9,833,816	4,834,672
within 5 years	-	2,623,048
Sub-Total	**9,833,816**	**7,457,720**
Treasury bills maturing:		
within 91 days	17,760,340	11,332,135
within 181 days	4,757,493	7,738,607
within 1 year	21,909,875	15,098,406
Sub-Total	**44,427,709**	**34,169,148**
Total investment in securities	**54,261,524**	**41,626,868**

12 Loans and advances

	2023 Frw'000	2022 Frw'000
Overdrafts	8,283,988	12,175,241
Treasury loans	14,657,202	18,659,200
Equipment loans	853,966	910,797
Consumer loans	8,897,889	2,770,800
Mortgage loans	2,012,642	3,499,368
Accrued interests	390,937	406,080
Gross loans and advances	**35,096,624**	**38,421,486**
Less provision for impairment of loans and advances	(624,752)	(1,168,009)
Net loans and advances	**34,471,872**	**37,253,477**

Movements in gross loans and advances are as follows:

31 December 2023	**Stage 1 12-month ECL Frw'000**	**Stage 2 Lifetime ECL Frw'000**	**Stage 3 Lifetime ECL Frw'000**	**Total Frw'000**
Gross carrying amount as at 01 January 2023	34,638,495	482,022	3,300,969	38,421,486
Changes in the gross carrying amount				
Transfer from stage 1 to stage 2	(136,519)	136,519	-	-
Transfer from stage 1 to stage 3	(31,944)	-	31,944	-
Transfer from stage 2 to stage 3	-	(4,741)	4,741	-
Transfer from stage 3 to stage 1	1,074,111	-	(1,074,111)	-
Transfer from stage 2 to stage 1	88,596	(88,596)	-	-
Write-offs	-	-	(666,702)	(666,702)
New financial assets originated or purchased	20,460,453	-	-	20,460,453
Accrued interest	377,126	4,960	8,850	390,937
Repayments	(22,627,001)	(6,503)	(876,046)	(23,509,550)
Gross carrying amount as at 31 December 2023	**33,843,317**	**523,664**	**729,643**	**35,096,624**

31 December 2022	**Stage 1 12-month ECL Frw'000**	**Stage 2 Lifetime ECL Frw'000**	**Stage 3 Lifetime ECL Frw'000**	**Total Frw'000**
Gross carrying amount as at 01 January 2022	43,835,515	4,636,943	3,311,135	51,783,593
Changes in the gross carrying amount				
Transfer from stage 1 to stage 2	(2,295,747)	2,295,747	-	-
Transfer from stage 1 to stage 3	(1,208,845)	-	1,208,845	-
Transfer from stage 2 to stage 3	-	(2,980,425)	2,980,425	-
Transfer from stage 3 to stage 1	352,676	-	(352,676)	-
Transfer from stage 2 to stage 1	647,384	(647,384)	-	-
Write-offs	-	-	(3,573,833)	(3,573,833)
New financial assets originated or purchased	17,417,683	-	-	17,417,683
Accrued interest	392,621	3,478	9,981	406,080
Repayments	(24,502,792)	(2,826,337)	(282,908)	(27,612,037)
Gross carrying amount as at 31 December 2022	**34,638,495**	**482,022**	**3,300,969**	**38,421,486**

12 Loans and advances (continued)

Movements in provisions for impairment of loans and advances are as follows:

	Stage 1 12Months ECL Frw'000	Stage 2 Lifetime ECL Frw'000	Stage 3 Lifetime ECL Frw'000	Total Frw'000
Period ended 31 December 2023				
At start of year	139,892	1,066	1,027,051	1,168,009
Provision for loan impairment/Remeasurement	7,516	18,299	18,489	44,304
Provision for new financial assets	15,696	-	-	15,696
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
Write offs	-	-	(666,702)	(666,702)
Adjustment for suspense interest	-	-	63,444	63,444
Net change in the year	16,487	18,299	(578,044)	(543,258)
At end of year	**156,379**	**19,366**	**449,007**	**624,752**

	Stage 1 12 Months ECL Frw'000	Stage 2 Lifetime ECL Frw'000	Stage 3 Lifetime ECL Frw'000	Total Frw'000
Period ended 31 December 2022				
At start of year	128,644	37,976	2,708,455	2,875,074
Provision for loan Impairment/Remeasurement	97,293	1,066	1 1,030,375	1,128,734
Provision for new financial assets	42,600	-	-	42,600
Transfer from stage 1 to stage 2	(1,811)	1,811	-	-
Transfer from stage 1 to stage 3	(127,164)	-	127,164	-
Transfer from stage 2 to stage 3	-	(39,456)	39,456	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 2 to stage 1	331	(331)	-	-
Write-offs	-	-	(3,573,833)	(3,573,833)
Adjustment for suspense interest	-	-	695,435	695,435
Net change in the year	11,249	(36,910)	(1,681,404)	(1,707,065)
At end of year	**139,892**	**1,066**	**1,027,051**	**1,168,009**

13 Other assets

a) Other Assets

	2023	2022
	Frw'000	Frw'000
Prepayments	266,428	370,240
Other accounts receivable	573,216	487,865
Tax Recoverable:		
Net tax recoverable (Withholding Tax)*	277,851	124,542
VAT Claimable	221	8,423
	1,117,717	**991,070**

Other accounts receivable breakdown:		
Clearing Suspense	48,632	48,632
Money gram funds	20,598	17,599
Western Union funds	22,680	9,830
Advance payment suspense	38,387	33,112
Sundry Debtors	32,779	17,376
Cash Shortage Account	5,882	818
Guaranty Deposit Recoverable	30,833	30,833
Utilities Account and Tigo push and pull	29,889	64,878
Interest receivables on placements	40,059	36,286
VISA and Mobile money clearing Account	303,477	228,501
	573,216	**487,865**

ECL computed on other on-balance sheet assets items was immaterial.

* The Bank applied net-off approach for the income tax payable. Thus, income tax payable was reduced by the amount already paid to the Rwanda Tax Authority as income tax prepayment and withholding tax charged on interest income earned on investments.

14	**Intangible assets***	**Intangible -Assets**	**Intangible -WIP**	**Total**
		Frw'000	**Frw'000**	**Frw'000**
	Cost			
	At 1 January 2023	2,973,647	-	2,973,647
	Additions	87,416	-	87,416
	At 31 December 2023	**3,061,063**	**-**	**3,061,063**
	Amortization			
	At 1 January 2023	(2,632,527)	-	(2,632,527)
	Charge for the year	(219,136)	-	(219,136)
	At 31 December 2023	**(2,851,664)**	-	**(2,851,664)**
	Carrying amount	**209,399**	**-**	**209,399**

	Intangible -Assets	**Intangible -WIP**	**Total**
	Frw'000	**Frw'000**	**Frw'000**
Cost			
At 1 January 2022	2,953,181	19,948	2,973,128
Additions	-	518	518
Additions from WIP	20,466	(20,466)	-
At 31 December 2022	**2,973,647**	**-**	**2,973,646**
Amortization			
At 1 January 2021	(2,402,214)	-	(2,402,214)
Charge for the year	(230,313)	-	(230,313)
At 31 December 2022	**(2,632,527)**	-	**(2,632,527)**
Carrying amount	**341,120**	**-**	**341,119**

*Intangible assets include computer software and work in progress includes acquisition of intangible assets which are half capitalized pending installations. Intangible assets do not include internally generated assets

15 Property and equipment

	Land and buildings	Leasehold improvements	Motor vehicles	Furniture & fittings& equipment	Works in progress	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Cost / valuation						
As at 1 January 2023	863,223	2,055,343	557,450	3,956,341	29,726	7,462,083
Additions	-	9,752	289,808	154,585	23,017	477,162
Revaluation	125,792	-	-	-	-	125,792
On disposals	(242,250)	-	(96,315)	-	-	(338,565)
As at 31 December 2023	**746,765**	**2,065,095**	**750,943**	**4,110,926**	**52,743**	**7,726,472**
Accumulated depreciation						
As at 1 January 2023	57,594	1,184,950	483,630	3,242,988	-	4,969,162
Elimination on disposals	-	-	(96,315)	-	-	(96,315)
Charge for the year	4,684	120,813	59,928	295,233	-	480,658
As at 31 December 2023	**62,277**	**1,305,763**	**447,243**	**3,538,221**	**-**	**5,353,505**
Carrying amount at 31 December 2023	**684,488**	**759,332**	**303,699**	**572,705**	**52,744**	**2,372,968**
Cost / valuation						
As at 1 January 2022	883,098	2,055,343	492,217	3,808,555	8,976	7,248,189
Additions	-	-	65,233	182,129	50,918	298,280
Additions from WIP	18,000	-	-	12,168	(30,168)	-
On disposals	(37,875)	-	-	(46,511)	-	(84,386)
As at 31 December 2022	**863,223**	**2,055,343**	**557,450**	**3,956,341**	**29,726**	**7,462,083**
Accumulated depreciation						
As at 1 January 2022	64,717	1,064,642	430,229	2,973,134	-	4,532,723
Elimination on disposals	(12,305)	-	-	(46,474)	-	(58,779)
Charge for the year	5,182	120,308	53,401	316,327	-	495,218
As at 31 December 2022	**57,594**	**1,184,950**	**483,630**	**3,242,988**	**-**	**4,969,162**
Carrying amount at 31 December 2022	**805,629**	**870,393**	**73,819**	**713,353**	**29,727**	**2,492,921**

The Bank engaged an independent external property valuation expert to revalue the Bank's land and building properties in 2023 (2022: Nil). Hence, the Bank's land and building values have been adjusted to reflect the current market value as at 31 December 2023.

15 Property and equipment (continued)

Fair value for buildings

An independent valuation of the Bank's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2023. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income. If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2023	2022
	Frw'000	Frw'000
Cost	558,172	540,172
Addition	-	18,000
Disposal	(133,910)	-
Accumulated depreciation	(106,667)	(98,577)
	317,595	**459,595**

The table below analyses the non-financial assets carried at fair value, by valuation method. The different level of fair value measurement hierarchy is described as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value measurements at 31 December 2023 using

	Level 3
Recurring fair value measurements	
Land and buildings	
As at 01 January 2023	863,223
Reversal accumulated depreciation	(62,277)
Revaluation	125,792
Disposals	(242,250)
As at 31 December 2023	**684,488**

Fair value measurements at 31 December 2022 using

	Level 3
Recurring fair value measurements	
Land and buildings	
As at 01 January 2022	883,098
Additions	18,000
Disposals	(37,875)
As at 31 December 2022	**863,223**

15 Property and equipment (continued)

Land and buildings (Continued)
The Bank's Finance Department coordinates the valuations processes of land and buildings required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the Chief Financial Officer and the valuation team in line with the accounting policy.

The Bank engages external, independent and qualified valuers to determine the fair value of the Bank's land and buildings. As at 31 December 2023, the fair values of the land and buildings have been determined by Eng. Theophile Habumugisha.

The external valuations of the level 3 land and buildings have been performed using a sales comparison approach. However due to the limited number of similar sales in the local market and the valuations have been performed using unobservable inputs. Based on the external valuers' report, the finance team has determined these inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices in the corresponding national economy.

For purposes of disclosures, the Bank commissioned the internal property valuer to perform a desktop review to determine the approximate carrying values.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	**Fair value**	**Valuation technique(s)**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
31 December 2023	**Frw'000**			
Land and buildings	891,756	Sales comparison approach	Price per square meter	The higher the price per square meter, the higher the fair value
31 December 2022	**Frw'000**			
Land and buildings	879,256	Sales comparison approach	Price per square meter	The higher the price per square meter, the higher the fair value

Sensitivity of fair value measurements to changes in unobservable market data

The Bank engages the internal property valuer to conduct a review of the Bank's immovable properties i.e., land and building in order to establish the approximate carrying values and the end of financial year. The valuer considers the size of the property and its location together with evidence on sale prices of comparable properties in the neighborhood. The property values are established considering the current socioeconomic conditions and the estimated costs are in the valuer's opinion of the average costs which be used as a basis and reference for a possible commercial transaction. Hence, whenever it is observed that there are significant changes (+/-) in the market values of the properties, the internal valuer advises the Bank to consider the changes while reporting.

16(a) Right-of-use asset

	2023 Frw'000	2022 Frw'000
Year ended 31 December		
At start of year	1,576,534	1,851,472
Additions	273,572	94,542
Derecognition	(63,899)	-
Modification on lease cost	10,154	1,031
Depreciation charge	(327,873)	(370,511)
At end of year	**1,468,487**	**1,576,534**

The Bank leases various office buildings for branches in the normal course of business. The leases for office buildings for branches are typically for a period of between year 2015 and 2032, with option to renew at the end of the term. The Bank has no leases of equipment. None of these leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

16(b) IFRS 16- Leases assumption

(i) Lease Term Assumptions

The Bank considered two consecutive terms for the existing lease periods for the various premises used for the Bank activities. The periods range between 1 year for the short ones and 10 years for the longest lease period. This is premised on the going concern of the Bank's activities in the foreseeable future.

(ii) Incremental Borrowing Rate

The Bank settled on using the incremental borrowing rate in measuring the lease liabilities since the interest rate implicit on them could not be readily determined. The Bank adopted the incremental borrowing rates that it would have to pay to borrow over the specified lease periods and with a similar security, for the funds necessary to obtain an asset of a similar value to the right-of-use asset. The incremental borrowing rates are as below:

Lease Period	Borrowing Rate
1-3years	10%
4-7years	7%
8 years and above	5%

17 Due to customers and financial institution

17 (a) Customer deposits

	2023 Frw'000	2022 Frw'000
Current and demand accounts	102,595,338	84,110,275
Term deposits accounts	697,559	1,887,386
Savings accounts	12,558,025	9,603,495
Collateral Deposits accounts	3,104,250	3,321,775
Total	**118,955,171**	**98,922,931**

Customers' deposits only include financial instruments classified as liabilities at amortized cost.
Interest earning fixed and demand deposits are at fixed interest rates.

The Bank issues guarantee commitments to customers in order to facilitate them to secure and perform various contracts. Such commitments include bid guarantee, performance guarantee, advance payment guarantee and payment guarantee. As at 31 December 2023 the Bank held Rwf1,633,721,708 cash collateral against guarantee commitments issued to customers (2022: Rwf994,514,788).

17(b) Other Borrowings

	2023	2022
	Frw'000	**Frw'000**
At 1 January	644,554	911,048
Additions in the year (accrued interest)	6,762	11,873
Principal repayment	(192,061)	(266,536)
Interest payment	(5,178)	(11,831)
At 31 December	**454,076**	**644,554**

The borrowing amount relates to the funds received from National Bank of Rwanda (BNR) as economic stimulus to support customers whose business activities were adversely affected by COVID-19. The Bank received funds in two categories; 1) under Hotel Financing Window at 0% interest rate and 2) under Working Capital Financing Window at 2% interest rate payable within the period equivalent to that given to the respective customers ranging between 1 to 15 years.

17(c) Amount due to other banks

	2023	2022
	Frw'000	**Frw'000**
At 1 January	-	-
Additions	-	8,200,000
Repayment	-	(8,200,000)
At 31 December	**-**	**-**

The Bank was not involved in the interbank borrowing for the year ended 31 December 2023. Amount due to other banks relates to 1 to 7 days overnight interbank borrowings at an interest rate between 4.5% p.a to 5.1% p.a in the year 2022.

18 (a) Lease Liabilities

	2023	2022
	Frw'000	**Frw'000**
Maturity analysis		
Expected to be settled within 1 year	7,700	11,441
Expected to be settled within 1 to 5 years	1,642,308	831,441
Expected to be settled within 5 years and above	261,766	1,220,437
Total	**1,911,773**	**2,063,319**
The total cash outflow for leases in the year was:		
Payments of principal portion of the lease liabilities	323,372	351,962
Interest accrued on lease liabilities	109,891	128,677
Total lease payments in the year	**433,263**	**480,639**

(b) Lease liabilities movement

	2023	2022
At 1 January	1,808,793	2,064,264
Additions	273,572	94,542
Derecognition	(74,545)	-
Increase on lease cost	31,451	1,949
Interest accrued on lease liabilities	109,891	128,677
Lease payments in the year	(433,263)	(480,639)
At 31 December	**1,715,899**	**1,808,793**

19 Other Liabilities

19(a) Provision for litigations

	2023 Frw'000	2022 Frw'000
At 1 January	144,831	132,367
Additional provision during the year	15,000	106,527
Payouts from provision	(22,534)	(94,063)
At 31 December	**137,298**	**144,831**

Provision for litigation arise out of actual claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customer, counter parties or other parties in civil litigations. These provisions are best estimate at the end of the reporting period. The Bank is of the opinion that disclosing these events on a case-by-case basis would prejudice their outcome, hence such detailed disclosures have not included in the Bank financials statement. The Bank continues to vigorously defend its position. The Directors continue to monitor the development of these matters and to the extent those developments may have a major impact on its financial position or may significantly affect its ability to meet its commitments, the Bank shall disclose those developments in line with relevant reporting standard.

19(b) Other liabilities

	2023 Frw'000	2022 Frw'000
Accrued expenses	820,673	330,972
Deferred fees and commissions	183,806	153,734
Other taxes payable	466,857	271,864
Clearing accounts - liabilities	315,141	66,312
Other payables*	244,652	627,029
Total	**2,031,129**	**1,449,911**

*The other payables include liabilities relating to money transfers channels such as world remit, visa cards and Mastercard etc.

Deferred fees and commissions reconciliation	2023 Frw'000	2022 Frw'000
As at 1 January	153,734	189,359
Additions	295,856	280,884
Recognized	(265,784)	(316,510)
As at 31 December	**183,806**	**153,734**

20 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 29.40274% (2022: 30%). The movement on the deferred income tax account is as follows:

	2023 Frw'000	2022 Frw'000
At start of year	(568,025)	167,735
Deferred tax Charge/(Credit) for the year	(719,534)	(746,963)
Revaluation reserve on land and buildings	36,986	-
Prior year over provisions	-	11,203
Deferred tax (asset)/ liability	**(1,250,573)**	**(568,025)**

The deferred income tax liability, deferred income tax charge/(credit) to profit and loss (PL) and deferred income tax charge to other comprehensive income (OCI) are attributable to the following items:

Deferred income tax details	01-Jan Frw'000	(Credited) / Charged to PL Frw'000	(Credited) / Charged to OCI Frw'000	31-Dec Frw'000
Year ended 31 December 2023				
Property and equipment				
On a historical basis	394,247	(79,914)	-	314,333
On a revaluation basis	10,237	739	-	10,976
IFRS 16 application	(69,677)	(3,068)	-	(72,745)
Provisions for loan loss	(38,071)	(13,603)	-	(51,674)
Provisions for investment securities	(804,349)	(635,673)	-	(1,440,022)
Revaluation on land and building	-	-	36,986	36,986
Other provisions	(60,412)	11,985	-	(48,427)
Net Balance (asset)/liability	**(568,025)**	**(719,534)**	**36,986**	**(1,250,573)**

	01-Jan Frw'000	(Under)/over provision Frw'000	(Credited) / Charged to PL Frw'000	31-Dec Frw'000
Year ended 31 December 2022				
Property and equipment				
- On a historical basis	539,795	-	(145,548)	394,247
- On a revaluation basis	11,913	11,203	(12,879)	10,237
IFRS 16 application	(63,837)	-	(5,840)	(69,677)
Provision for staff bonus	(213,446)	-	213,446	-
Provisions for loan loss	(49,986)	-	11,915	(38,071)
Provisions for investment securities	-	-	(804,349)	(804,349)
Other provisions	(56,704)	-	(3,708)	(60,412)
Net Balance (asset)/Liability	**167,735**	**11,203**	**(746,963)**	**(568,025)**

21 Share capital

	2023 Frw'000	2022 Frw'000
Balance at 1 January	20,000,000	10,994,882
Retained Earnings Conversion to Capital	-	9,005,118
Balance at 31 December	**20,000,000**	**20,000,000**

The total authorized and issued number of ordinary shares is 20,000,000 (2022: 20,000,000) with a par value of Frw1,000 per share (2022: Frw1000 per share). All issued shares are fully paid. The Bank has not paid any dividend to the shareholders for the year 2023 (2022: Nil). During the year 2022, the Bank converted a portion of retained earnings into Capital in order to enhance its capital strength and ensure compliance with new capital requirement for commercial banks in Rwanda set by the National Bank of Rwanda (BNR). The voting rights of the shareholders is 1 vote per share.

22 Revaluation reserve

The revaluation reserve represents the surplus on the revaluation of buildings that is not distributable. Movements in the revaluation reserve are shown on the statement of changes in equity.

	2023 Frw'000	2022 Frw'000
At beginning of year	368,693	368,693
Direct transfer of accumulated depreciation on disposal of revalued asset	(108,340)	-
Revaluation gain during the year - gross	125,792	-
Revaluation gain tax	(36,986)	-
At end of year	**349,159**	**368,693**

23(a) Retained earnings

	2023 Frw'000	2022 Frw'000
At beginning of year	3,934,853	10,395,947
Transferred to share capital	-	(9,005,118)
Transfer to revaluation reserve	(88,806)	-
Transferred from revaluation reserve	108,340	-
Transfer from statutory reserve	373,957	21,537
Comprehensive income for the year	4,449,087	2,522,487
At the end of year	**8,777,431**	**3,934,853**

23(b) Statutory Reserve

	2023	2022
At beginning of year	502,202	523,739
Transferred in the year	(373,957)	(21,537)
At the end of year	**128,245**	**502,203**

Article 26 of Regulation No. 12/2017 of 23/11/2017 on credit classification and provisioning requires that where provisions determined using IFRS are lower than provisions determined using the National Bank of Rwanda Regulation, the difference shall be treated as an appropriation from retained earnings and placed in a non-distributable reserve.

24 Related party transactions

The Bank is controlled by Guaranty Trust Bank (Kenya) Limited incorporated in Kenya, which is in turn controlled by Guaranty Trust Bank plc incorporated in Nigeria (Ultimate parent company), the latter being the ultimate parent of the Group. There are other companies that are related to Guaranty Trust Bank (Rwanda) plc through common shareholdings or common directorships.

A number of banking transactions are entered into with related parties. These include operation of current accounts, placement of deposits and foreign currency transactions. The transactions are unsecured and conventional terms and conditions apply as governed by the conventional banking regulations for the respective jurisdictions on which the entities operate in.

The volumes of related-party transactions, outstanding balances at the year-end, and related expense and income for the year are as follows:

	2023 Frw'000	2022 Frw'000
(a) Placements and operating accounts with related parties		
Guaranty Trust Bank (Nigeria) Limited	390,927	331,348
Guaranty Trust Bank (Kenya) Limited	3,183	8,721
Guaranty Trust Bank (UK) Limited	98,271	946,204
	492,381	**1,286,273**
Interest income earned on placements with related parties	9,511	2,863
(b) Non-interest-bearing amounts due to related parties:		
Guaranty Trust Bank (Kenya) Limited	1,972	1,996
Total	**1,972**	**1,996**
(c) Deposits by Directors		
At start of year	10,449	54,503
Deposits/ (withdrawals)	(5,075)	(44,054)
At end of year	**5,374**	**10,449**
(d) Key management compensation		
Salaries and other short-term employment benefits	**757,038**	**660,066**
(e) Directors' remuneration		
Fees for services as a director	**114,250**	**118,850**

25 Analysis of cash and cash equivalents as shown in the cash flow statement

	2023	2022
	Frw'000	Frw'000
Cash and Balances with Central Bank of Rwanda (Note 9)	34,219,708	30,842,831
Less: Cash Reserve Requirement (see below)	(5,690,391)	(4,912,828)
Treasury bills maturing within 91 days (Note 11)	17,760,340	11,332,135
Placements with other banks (Note 10)	28,750,933	14,765,086
	75,040,590	**52,027,224**

For purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 91 days to maturity including: cash and balances with the National Bank of Rwanda, treasury bills and other eligible bills, and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with the National Bank of Rwanda.

Banks are required to maintain a prescribed minimum cash balance with the National Bank of Rwanda that is not available to finance the Bank's day-to-day activities. The amount is determined as 5% in 2023 (2022: 5%) of the outstanding customer deposits over a cash reserve cycle period of two weeks.

26 Off balance sheet financial instruments, contingent liabilities and commitments

In common with other Banks, the Bank conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

	2023	2022
	Frw'000	Frw'000
Contingent liabilities		
Acceptances and letters of credit	537,243	1,369,218
Guarantees and performance bonds	12,199,705	10,677,569
Total	**12,736,948**	**12,046,787**

Nature of contingent liabilities

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

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

Other commitments

	2023	2022
	Frw'000	Frw'000
Undrawn formal stand-by facilities, credit lines and other commitments to lend	**2,238,583**	**5,773,861**

26 Off balance sheet financial instruments, contingent liabilities and commitments (Continued)

Nature of commitments

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

ECL computed on off-balance sheet assets items was immaterial during financial year 2023 and 2022

27 Financial risk management

The Bank's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Bank's business, and the financial risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance.

Risk management is carried out by the Board Assets and Liabilities Committee (ALCO), Board Credit Committee (BCC) and Board Risk Committee (BRC) under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments.

(a) Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Bank by failing to pay amounts in full when due. Credit risk is the most important risk for the Bank's business: management therefore carefully manages the exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk management and control is centralized in the credit risk management team in the Credit department, which reports regularly to the Board of Directors.

(i) Credit risk measurement

(a) Loans and advances (including commitments and guarantees)

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Bank reflects three components (i) the probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derives the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

Probability of default

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty.

For regulatory purposes and for internal monitoring of the quality of the loan portfolio, all the customers are segmented into five rating classes as shown below:

27 Financial risk management(continued)

(a) Credit risk (continued)

(i) The Bank's internal ratings scale

Description of the grade	Grade characteristics	Regulatory rating	Bank's rating
Performing	Facilities whose payments of principal and interest are up to date/overdue by up to 29 days	I	I
Watch	Facilities whose payments of principal and/ interest are overdue by up to 89 days	II	II
Substandard	Facilities whose payments of principal and/ interest are overdue by up to 179 days	III	III
Doubtful	Facilities whose payments of principal and/ interest are overdue by up to 1 year	IV	IV
Loss	Facilities whose payments of principal and/ interest are overdue by over 1 year	V	V

Exposure at default

Exposure at default is based on the amounts the Bank expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

Loss given default

Loss given default or loss severity represents the Bank's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

(ii) Risk limit control and mitigation policies

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product, and industry sector are approved annually by the Board of Directors. The Board of Directors also approves individual borrower limits above specified amounts.

The exposure to any one borrower including banks is further restricted by sub-limits covering on and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate.
The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over properties;
- Charges over business assets such as premises, plant and equipment; and
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured.

(iii) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

27 Financial risk management(continued)

(a) Credit Risk (Continued)

(iii) Credit related commitments(continued)

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(iv) Impairment and provisioning policies

The impairment allowance shown in the balance sheet at year-end is derived from each of the five internal rating grades. The bank determines the impairment provision on loans and advances to customers as the difference between the carrying amount of a loan balance and the present value of estimated future cash flows, discounted at the loan's effective interest rate.

Movement in impairment loss on loans and advances are as follows:

	2023	2022
	Frw'000	Frw'000
At 1 January	1,168,009	2,875,074
Provision for loan impairment:		
• Against Stage 1	23,212	139,892
• Against Stage 2	18,299	1,066
• Against Stage 3	18,489	1,030,375
Adjustment for suspended interest	63,445	695,435
Amounts written off during the period	(666,702)	(3,573,833)
Net change in the period	(543,257)	(1,707,065)
As at 31 December	**624,752**	**1,168,009**

v) Definition of default

In line with the accounting standard, the Bank adopts a multi factor approach in assessing changes in credit risk – quantitative (primary), qualitative (secondary) and back stop indicators. These factors are critical in allocating financial assets into stages.

The Bank has considered the following in determining the staging of facilities:

(i) Qualitative factors;
- The customer's risk rating

(ii) Quantitative factors;
- The facility's arrears status
- Number of restructures, if any
- Change in customer rating since origination

(iii)
- The indicators of Significant Increase in Credit Risk (SICR):
- The facility more than 30 days past due
- The decline of two points or higher in rating since origination

27 **Financial risk management(continued)**

(a) Credit Risk (Continued)

(Vi)measurements

a) Categorization of Loans and advances

The table below analyses the group's Loans and advances based on the categorization by Performance of the Loans and the allowances taken on them.

	December-2023			December-2022		
	Loans to Individual	**Loans to non-Individual**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Total**
	FRW'000	**FRW'000**	**FRW'000**	**FRW'000**	**FRW'000**	**FRW'000**
Stage 1	11,893,622	21,949,696	**33,843,317**	6,745,159	27,893,337	**34,638,496**
Stage 2	469,115	54,549	**523,664**	45,699	436,324	**482,023**
Stage 3	304,193	425,450	**729,643**	290,842	3,010,125	**3,300,967**
Gross Loans and Advances	**12,666,929**	**22,429,695**	**35,096,624**	**7,081,700**	**31,339,786**	**38,421,486**
Less expected credit losses:						
Stage 1	18,968	137,411	**156,379**	29,770	110,123	**139,892**
Stage 2	16,729	2,637	**19,366**	171	895	**1,066**
Stage 3	100,175	348,832	**449,007**	73,359	953,692	**1,027,051**
Total allowance	**135,872**	**488,880**	**624,752**	**103,300**	**1,064,709**	**1,168,009**
Net Loans and Advances	**12,531,057**	**21,940,815**	**34,471,872**	**6,978,400**	**30,275,077**	**37,253,477**

27 Financial risk management(continued)

(a) Credit Risk (Continued)

Each category of the gross loans is further analyzed into Product lines as follows:

	December-2023			December-2022		
	Loans to Individual	Loans to non-Individual	Total	Loans to Individual	Loans to non-Individual	Total
	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000
Loans	11,849,811	13,709,772	25,559,582	6,424,845	16,482,604	22,907,449
Overdrafts	43,811	8,239,924	8,283,735	320,314	11,410,732	11,731,046
Stage 1	**11,893,622**	**21,949,696**	**33,843,317**	**6,745,159**	**27,645,739**	**34,390,898**
Loans	469,115	54,549	523,664	45,699	309,395	355,094
Overdrafts	-	-	-	-	126,930	126,930
Stage 2	**469,115**	**54,549**	**523,664**	**45,699**	**683,922**	**729,621**
Loans	304,193	425,197	729,389	290,642	2,693,059	2,983,701
Overdrafts	-	254	254	200	317,066	317,266
Stage 3	**304,193**	**425,450**	**729,643**	**290,842**	**3,010,125**	**3,300,967**
Gross Loans and Advances	**12,666,929**	**22,429,695**	**35,096,624**	**7,081,700**	**31,339,786**	**38,421,486**

27 **Financial risk management(continued)**

(a) **Credit Risk (Continued)**

The impairment allowance on loans is further analyzed along the product lines as follows:

	December-2023			December-2022		
	Loans to Individual	**Loans to non-Individual**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Total**
	FRW'000	**FRW'000**	**FRW'000**	**FRW'000**	**FRW'000**	**FRW'000**
Stage 1:						
Loans	18,530	107,209	**125,739**	26,456	62,827	**89,283**
Overdrafts	438	30,202	**30,640**	3,313	47,296	**50,609**
Sub-total	**18,968**	**137,411**	**156,379**	**29,770**	**110,123**	**139,892**
Stage 2:						
Loans	16,729	2,636	**19,366**	171	708	**879**
Overdrafts	-	-	**-**	-	187	**187**
Sub-total	**16,729**	**2,636**	**19,366**	**171**	**895**	**1,066**
Stage 3:						
Loans	100,175	248,806	**348,982**	73,309	839,903	**913,212**
Overdrafts	-	100,026	**100,026**	50	113,788	**113,839**
Sub-total	**100,175**	**348,832**	**449,007**	**73,359**	**953,692**	**1,027,051**
Total allowance	**135,872**	**488,880**	**624,752**	**103,300**	**1,064,709**	**1,168,009**

ECL computed on bank balances, other on-balance sheet assets and off-balance sheet items was immaterial.

27 Financial risk management(continued)

(a) Credit Risk (Continued)

b) Summary of collaterals pledged by customers against loans and advances

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers shown below:

Loans and advances to customers

December-2023	**Gross Loans**	**Collateral**	**Excess Cover**
	FRW'000	**FRW'000**	**FRW'000**
Against Stage 1 Loans and Advances	33,843,317	61,245,425	27,402,108
Against Stage 2 Loans and Advances	523,664	1,499,920	976,256
Against Stage 3 Loans and Advances	729,643	3,027,210	2,297,567
Total	**35,096,624**	**65,772,555**	**30,675,931**

December-2022	**Gross Loans**	**Collateral**	**Excess Cover**
	FRW'000	**FRW'000**	**FRW'000**
Against Stage 1 Loans and Advances	34,638,496	59,431,996	24,793,500
Against Stage 2 Loans and Advances	482,023	2,717,680	2,235,657
Against Stage 3 Loans and Advances	3,300,967	6,615,384	3,314,418
Total	**38,421,486**	**68,765,060**	**30,343,575**

27 Financial risk management(continued)

(a) Credit Risk (Continued)

Summary of collaterals pledged by customers against loans and advances (Continued)

Analysis of credit collateral is further shown below:

Collaterals against:	Loans and advances to customers December-23			Loans and advances to customers December-22		
In FRW'000	**Term Loans**	**Overdrafts**	**Total**	**Term Loans**	**Overdrafts**	**Total**
Against Stage 1 Loans and Advances:						
Property	43,440,365	14,078,809	57,519,174	35,199,182	18,222,679	53,421,861
Cash	1,480,030	479,671	1,959,701	1,892,529	979,766	2,872,295
Others	1,334,157	432,394	1,766,550	2,067,495	1,070,346	3,137,840
Total	**46,254,552**	**14,990,873**	**61,245,425**	**39,159,206**	**20,272,790**	**59,431,996**
Against Stage 2 Loans and Advances:						
Property	1,490,502	-	1,490,502	2,205,862	464,567	2,670,429
Cash	-	-	-	33,101	6,971	40,073
Others	9,418	-	9,418	5,930	1,249	7,179
Total	**1,499,920**	**-**	**1,499,920**	**2,244,893**	**472,787**	**2,717,680**
Against Stage 3 Loans and Advances:						
Property	2,952,463	1,026	2,953,489	5,542,801	589,382	6,132,183
Cash	47,745	17	47,762	-	-	-
Others	25,950	9	25,959	436,760	46,442	483,202
Total	**3,026,158**	**1,052**	**3,027,210**	**5,979,560**	**635,824**	**6,615,384**
Grand total	**50,780,630**	**14,991,925**	**65,772,555**	**47,383,659**	**21,381,401**	**68,765,060**

The table above indicates the collaterals held by the Bank against loans and advances granted to customers. All the collaterals are accepted by the National Bank of Rwanda (BNR) and there has not been a significant change in quality if collateral. The collaterals include commercial and residential buildings, empty plot of land, motor vehicles, inventory and cash. Buildings and movable assets have mitigated risk through uptake of insurance policy. This approach has been consistent over the period under review. The Bank policy is to pursue timely realization of the collateral in an orderly manner. The quality of the pledged collaterals has not significantly changed over the period under review.

27 Financial risk management(continued)

(a) Credit Risk (Continued)

vi) Maximum exposure to credit risk before collateral held or other credit enhancements

Maximum exposure to credit risk before collateral held

	2023 Frw'000	2022 Frw'000
Balances with Central Bank	25,917,152	25,718,366
Amounts due from other banks	28,750,933	14,765,086
Loans and advances to customers	34,471,872	37,253,477
Investment securities	49,363,945	38,945,704
Other assets	573,216	487,865
Credit risk exposures relating to off-balance sheet items:		
•Acceptances and letters of credit	537,243	1,369,218
•Guarantee and performance bonds	12,199,705	10,677,569
•Commitments to lend	2,238,583	5,773,861
	154,052,649	**134,991,145**

The above table represents a worst-case scenario of credit risk exposure to the Bank at 31 December 2023 and 31 December 2022, without taking account of any collateral held or other credit enhancements attached. For on-statement of financial position assets, the exposures set out above are based on carrying amounts as reported on the statement of financial position.

Loans and advances to customers are secured by collateral in the form of charges over land and buildings and/or plant and machinery or acceptable corporate guarantees.

Loans and advances are summarized as follows:

	Bank's rating	2023 Frw'000	2022 Frw'000
Neither past due nor impaired	Class I	33,843,317	34,390,898
Past due but not impaired	Class II	990,116	2,698,734
Individually impaired	Class III, IV & V	263,190	1,331,854
Gross loans and advances		**35,096,624**	**38,421,486**
Less: Expected credit losses (Note 12)		(624,752)	(1,168,009)
Net Loans and Advances		**34,471,872**	**37,253,477**

No other financial assets are either past due or impaired. All financial assets that are neither past due nor impaired are within their approved exposure limits however some financial assets have had their terms restructured. None of the Bank's credit risk counter parties are rated except the Government of Rwanda, the issuer of the Bank's investment securities which has B rating.

Different loan facilities held by the Bank are supported by collaterals as shown below:

	2023 Frw'000	2022 Frw'000
Overdrafts	14,991,925	21,381,401
Personal loans	10,929,498	5,378,659
Commercial Loans	35,592,528	32,676,957
Mortgages	4,258,604	9,328,044
Total collateral fair value	**65,772,555**	**68,765,060**

27 Financial risk management

(a) Credit Risk (Continued)

Loans and advances neither past due nor impaired (Class I)

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system recommended by the National Bank of Rwanda. Estimates of fair value are based on the value of collaterals assessed at the time of borrowing and are updated at least every 3 years and regularly when individually assessed as impaired.

	2023 Frw'000	2022 Frw'000
Standard	33,843,317	34,390,898
Fair value of collateral held and other security enhancements held against financial assets	62,414,695	58,910,526

Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amounts of loans and advances that were past due but not impaired were as follows:

	2023 Frw'000	2022 Frw'000
Past due 1 – 89 days	990,116	2,698,734
Fair value of collateral held	2,881,491	7,601,120

Financial risk management objectives and policies

Loans and advances individually impaired

Of the total gross amount of impaired loans, the following amounts have been individually assessed:

	2023 Frw'000	2022 Frw'000
Individually assessed impaired loans and advances		
Class III	163,593	649,002
Class IV	8,486	51,916
Class V	91,111	630,936
	263,190	**1,331,854**
Fair value of collateral held	476,369	2,253,415

Collaterals repossession policy

The Bank's policy is to sell all repossessed assets. In its normal course of business, the Bank engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the collaterals under legal repossession processes are not recorded on the reporting date.

27 Financial risk management

(a) Credit Risk (Continued)

Financial assets without ECL due to collaterals held

	2023 Frw'000	2022 Frw'000
Loans and advances	20,050,782	21,854,292
Exposure relating to off-balance sheet items	950,743	1,916,677
Other financial assets	45,673,816	37,024,444
	66,675,341	**60,795,413**

The financial assets present above have no ECL at the end of the year respectively attributable to acceptable collaterals such as properties, cash, other assets and guarantees held against the credit exposures held at the end of each reporting period.

(vii) Concentrations of risk

(i) On-balance sheet Items

Economic sector risk concentrations within the customer loans and advances portfolios were as follows:

	2023 %	2022 %
Manufacturing	23.5	29
Wholesale and retail trade	15.5	16
Transportation and Warehousing	2	4
Business services	6.4	6
Agricultural	0.3	1
Individuals	32	16
Construction and real estate	4.3	8
Education	2	2
Information and communication	11	12
Petroleum & Energy	3	6
	100	**100**

(ii) Off-balance sheet Items

	2023 %	2022 %
Manufacturing	0	7
Wholesale and retail trade	4	9
Business services	10	10
Financial Institutions	2	2
Construction and real estate	80	65
Information and communication	4	5
Others	0	2
	100	**100**

27. Financial Risk Management(continued)

(a) Credit risk (continued)

Credit quality of financial instruments (loans and advances)

	2023	2022
	Frw'000	Frw'000
Stage I	33,843,317	34,638,496
Stage II	523,664	482,023
Stage III	729,643	3,300,967
Gross loan and advances	**35,096,624**	**38,421,486**

		31 December 2023			
	12-month	Frw000	Frw000	Frw000	Frw000
Internal rating grade	**Basel PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
High grade	0.00%-0.5%	5,127,602	-	-	5,127,602
Standard grade	0.50%-11.70%	28,715,716	377,782	87,857	29,181,355
Sub-standard grade	11.70%-29.50%	-	145,882	-	145,882
Low-grade	29.50%-100%	-	-	405,680	405,680
Non-performing					
Individually impaired	100%	-	-	236,105	236,105
Total		**33,843,317**	**523,664**	**729,643**	**35,096,624**

	12-month		31 December 2022		
Internal rating grade	**Basel PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing					
High grade	0.00%-0.5%	14,151,307	126,929	-	14,278,236
Standard grade	0.50%-11.70%	20,487,189	170,613	1,978,754	22,636,555
Sub-standard grade	11.70%-29.50%	-	184,481	-	184,481
Low-grade	29.50%-100%	-	-	8,904	8,904
Non-performing					
Individually impaired	100%	-	-	1,313,309	1,313,309
Total		**34,638,496**	**482,023**	**3,300,967**	**38,421,486**

(b) Liquidity risk

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

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The National Bank of Rwanda requires that the Bank maintain a cash reserve ratio. In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The Treasury department monitors liquidity ratios on a daily basis. Sources of liquidity are regularly reviewed by a separate team in the Treasury department to maintain a wide diversification by provider, product and term.

The tables below present the undiscounted cash flows payable by the Bank under financial liabilities by remaining contractual maturities at the balance sheet date and from financial assets by expected maturity dates.

27 Financial risk management(continued)

(b) Liquidity risk(continued)

At 31 December 2023

	Up to 1 Month FRW'000	1 to 3 months FRW'000	3 to12 months FRW'000	1 to 5 Years FRW'000	Over 5 years FRW'000	Total FRW'000
Liabilities						
Customer deposits	15,387,955	19,126,608	62,993,312	22,372,446	-	119,880,320
Other Borrowing	-	-	95,553	294,661	72,960	463,174
Other liabilities	1,564,271	-	-	-	-	1,564,271
Lease liabilities	-	-	7,700	1,642,308	261,766	1,911,773
Total liabilities (Undiscounted contractual maturities)	**16,952,226**	**19,126,608**	**63,096,565**	**24,309,414**	**334,725**	**123,819,538**
Assets						
Cash and balances with National Bank of Rwanda	34,219,708	-	-	-	-	34,219,708
Investment securities	5,000,000	12,950,000	29,190,900	1,200,734	8,262,181	56,603,816
Amounts due from other banks	23,695,209	5,055,724	-	-	-	28,750,933
Loans and advances to customers	3,764,039	6,137,952	3,857,962	29,750,599	1,641,672	45,152,223
Other assets	573,216	-	-	-	-	573,216
Total assets (Expected maturities)	**67,252,172**	**24,143,676**	**33,048,862**	**30,951,333**	**9,903,853**	**165,299,896**
Net liquidity gap	**50,299,946**	**5,017,068**	**(30,047,703)**	**6,641,919**	**9,569,128**	**41,480,358**
Liquidity analysis for Off balance sheets items						
Financial guarantees issued	113,774	2,880,404	7,568,768	1,138,370	498,389	12,199,705
Commitments	301,309	489,996	1,447,278	-	-	2,238,583
Letter of credits	156,312	-	380,931	-	-	537,243
Total off-balance sheet items	**571,395**	**3,370,400**	**9,396,978**	**1,138,370**	**498,389**	**14,975,532**

The cashflows presented in the above liquidity analysis table are undiscounted.

27 **Financial risk management (continued)**

(b) Liquidity risk(continued)

At 31 December 2022

	Up to 1 Month FRW'000	1 to 3 months FRW'000	3 to12 months FRW'000	1 to 5 Years FRW'000	Over 5 years FRW'000	Total FRW'000
Liabilities						
Customer deposits	13,366,162	16,043,088	52,860,904	17,358,656	-	99,628,810
Other Borrowing	-	-	-	344,257	308,453	652,710
Other liabilities	1,178,047	-	-	-	-	1,178,047
Lease liabilities	-	-	11,441	831,441	1,220,437	2,063,319
Total liabilities (Contractual maturities)	**14,544,209**	**16,043,088**	**52,872,345**	**18,534,354**	**1,528,890**	**103,522,886**
Assets						
Cash and balances with National Bank of Rwanda	30,842,831	-	-	-	-	30,842,831
Investment securities	2,500,000	8,950,000	27,510,737	4,245,583	-	43,206,320
Amounts due from other banks	11,767,091	1,070,712	1,927,282	-	-	14,765,086
Loans and advances to customers	11,612,229	2,847,575	4,310,930	21,344,614	8,251,369	48,366,718
Other assets	487,865	-	-	-	-	487,865
Total assets (Expected maturities)	**57,210,016**	**12,868,288**	**33,748,950**	**25,590,197**	**8,251,369**	**137,668,820**
Net liquidity gap	**42,665,806**	**(3,174,800)**	**(19,123,395)**	**7,055,844**	**6,722,479**	**34,145,934**
Liquidity analysis for Off balance sheets items						
Financial guarantees issued	1,554,618	1,771,665	5,089,534	1,736,364	525,389	10,677,569
Commitments	4,530,514	532,812	710,535	-	-	5,773,861
Letter of credits	185,437	951,972	231,809	-	-	1,369,218
Total off-balance sheet items	**6,270,569**	**3,256,449**	**6,031,877**	**1,736,364**	**525,389**	**17,820,648**

The cashflows presented in the above liquidity analysis table are undiscounted

27 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimizing the return on risk. Overall responsibility for managing market risk rests with the Assets and Liabilities Committee (ALCO). The Treasury department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day implementation of those policies.

(i) Currency risk

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

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at 31 December 2023 and 31 December 2022. Included in the table are the Bank's financial instruments, categorized by currency.

The Bank had the following significant foreign currency positions (all amounts expressed in thousands of Rwandan Francs):

At 31 December 2023					
Assets	**USD**	**GBP**	**EUR**	**Other**	**Total**
	Frw'000	**Frw'000**	**Frw'000**	**Frw'000**	**Frw'000**
Cash and balance with National Bank of Rwanda	17,739,361	11,011	6,195,802	812	**23,946,986**
Investment securities	9,488,560	-	-	-	**9,488,560**
Amounts due from other banks	12,344,892	22,887	376,147	7,006	**12,750,932**
Loans and advance to customers	191,233	-	-	-	**191,233**
Other assets	68,049	-	63	2,463	**70,575**
	39,832,095	**33,898**	**6,572,012**	**10,281**	**46,448,286**
Liabilities					
Customer deposits	39,669,686	31,525	6,568,418	-	**46,269,629**
Other liabilities	55,264	4	217	-	**55,485**
Total liabilities	**39,724,950**	**31,529**	**6,568,635**	**-**	**46,325,114**
Currency exposure gap	**107,145**	**2,369**	**3,377**	**10,281**	**123,172**

27 **Financial risk management (continued)**

(c) Market risk(continued)

(i) Currency risk

At 31 December 2022	**U02SD**	**GBP**	**EUR**	**Other**	**Total**
Assets	**Frw'000**	**Frw'000**	**Frw'000**	**Frw'000**	**Frw'000**
Cash and balance with National Bank of Rwanda	14,948,315	12,940	2,189,076	872	**17,151,203**
Investment securities	7,093,496	-	-	-	**7,093,496**
Amounts due from other banks	11,080,062	83,906	98,905	2,213	**11,265,086**
Loans and advance to customers	344,227	-	-	-	**344,227**
Other assets	46,764	-	-	-	**46,764**
	33,512,864	**96,846**	**2,287,981**	**3,085**	**35,900,776**
Liabilities					
Customer deposits	33,473,883	96,365	2,285,241	-	**35,855,489**
Other liabilities	14,380	2	19	-	**14,401**
Total liabilities	**33,488,263**	**96,367**	**2,285,260**	-	**35,869,890**
Currency exposure gap	**24,602**	**478**	**2,721**	**3,085**	**30,886**

Currency risk exposure is predominantly as a result of exposure to US dollar denominated balances. The following table demonstrates the sensitivity to a reasonably possible change in the below mentioned exchange rates of major transaction currencies, with all other variables held constant, of the Bank's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities). For equity impact, the Bank has assumed the impact on P/L account net of tax at local regulatory tax rate of approximately 29.40274% in 2023 (2022: 30%).

Currency	**Increase/decrease in exchange rate**	**P/L Impact 2023**	**P/L Impact 2022**	**Equity Impact 2023**	**Equity Impact 2022**	**2023**		**2022**	
		Frw'000	**Frw'000**	**Frw'000**	**Frw'000**	**Middle rate**	**Closing rate**	**Middle rate**	**Closing rate**
USD	+/-10%	10,715	2,460	7,564	1,722	1,160.8964	1,263.9310	1,030.8741	1,070.7124
GBP	+/-10%	237	48	167	33	1,443.9018	1,614.2294	1,273.0296	1,290.6367
EURO	+/-10%	338	272	238	190	1,255.0578	1,399.5507	1,084.9178	1,142.4501

27. Financial risk management (continued)

(c) Market risk(continued)

(ii) Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily. The Bank's fixed interest rate financial instruments are deposits with financial institutions, customer deposits, loans and advances. The Bank had no variable interest rate financial instrument as of 31 December 2023 (2022: Nil). No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments. Investment contracts with fixed and guaranteed terms deposits with financial institutions held to maturity are accounted for at amortized cost and their carrying amounts are not sensitive to changes in the level of interest rates.
The tables below summarize the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates. The Bank does not bear interest rate risk on off balance sheet items. All figures are in thousands of Rwandan Francs.

At 31 December 2023	Av. Int. Rate %	Up to 1 month Frw'000	1 – 3 months Frw'000	3 – 12 Months Frw'000	Over 1 year Frw'000	Non-interest bearing Frw'000	Total Frw'000
Assets							
Cash and balances with Central Bank of Rwanda	0%	-	-	-	-	34,219,708	**34,219,708**
Investment securities	9%	4,977,265	12,783,075	27,038,268	4,565,336	-	**49,363,945**
Amounts due from other banks	8%	16,000,000	5,055,724	-	-	7,399,370	**28,455,094**
Amounts due from group companies	0%	-	-	-	-	295,839	**295,839**
Loans and advances to customers	15%	3,718,794	5,992,143	3,555,179	21,205,756	-	**34,471,872**
Other assets	0%	-	-	-	-	1,117,717	**1,117,717**
Total assets	**5%**	**24,696,059**	**23,830,942**	**30,593,447**	**25,771,093**	**43,032,634**	**147,924,175**
Liabilities							
Customer deposits	5%	3,194,534	5,491,345	12,781,386	3,767,447	93,720,460	**118,955,171**
Other borrowing	1%	-	-	93,750	188,889	171,438	**454,076**
Other liabilities	0%	-	-	-	-	1,564,271	**1,564,271**
Income tax payable	0%	-	-	-	-	677,194	**677,194**
Provisions	0%	-	-	-	-	137,298	**137,298**
Lease liabilities	7%	-	-	6,911	1,708,988	-	**1,715,899**
Total liabilities	**2%**	**3,194,534**	**5,491,345**	**12,882,047**	**5,665,324**	**96,270,660**	**123,503,910**
Interest sensitivity gap	**3%**	**21,501,525**	**18,339,597**	**17,711,400**	**20,105,768**	**(53,238,026)**	**24,420,265**
Interest sensitivity P/L impact	**+/-1%**	**215,015**	**183,396**	**177,114**	**201,058**	**-**	**776,583**
Interest sensitivity Equity impact	**+/-1%**	**151,795**	**129,473**	**125,038**	**141,941**	**-**	**548,246**

27. Financial risk management (continued)

(c) Market risk(continued)

(ii) Interest rate risk(continued)

At 31 December 2022	Av. Int. Rate %	Up to 1 month Frw'000	1 – 3 months Frw'000	3 – 12 Months Frw'000	Over 1 year Frw'000	Non-interest bearing Frw'000	Total Frw'000
Assets							
Cash and balances with Central Bank of Rwanda	0%	-	-	-	-	30,842,831	**30,842,831**
Investment securities	8%	2,495,107	8,837,027	22,837,013	4,776,557	-	**38,945,704**
Amounts due from other banks	5%	8,639,420	1,070,712	1,606,069	-	2,162,612	**13,478,812**
Amounts due from group companies	3%	-	-	321,214	-	965,060	**1,286,273**
Loans and advances to customers	15%	11,207,387	2,749,351	3,881,108	19,415,631	-	**37,253,477**
Other assets	0%	-	-	-	-	991,070	**991,070**
Total assets	**5%**	**22,341,913**	**12,657,091**	**28,645,404**	**24,192,187**	**34,961,573**	**122,798,168**
Liabilities							
Customer deposits	5%	2,147,966	4,481,140	13,001,762	-	79,292,063	**98,922,931**
Other borrowing	1%	-	-	-	400,000	244,554	**644,554**
Other liabilities	0%	-	-	-	-	1,178,047	**1,178,047**
Provisions	0%	-	-	-	-	144,831	**144,831**
Lease liabilities	7%	-	-	10,029	1,798,763	-	**1,808,793**
Total liabilities	**2%**	**2,147,966**	**4,481,140**	**13,011,792**	**2,198,763**	**80,859,496**	**102,699,157**
Interest sensitivity gap	**3%**	**20,193,948**	**8,175,951**	**15,633,612**	**21,993,424**	**(45,897,923)**	**20,099,012**
Interest sensitivity P/L impact	**+/-1%**	**201,939**	**81,760**	**156,336**	**219,934**	**-**	**659,969**
Interest sensitivity Equity impact	**+/-1%**	**142,564**	**57,720**	**110,369**	**155,268**	**-**	**465,920**

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the bank made assessment of their current borrowings and the interest rate if they will be impacted with the reforms. The Bank currently have local borrowings as seen in the note 17, with the BNR and the borrowing are at fixed interest rates which is not subject to any of the IBOR reforms. In the context of IBOR reform, the bank has assessed the transition of financial assets from IBOR to RFRs and concluded that the impact is not material as they don't have financial assets that pegged against the IBORs.

27 Financial risk management (continued)

(d) Capital management

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

- To comply with the capital requirements set by the National Bank of Rwanda;
- To safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business.

The Bank's regulator National Bank of Rwanda (BNR) sets and monitors capital requirements for the Bank as a whole. The parent company and individual banking operations are directly supervised by their local regulators.

In implementing current capital requirements, BNR, requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.
The Bank's regulatory capital consists only of Tier 1 capital, which includes ordinary share capital, retained earnings, revaluation reserves and statutory reserves.
The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's Tier 1 capital expressed as a percentage of risk-weighted assets is set out on the next page. The regulatory capital met the minimum required ratio of 15% and the bank has complied with all externally imposed capital requirements throughout the period.

The Bank's regulatory capital position is as follows:

	2023 Frw'000	2022 Frw'000
Ordinary share capital	20,000,000	20,000,000
Prior years' retained profits	3,934,853	10,395,947
Transferred in the year	373,957	21,537
Transfer from revaluation reserve	108,340	-
Transfer to revaluation reserve	(88,806)	-
Comprehensive income for the year	4,449,087	2,522,487
Statutory reserves	128,245	502,202
Retained Earnings Conversion to share Capital	-	(9,005,118)
Tier 1 Core capital	**28,905,676**	**24,437,055**
Revaluation reserves on fixed assets (25%)	87,290	92,173
Tier 2 (supplementary capital)	**87,290**	**92,173**
Total capital (Tier 1 + Tier 2)	**28,992,966**	**24,529,229**
Total risk weighted assets (see details below)	**55,249,279**	**59,224,615**
Total capital expressed as a percentage of risk-weighted assets	52.43%	41.42%
Minimum statutory ratio	15%	15%

27 Financial risk management (continued)

(d) Capital management (continued)

Risk weighted assets were as follows:

	2023 Frw'000	Risk Weight Per Asset %	2022 Frw'000
Cash and balances with Central Bank of Rwanda	-		-
Amounts due from other banks	5,750,187	20%	2,953,017
Long term securities	4,936,236	100%	4,776,557
Loans and advances to customers	32,665,192	100%	35,308,374
Mortgage loans (residential house)	903,340	50%	972,551
Property and equipment	2,372,968	100%	2,492,921
Right of use asset	1,468,487	100%	1,576,534
Intangible assets	209,399	100%	341,119
Other Assets	1,117,717	100%	991,070
Financing Commitments given to customers	2,775,827	100%	7,143,079
Guarantees Commitments given to customers	3,049,926	25%	2,669,392
Total risk weighted assets	**55,249,279**		**59,224,615**

(e) Financial assets and liabilities measurements

	Amortized cost 2023 Frw'000	Amortized cost 2022 Frw'000
Financial assets		
Cash and balances with National Bank of Rwanda	34,219,708	30,842,831
Amount due from other banks	28,750,933	14,765,086
Investment securities	49,363,945	38,945,704
Other Assets	573,216	487,865
Loans and advances	34,471,872	37,253,477
Total	**147,379,674**	**122,294,962**
Financial liabilities		
Customer deposits	118,955,171	98,922,931
Other liabilities	1,564,271	1,178,047
Other borrowing	454,076	644,554
Lease liabilities	1,715,899	1,808,793
Total	**122,689,418**	**102,554,325**

The table above illustrates the carrying amount of financial instruments under each category. All financial assets and liabilities were carried at amortized cost at the end of each year.

28 Critical accounting estimates and judgments in applying accounting policies

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Tax expenses

Judgment is required in determining the Banks' provision for tax liability. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) IFRS 16 -lease assumptions

The Bank considered two consecutive terms for the existing lease periods for the various premises used for the Bank activities. The periods range between 1 year for the short ones and 10 years for the longest lease period. This is premised on the going concern of the Bank's activities in the foreseeable future.

(iii) Incremental Borrowing Rate

The Bank settled on using the incremental borrowing rate in measuring the lease liabilities since the interest rate implicit on them could not be readily determined. The Bank adopted the incremental borrowing rates that it would have to pay to borrow over the specified lease periods and with a similar security, for the funds necessary to obtain an asset of a similar value to the right-of-use asset. The Bank considered if it was in the market to source for funding with the specified tenor, what would be the interest cost. The Bank considered a previous borrowing that it had with (KFW long-term borrowing) with the specified period and adopted the same. The incremental borrowing rates are as below:

Lease Period	Borrowing Rate
1-3years	10%
4-7years	7%
8years and above	5%

28 (a) Fair value of financial instruments

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data. However, such areas as risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. The table below sets out the fair values and classification of financial instruments as at 31 December 2023, and analyses them in the fair value hierarchy into which each fair value measurement is categorized.

IFRS9 –Financial instruments not measured at fair value

	Level 1	**Level 2**	**Level 3**	**Total fair value**	**Carrying value**
Financial assets	**Frw'000**	**Frw'000**	**Frw'000**	**Frw'000**	**Frw'000**
Amounts due from other banks	-	28,750,933	-	**28,750,933**	**28,750,933**
Investment securities	52,705,643	-	-	**52,705,643**	**49,363,945**
Loans and advances	-	-	34,290,828	**34,290,828**	**34,471,872**
	52,705,643	**28,750,933**	**34,290,828**	**115,747,404**	**112,586,750**
Finzancial liabilities					
Customer deposits	-	118,955,171	-	**118,955,171**	**118,955,171**
Other borrowing	-	383,890	-	**383,890**	**454,076**
	-	**119,339,062**	**-**	**119,339,062**	**119,409,248**

Financial assets and liabilities of the Bank were carried at amortized cost for the year 2023. There were no transfers between levels in the year.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Bank's financial statements. These fair values were calculated for disclosure purposes only.

Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, foreign exchange risk, probability of default and loss given default estimates. Where such information is not available, the Bank uses historical experience and other information used in its collective impairment models.

28 (b) IFRS9 –Financial instruments Assumptions

(i) Credit Loss Modelling

Expected credit losses (ECL) are a probability-weighted estimate of credit losses over the expected life of the financial instrument.

GT Bank's measurement of ECL reflects the following criteria as required by IFRS 9:

Criteria	Description
ECL estimates are an unbiased and probability weighted amount	The Bank measures expected credit losses of a financial instrument in a way that it reflects an amount that is determined by evaluating a range of possible outcomes. Three ECL figures are therefore calculated for each account (moderate estimate, best-case estimate and worse case ECLs) and a probability-weighted to arrive at a single ECL impairment for each account.
	Forward looking: The starting point for the ECL computation is historical information; however, adjustments are made to modelling parameters to reflect current and forward-looking information. Each of the ECL parameters i.e. PD, LGD and EAD are calibrated to be point-in-time (PiT) and forward looking. The Forward-Looking Information (FLI) risk parameters reflects how changes in macroeconomic factors affects losses. The Bank leverages on the expertise of credible and reliable sources to obtain economic forecasts applicable to the frameworks.
	Scenario Weighting: When measuring expected credit losses, IFRS 9 requires that an entity shall measure the ECL of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes/scenarios, (i.e., the weighted average of credit losses with the respective risks of a default occurring as the weights). Although the standard did not specify the minimum number of scenarios to be considered, the IASB expectation is that if relationship is not linear, one forward-looking scenario is not sufficient. The purpose is neither to estimate a worst-case scenario nor to estimate a best-case scenario, but the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss. The Bank's ECL methodology considers weighted average of the multiple economic scenarios for the risk parameters (basically the forecasts macroeconomic variables) in arriving at impairment figure for a particular reporting period.
Discounting	The Bank considers the time value of money when estimating ECL. ECLs are discounted to the reporting date for each account and financial instrument.
Use of reasonable and supportable information	The Bank measures ECL of a financial instrument with available information at the reporting date about past events, current conditions and forecasts of future economic conditions.
Assessment of expected changes to exposures	The Bank ECL model has included the effects of contractual repayments. Expected drawdowns on committed facilities have also been considered in the ECL Model.

Consistent with regulatory and industry best practices, the Bank's ECL calculations are based on three components:

28(b) IFRS9 –Financial instruments Assumptions(continued)

- **Probability of Default (PD)**
  This is an estimate of the likelihood of default over a given time horizon. Either 12months of lifetime.
- **Exposure at Default (EAD)**
  This 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 and expected drawdowns on committed facilities.
- **Loss Given Default (LGD)**
  This is an estimate of the loan arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Measuring ECLs

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether the credit risk of the borrower has increased significantly since the exposure was first recognized. The loss allowance for those exposures that have not increased significantly in credit risk (Stage 1 exposures) is based on 12-month ECLs. The allowance for those exposures that have suffered a significant increase in credit risk (Stage 2 and Stage 3 exposures) is based on lifetime ECLs.

For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognized within Provisions. The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the ECL provision. For this purpose, the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs.

12-month ECLs

Twelve-month ECLs are the portion of the lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months). Twelve-month ECLs are weighted by the probability of such a default occurring. [IFRS 9.A, B.5.5.43]

Lifetime ECLs

Lifetime ECLs are the losses that result from all possible default events over the expected life of the financial instrument. [IFRS 9.A]

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. 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 credit loss expense.

Multiple ECL Scenarios

A measure of Expected Credit Loss (ECL) is an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

This section discusses how the Bank has incorporated FLI into its ECL frameworks.

Adjusting ECL parameters for forward looking information

The standard noted that ECL should be based on reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. This implies that in arriving at point-in-time estimates of expected credit losses, it is recommended that a firm incorporates the impact of not only past and current events but also forecasts of future macro-economic conditions.

The Bank on a regular basis reviews the key macro-economic indicators and makes forecasts based on the historical trends observed in the country.

28(b) IFRS9 –Financial instruments Assumptions(continued)

Incorporating FLI into multiple economic scenarios

- In addition to incorporating probability weighted outcomes into the ECL computation, the Bank is expected to incorporate FLI forecasts into each scenario (Base, Best and Adverse).

- Based on the requirement of the standard, we have identified the various macroeconomic variables that will impact the Bank's IFRS 9 risk model and provided justification for adopting the forecasts (especially where internal estimates are applied)

The following are the various macroeconomic variables that will impact the Bank's IFRS 9 risk model:

- Inflation rate
- Interest rate
- GDP growth rate
- Unemployment rate
- Exchange rate

Sensitivity Analysis

- The Bank has performed sensitivity analysis of the macro-economic variables to the expected credit loss and disclosed only the Lending rate/Interest rate which is the most sensitive to the bank's performance.
- If the Lending rate had changed by +/-5% expected loss allowance would be impacted as follows:

		2023			2022	
Sensitivity Analysis			**Expected loss allowance impact**			
Frw'000	**Upside (20%)**	**Base (60%)**	**Downside (20%)**	Upside (20%)	Base (60%)	Downside (20%)
31-Dec						
Overdrafts	**20,986**	**23,318**	**24,484**	30,844	34,271	35,984
Treasury loans	**37,131**	**41,257**	**43,320**	47,270	52,522	55,148
Equipment loans	**2,163**	**2,404**	**2,524**	2,307	2,564	2,692
Consumer loans	**22,541**	**25,046**	**26,298**	7,019	7,799	8,189
Mortgage loans	**5,099**	**5,665**	**5,948**	8,865	9,850	10,342
Off-balance sheet exposures	**1,401**	**1,557**	**1,635**	1,416	1,573	1,652
Other financial assets	**1,666**	**1,852**	**1,944**	1,128	1,253	1,316
Total expected loss allowance	**90,987**	**101,099**	**106,153**	98,849	109,832	115,323

Model Adjustment

Assessment and calculation of ECL

The level of estimation uncertainty has increased in the last few years because of the economic disruption and consequential impact of the COVID-19 pandemic and geopolitical challenges. This includes significant judgements relating to:

- The selection and weighting of macro-economic scenarios;
- The effect of Government and other support measures put in place to mitigate the negative economic impact.
- The uncertainty over the duration and severity of the effect of the pandemic as well as the timing and duration of the recovery.

28(b) IFRS9 –Financial instruments Assumptions(continued)

Impact on modelled ECL allowance

The Bank's models have been constructed and calibrated using historical trends and correlations as well as forward looking economic scenarios. There were no model changes relating to what was applied in 2022 and what has been used in 2023. The Bank's Management has maintained similar Management overlays over the two financial years.

Scenarios to be considered
This section discusses the various scenarios that the Bank shall incorporate Forward Looking Information (FLI) into, data source and justification for our forecast (especially where internal estimates are applied).

The section will discuss various scenarios that the bank shall incorporate FLI into ,data source and justification for our forecasts(especially where internal estimates are applied)
Base Case Scenario: The Bank shall adopt the macroeconomic forecasts provided by credible and reliable sources as base case FLI.

Best and Adverse Scenario: The Bank shall rely on internal estimates of the macroeconomic variables as prepared by the Strategy desk of the Bank. The estimates were based on the historical review of the macro indicators in the last ten years, the minimum and the maximum rates were adopted for the respective variables. The estimates are based on management's judgement and historical experience, as the past reflects our expectation of the future.

Staging Criteria

In line with the accounting standard, the Bank adopts a multi factor approach in assessing changes in credit risk – quantitative (primary), qualitative (secondary) and back stop indicators. These factors are critical in allocating financial assets into stages.

GT Bank has considered the following in determining the staging of facilities:

1. Qualitative factors
   - The customer's risk rating
2. Quantitative factors
   - The facility's arrears status
   - Number of restructures, if any
   - Change in customer rating since origination
3. The indicators of Significant Increase in Credit Risk (SICR) are:
   - Is the facility more than 30 days past due?
   - Has there been a decline of two points or higher in rating since origination?

28(b) IFRS9 –Financial instruments Assumptions(continued)
Staging Criteria(continued)

The stage allocation criteria used in the frameworks are as follows:

i. If a facility has a rating of 1 or 2 (these are investment grade facilities) it is automatically in stage 1
ii. If a facility's is more than 90 days past due and its rating is greater than or equal to 8, i.e. it is credit impaired as per internal risk rating, it is automatically in stage 3. 90 days past due remains a rebuttable presumption in the staging criteria.
iii. Having failed to meet criteria i and ii above, if a facility has been restructured due to financial constraints, it is categorized as stage 3. However, if the restructure is due to other factors other than financial constraints, management assessment and judgement will be required to determine the staging of the facility based on the reason for the restructure. (Management assesses only the restructures that have been done within the last two years, and for restructures that are due to financial constraints these will be categorized and maintained as stage 3 until they have shown satisfactory performance)
iv. Otherwise, if there has been an increase of 2 or more in the customer's rating, the facility is categorized as stage 2. After 6 months of satisfactory performance, the loan may be moved to stage 1.
v. A facility that has failed to meet criteria i to iv above and is less than 30 days past due is categorized as stage 1, otherwise the facility is categorized as stage 2. However, 30days past due remains a rebuttable presumption.
vi. Management experience and judgement as to a customer's cash flow projections will be required in the determination of rebutting of backstops and reasons for variation of contract terms in restructures.

The stage allocation criteria described above uses a mix of qualitative indicators, quantitative indicators and arrears count. The qualitative and quantitative indicators are encompassed in the internal risk rating, which has been used as one of the indicators of SICR.

Back Stop Indicators

A backstop is typically used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available at an undue cost to rebut the presumption.

30 Days Past Due rebuttable assumption – Significant Increase in Credit Risk

IFRS 9 sets out a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. This 30 days past due simplification permits the use of delinquency or past due status to identify a significant increase in credit risk.

In adherence to the standard, the Bank shall at every reporting period assess the loan portfolio individually for possible breach of the 30 days past due SICR criterion. Where there is a breach and the loan has not been transferred to stage 2, the Bank shall rebut the 30 days rebuttable presumption based on availability of supportable and reasonable information to justify that credit quality has not deteriorated significantly since initial recognition.

For portfolios with shared credit risk, the Bank shall assess the loans collectively for significant increase in credit risk. Where there is evidence of SICR within the portfolio, the Bank shall rebut the 30 days past due presumption based on available supportable evidence. However, at the next reporting date, if there is still evidence of SICR in the portfolio, the Bank shall transfer the entire portfolio to stage 2.

90 Days Past Due rebuttable assumption – Default

The standard sets out a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due (DPD) unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Bank shall at every reporting period assess the loan portfolio individually for possible breach of the 90 days past due default criterion. Where there is a breach and the loan has not been transferred to stage 3, the Bank shall rebut the 90 days past due presumption based on availability of supportable and reasonable information to justify that credit is not impaired.

Staging Criteria

For portfolios with shared credit risk, the Bank shall assess the loans collectively for default. Where there is evidence of default within the portfolio, the Bank shall rebut the 90 days past due presumption based on available supportable evidence. However, at the next reporting date, if there is still evidence of default in the portfolio, the Bank shall transfer the entire portfolio to stage 3.

28(b) IFRS9 –Financial instruments Assumptions(continued)

Definition of default and credit-impaired assets

Loans and advances to customers, loan commitments and financial guarantees constitute assets under scope for this review

Quantitative criteria-When the borrower is more than 90 days past due on its contractual payments.

Qualitative criteria-The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- the borrower is in long-term forbearance
- the borrower is deceased
- the borrower is insolvent
- the borrower is in breach of financial covenant(s)
- an active market for that financial asset has disappeared because of financial difficulties
- concessions have been made by the lender relating to the borrower's financial difficulty
- it is becoming probable that the borrower will enter Bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses
- payment deferral
- extension of payment period

Debt instruments

For Debt instruments, below are considered as default when they occur;

Quantitative and qualitative criteria;

- When repayment of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay.
- When repayments of interest and principal are not done on time as per contractual schedules and that such delays considered are not those caused by operational issues
- When the government is downgraded to below rating "C" status by international rating agency such as Moody's, S & P, or Fitch
- When the Government is declared default/bankrupt by responsible agencies i.e. World Bank, IMF etc.

Due from banks and Cash and Balances with Central Bank

For Due from banks, below are considered as default when they occur

- When repayment of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay
- When a counterparty is taken under management by Statutory Manager
- When a counterparty license has been revoked by the Central Bank
- When the counterparty is declared bankrupt by responsible bodies like Registration, Insolvency or court.

Bank's internal ratings scale and PD estimation process

Loans and advances to customers, loan commitments and financial guarantees

The Bank has its internal credit rating tools tailored in accordance with the BNR guidelines that reflect its assessment of the probability of default of individual counterparties. Customers are segmented into five rating classes. The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

28(b) IFRS9 –Financial instruments Assumptions(continued)

Bank rating	Description of the grade	Stage	PD Range		Number of days past due
1	Current	Stage 1	0.06%	2.81%	0
2	Current	Stage 1	0.38%	5.74%	30
3	Especially mentioned 1	Stage 2	1.23%	20.00%	31-60
4	Especially mentioned 2	Stage 2	3.82%	30.00%	61-90
5	Substandard, Doubtful, Loss	Stage 3	100.00%	100.00%	91 and above

Analysis of inputs to the ECL model under multiple economic scenarios

The following table shows a representative summary of the economic variables and asset prices that the Bank considers to be among the most important determinants of the Bank's expected credit loss.

Macroeconomic variable	Average	Maximum	Minimum
GDP Real Rate %	6.28	10.9	-3.4
Inflation Rate %	5.25	21.6	1.1
Lending Rate %	16.68	17.7	15.78

COVID-19 pandemic had no significant impact on assumptions applied under multiple economic scenarios, hence no significant adjustment as at 31 December 2023 in relation to COVID 19 pandemic and geopolitical challenges. The Bank has performed sensitivity analysis of the macro-economic variables to the expected credit loss and disclosed only the Lending rate which is the most sensitive to the Bank's performance.

Expected Credit Loss Calculation

The guiding principle of IFRS 9 is that Expected Credit Loss (ECL) modelling should reflect the general pattern of deterioration in the credit quality of financial instruments over the life of the instruments. In estimating the expected credit quality of the instrument, the Bank considers, reasonable and supportable information available without undue cost or effort at the reporting date, past events, current conditions and forecasts of future economic conditions.
In line with the standard, the Bank adopts the "three stage" model (General approach) for impairment based on changes in credit quality since initial recognition, these are:

1. **Stage 1** covers financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month Expected Credit Losses ('ECL') are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date.

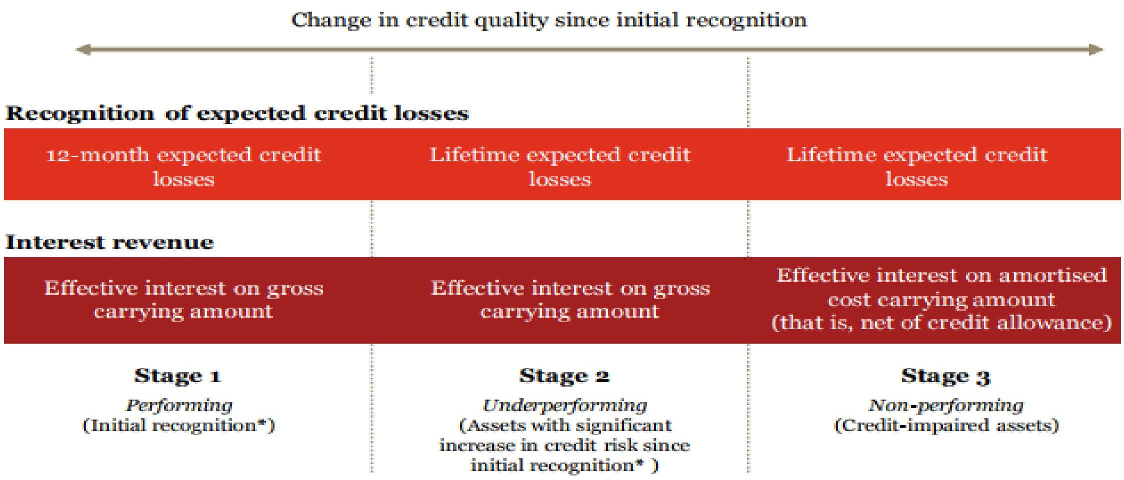
2. **Stage 2** covers financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

3. **Stage 3** covers financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

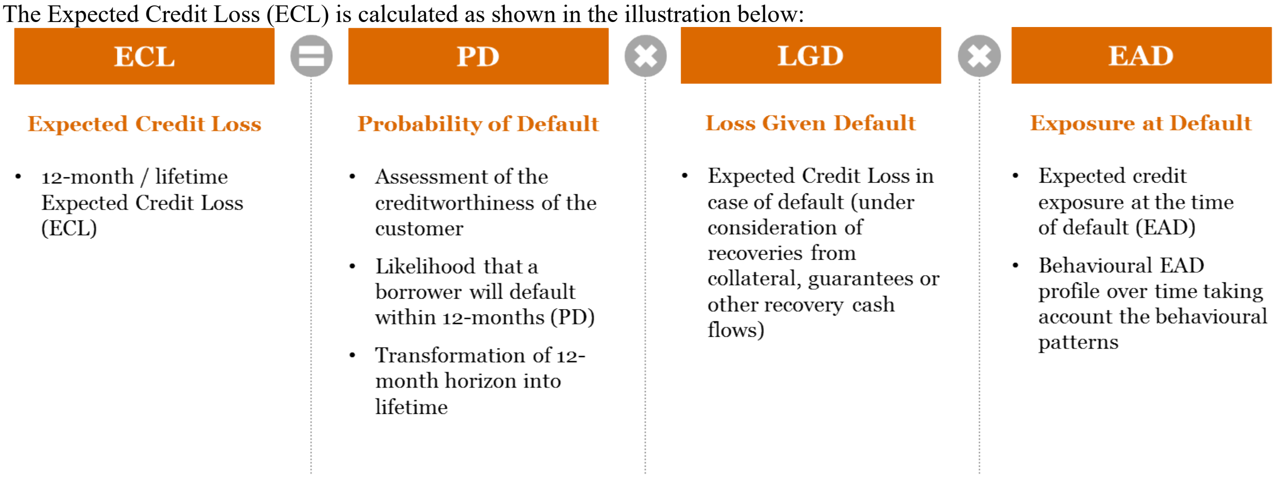
28(b) IFRS9 –Financial instruments Assumptions(continued)

The diagram below provides an overview of the measurement of ECL under IFRS 9.

Figure 1: IFRS 9 Expected Credit Loss Model



The Expected Credit Loss (ECL) is calculated as shown in the illustration below:



Specific ECL Methodology Topics
This section reviews the key elements of the Bank's IFRS 9 framework for the purpose of ECL modelling methodology.

Granularity
The stage allocation and ECL calculations is performed at the most granular – i.e. instrument – level. The estimation of the parameters relies on data aggregation for the purposes of statistical significance. For the purpose of ECL calculation, the Bank estimates risk parameters such as Exposure at Default (EAD) and Loss Given Default (LGD) for each obligor based on entity specific information.

Forward looking
The starting point for the ECL computation is historical information; however, adjustments are made to modelling parameters to reflect current and forward-looking information. Each of the ECL parameters i.e. PD, LGD and EAD are calibrated to be point-in-time (PiT) and forward looking. The Forward Looking Information (FLI) risk parameters reflects how changes in macroeconomic factors affects losses. The Bank leverages on the expertise of credible and reliable sources to obtain economic forecasts applicable to the frameworks.

Scenario Weighting
When measuring expected credit losses, IFRS 9 requires that an entity shall measure the ECL of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes/scenarios, (i.e. the weighted average of credit losses with the respective risks of a default occurring as the weights).

28(b) IFRS9 –Financial instruments Assumptions(continued)

Although the standard did not specify the minimum number of scenarios to be considered, the IASB expectation is that if relationship is not linear, one forward-looking scenario is not sufficient. The purpose is neither to estimate a worst-case scenario nor to estimate a best-case scenario, but the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss. The Bank's ECL methodology considers weighted average of the multiple economic scenarios for the risk parameters (basically the forecasts macroeconomic variables) in arriving at impairment figure for a particular reporting period.

12-month versus Lifetime PDs

IFRS 9 requires the use of 12-month PDs for Stage 1 ECL calculations and lifetime PDs for Stage 2 and 3 ECL calculations.
Lifetime PD is computed for all financial instruments that have had a significant increase in credit risk especially stage 2 and stage 3 instruments.
There are different product-specific definitions of "lifetime" depending on the type of instrument and the remaining maturity:

- Lifetime of non-revolving products: adjustment of contractual lifetime with customer-side and/or bank-side early termination clauses.
- Lifetime of revolving products: contractual lifetime does not apply to certain revolving products such as credit cards and overdrafts, as these instruments do not have a contractual termination.
- Term products: the expected life should be used in the calculation rather than the contractual term with the contractual term being the maximum.

29 (i) Reporting entity

Guaranty Trust Bank (Rwanda) plc, is a limited liability company incorporated in Rwanda under the Law No. 007/2021 of 05/02/2021 governing companies as modified to date and is domiciled in Rwanda.

The Bank's registered office is at:
Guaranty Trust Bank (Rwanda) plc, Head office
KN 2 Ave, 1370 Nyarugenge
Kigali, Rwanda

The principal activity of the Bank is to offer commercial banking services.

Its parent and ultimate holding company is Guaranty Trust Holding Company plc (GTCO Plc)

(ii) Basis of accounting

The financial statements have been prepared on a historical cost and accruals basis.

(iii) Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

(iv) Presentation of financial statements

The Bank presents its statement of financial position broadly 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 21 (iii).

(v) Functional and presentation currency

These financial statements are presented in Rwandan Francs (Frw) which is the Bank's functional currency. All values are rounded to the nearest thousand (Frw'000) except when otherwise indicated.

30 Changes in Accounting policies and disclosures

(i) Use of estimates and judgments

In preparing these financial statements, the Directors have made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

30 Changes in Accounting policies and disclosures(continued)

The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2023 is set out in note 28.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

New standards, amendments and interpretations effective and adopted during the period ended 31 December 2023

The following new or amended standards and interpretations have become effective and adopted for financial year beginning on or after 1 January 2023:

Standard/Interpretation		**Effective date Periods beginning on or after**
IFRS 17	Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Amendments to IAS 12 Income taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12	International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12	23 May 2023

The above amendments did not have a significant impact on the financials statements of the Bank.

New standards, amendments, and interpretations in issue but not yet effective for the year ended 31 December 2023

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2023 and have not been applied in preparing these financial statements.

Standard/Interpretation		**Effective date Periods beginning on or after**
IFRS 10 and IAS 28 amendments	Sale or contribution of assets between an investor and its associate or joint venture	Available for optional adoption/ effective date deferred indefinitely
Amendments to IAS 1	Non-current liabilities with covenants- Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
IFRS 16 amendments	Lease liability in a sale and leaseback (Amendment to IFRS 16)	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
IFRS S1 and IFRS S2 Climate related disclosures	IFRS S1** General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2** Climate-related Disclosures	1 January 2024
IAS 21	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

All the above standards and Interpretations will be adopted at their effective date (except for those standards and Interpretations that are not applicable to the entity) and are not expected to have a significant impact on the Bank.

31 Material accounting policies

The Bank adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require disclosure of material rather than 'significant' accounting policies. The amendments did not result in any changes to the accounting policies.

a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized within 'interest income' or 'interest expense' in the statement of comprehensive income using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

b) Fees and commission income

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

c) Property and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed every four years by the external property valuer to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset if material. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to profit or loss. On the derecognition of the asset, the revaluation surplus is transferred from other reserves' to `retained earnings. The Bank evaluates the usefulness of assets and decisions are made as per the policy to dispose or remove the asset from the statement of financial position if no future benefits are envisaged from the asset.

Freehold land is not depreciated. Depreciation on other assets is calculated on the straight-line basis to allocate their cost less their residual values over their estimated useful lives, as follows:

Buildings	: 5%
Fixtures, fittings and equipment	: 12.5%
Motor vehicles	: 25%
Equipment	: 33.3%

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

The Bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Bank estimates the recoverable amount of the relevant assets. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining profit.

31 Material accounting policies (continued)

d) Intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (ten years) using straight line methodology.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank, are recognized as intangible assets, when the following criteria have been met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Computer software development costs recognized as assets are amortized over their estimated useful lives, not exceeding five years using straight line methodology

e) Income tax

Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

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

31 Material accounting policies (continued)

f) Leases

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

Bank as lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the bank recognizes a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the bank is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the bank's incremental borrowing rate is used. For leases that contain non-lease components, the bank allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortized cost, subject to re-measurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

All right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liabilities. Depreciation is calculated using the straight-line method to write-down the cost of each asset to its residual value over its estimated useful life. If the ownership of the underlying asset is expected to pass to the bank at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset if of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period

g) 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 bills, and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with the National Bank of Rwanda

h) Employee benefits

❖ **Retirement benefit obligations**

The Bank and all its employees contribute to the Social Security Fund of Rwanda, which is a defined contribution scheme. A defined contribution plan is a retirement benefit plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Bank's contributions to the defined contribution schemes are charged to the statement of comprehensive income in the year in which they fall due.

❖ **Other entitlements**

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

31 Material accounting policies (continued)

i) Financial Liabilities

Financial instruments – initial recognition

Financial liabilities, with the exception of balances due to customers, are initially recognized on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. The Bank recognizes balances due to customers when funds are transferred to the Bank.

Initial measurement of financial Liabilities
The classification of financial liabilities at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognizes 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 recognized in profit or loss when the inputs become observable, or when the instrument is derecognized

All the Bank's financial liabilities are measured at amortized cost.

Derecognition of Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another 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 recognized in profit or loss.

j) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Mandatorily redeemable preference shares are classified as liabilities.

k) Dividends payable

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

l) Fiduciary activities

The Bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank. The Bank did not carry out any fiduciary activities during the year 2023 (2022: Nil).

m) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

31 Material accounting policies (continued)

n) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

o) Determination of fair value

For financial assets traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position. The Bank uses widely recognized valuation models for determining fair values of its investment securities.

From 1 January 2018, the Bank applied IFRS 9 and classifies its financial assets in accordance with this standard. Financial assets are measured at initial recognition at fair value and are classified and subsequently measured at fair value through profit or loss (FVTPL) and amortized cost based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instrument. For non-revolving facilities, origination date is the date the facility is disbursed while origination date for revolving facilities is the date the line is availed. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

p) Financial assets

Recognition and measurement

Purchases and sales of financial assets are recognized on the trade date, which is the date on which the Bank commits to purchase or sell the asset. Financial assets are initially recognized at fair value, plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets held at amortized cost are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is included in the statement of comprehensive income in the period in which they arise. Changes in the fair value of monetary and non-monetary securities classified as held-for-trading are recognized in other comprehensive income. When securities classified as held-for-trading are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as ''gains and losses from investment securities''.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets the following conditions;

The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

31 Material accounting policies (continued)

After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

(ii) Financial assets and liabilities

All other financial assets not classified as measured at amortized cost or FVTOCI as discussed above are measured at FVTPL. In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

Business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. The Bank made an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Other factors considered in the determination of the business model include;

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Bank's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized. The Bank may decide to sell financial instruments held under the business model category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met.

(i) When the Bank sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Bank considers sale of financial assets that may occur in assets held with the sole objective of collecting cashflows to be infrequent if the sale is one-off during the financial year and/or occurs at most once during the quarter or at most three (3) times within the financial year.

(ii) Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

(iii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

(iv) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the difference.

31 Material accounting policies (continued)

Business model assessment (Continued)

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the portfolio held with the sole objective of collecting cashflows category that will not constitute a change in business model.

- Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
- Selling the financial asset to manage credit concentration risk (infrequent).
- Selling the financial assets as a result of changes in tax laws or due to a regulatory requirement e.g., comply with liquidity requirements (infrequent).
- Other situations also depend upon the facts and circumstances which need to be judged by the management

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Impairment of financial assets

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

(a) significant financial difficulty of the issuer or obligor;

(b) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(c) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(d) the disappearance of an active market for that financial asset because of financial difficulties; or

(e) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(f) National or local economic conditions that correlate with defaults on the assets in the portfolio.

Assets Carried at amortized cost

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial instrument's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit and loss account. If a loan or held-to-maturity asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

31 Material accounting policies (Continued)

Impairment of financial assets(continued)
Assets Carried at amortized cost (continued)

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with credit risk characteristics similar to those in the Bank. 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.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (e.g., changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to customers are classified in loan impairment charges whilst impairment charges relating to investment securities are classified in 'Net gains/ (losses) on investment securities. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the statement of profit or loss and other comprehensive income.

Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the renegotiated terms apply in determining whether the asset is considered to be past due.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive income.

32 Subsequent events

The Directors are not aware of any events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.

Republic of Ghana Eurobond update

The Government of Ghana disclosed the proposed Ghana Eurobond restructure terms with a tenor of 16 to 17 years at coupon rate of 5% per annum being proposed to the bond holders. This is still under review and discussion by the stakeholders.

OTHER STATUTORY DISCLOSURES

Other Statutory Disclosures

Item	2023 Frw'000	2022 Frw'000
1. Credit Risk		
a. Non-performing loans indicators		
a i. Non-Performing Loans (NPL)	263,190	1,331,854
a ii. NPL Ratio	0.53%	2.37%
b. Off-balance sheet items	14,975,532	17,820,648
c. Total Gross Credit Risk Exposures	35,096,624	38,421,486
d. Average Gross Credit Exposures		
d i. Loans and Non-derivative Off-balance Sheet Exposures	50,072,156	56,242,133
d ii. Debt Securities	54,261,524	41,626,868
d iii. OTC derivatives	-	-
e. Restructured Loans		
e i. Number of borrowers	33	39
e ii. Amount outstanding	3,266,058	2,941,591
e iii. Provision thereon (regulatory)	76,134	87,370
e iv. Restructured loans as % of gross loans	9.3%	7.7%

	2023 Frw'000	2022 Frw'000
f. Regional or Geographic Distribution of Exposures		
f i. Kigali City	33,635,115	36,936,637
f ii. Northern Region	187,344	125,368
f iii. Southern Region	517,528	578,078
f iv. Western Region	448,756	492,045
f v. Eastern Region	307,881	289,357
g. Sector Distribution of Exposures		
g i. Government	-	-
g ii. Financial	-	-
g iii. Manufacturing	8,238,806	11,057,609
g iv. Infrastructure and Construction	1,551,444	2,892,647
g v. Services and Commerce	12,941,469	15,864,411
g vi. Others	12,364,906	8,606,819
h. Related Parties		
h i. Loans to Directors, Shareholders and associates	-	-
h ii. Loans to Employees	408,365	241,999
2. Capital Strength		
a. Core Capital (Tier 1)	28,696,276	24,095,935
b. Supplementary Capital (Tier 2)	582,796	640,312
c. Total Capital	29,279,072	24,736,247
d. Total Risk Weighted Assets	78,460,591	74,084,535
e. Tier 1 Ratio	36.57%	32.52%
f. Total Capital/Total Risk Weighted Assets Ratio	37.32%	33.39%
g. Tier 2 Ratio	0.74%	0.86%
h. Leverage Ratio	16.88%	14.84%

Other statutory disclosures (Continued)

3. Liquidity		
a. Liquidity Coverage Ratio	**1330.6%**	**416.8%**
a i. Liquid Assets Available (LCR***)	85,960,290	68,408,595
a ii. Short Term Liabilities (LCR***)	6,460,500	16,411,612
a iii. Total Deposit Liabilities	118,955,171	98,922,931
b. Net Stable Fund Ratio (NSFR)	**142.3%**	**162.2%**
b i. Available Stable Funding	101,565,334	88,178,414
b ii. Required Stable Funding	71,380,139	54,350,741
4. Market Risk		
a. Interest Rate Risk	-	-
b. Equity Position Risk	-	-
c. Foreign Exchange Risk	23,803	12,741

			2023 Frw'000
5. Operational risk			
a. Frauds	Fraud Type	Fraud Number	Fraud Amount
N/A	N/A	-	-

	2023 Frw'000	**2022 Frw'000**
6. Country Risk		
a. Credit Exposures Abroad	-	-
b. Other Assets Held Abroad	22,239,493	14,977,967
c. Liabilities to Abroad	-	-
7. Management and Board composition	**Number**	**Number**
a. Number of Board Members	4	5
b. Number of Non-independent Directors	1	2
c. Number of Independent Directors	3	3
d. Number of Female Directors	2	2
e. Number of Male Directors	2	3
f. Number of Senior Managers	10	9
g. Number of Female Senior Managers	3	2
h. Number of Male Senior Managers	7	7

Guaranty Trust Bank (Rwanda) plc
HEAD OFFICE KN 2 Ave,1370
Ground & First floor, MIC Building
P. O. Box: 331 Kigali, Rwanda
Swift Code: GTBIRWRK
Telephone: +250 788 149 600
Email: info@gtbank.com
Website: gtbank.co.rw