A Golden Legacy

2024

I&M BANK (RWANDA) PLC
INTEGRATED ANNUAL REPORT
AND FINANCIAL STATEMENTS

CONTENTS

ABBREVIATIONS

AGM	Annual General Meeting
AML	Anti-money Laundering
BAC	Board Audit Committee
BRC	Board Risk Committee
BCC	Board Credit Committee
BCP	Business Continuity Plan
BITCO	Board Information Technology Committee
BNR	Banque Nationale du Rwanda
BNRGC	Board Nomination, Remuneration and Governance Committee
BRC	Board Risk Committee
BSIC	Board Strategy and Investment Committee
CAP	Corrective Action Plan
CEO	Chief Executive Officer
CFT	Counter-terrorism Financing
CMA	Capital Markets Authority
CRMC	Credit Risk Management Committee
CSR	Corporate Social Responsibility
E&S	Environmental and Social
ED	Executive Director
ERM	Enterprise Risk Management
ERMF	Enterprise Risk Management Framework
ESDD	Environment & Social Due Diligence
ESG	Environment, Social, Governance
ESMS	Environmental and Social Management System
ESR	Environmental and Social Risk
EXCO	Executive Committee
FRW	Rwandan Franc

GDP	Gross Domestic Product
GRI	Global Reporting Initiative
HI-PO	High Potential
ICT	Information and Communication Technology
IEC	International Electrotechnical Commission
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IPCC	Intergovernmental Panel on Climate Change
ISMS	Information Security Management Systems
ISO	International Standard Organization
ISSB	International Sustainability Standards Board
KPI	Key Performance Indicators
KwH	Kilowatt Hour
L&D	Learning & Development
LED	Light-emitting Diode
MSME	Micro, Small, and Medium Enterprises
NPL	Non-Performing Loans
OSH	Occupational Safety & Health
PBT	Profit Before Tax
PTC	Pamoja Culture Transformation
RSE	Rwanda Stock Exchange
SDGs	Sustainable Development Goals
SFI	Sustainable Finance Initiative
TCFD	Taskforce for Climate-related Financial Disclosures
TNFD	Taskforce for Nature-related Financial Disclosures
UNGC	United Nations Global Compact
USSD	Unstructured Supplementary Service Data

ABOUT THIS REPORT

This Integrated Annual Report was produced to provide a balanced, transparent, and holistic description of I&M Bank (Rwanda) Plc's financial and non-financial activities and performance.

We endeavor to provide the Bank's stakeholders with adequate and reliable information that would help them assess the Bank's ability to create value in the short, medium, and long term.

The report hence features information on I&M Bank (Rwanda) Plc's
1. Business model
2. Strategy
3. Governance
4. Sustainability
5. Financial performance

REPORTING SCOPE AND BOUNDARY

Reporting period

The report is published annually and covers the period spanning 1 January 2024 to 31 December 2024. It presents developments relating to the operations of I&M Bank (Rwanda) Plc and provides an update on recent important events taking place after this date and until approval of the report by the Board of Directors.

Reporting requirements

The contents of the report comply with the obligations and requirements falling under relevant laws and regulations as well as local and international codes and standards of good practices. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and relevant regulatory requirements.

Operating business

The report sheds light on activities undertaken by the Bank in the period under review. The nature and extent of information delivered depend on their materiality and relative significance to the Bank and its stakeholders.

Financial and non-financial reporting

The report extends beyond financial reporting and provides insights on the company's non-financial performance and positioning in relation to its key stakeholders, which have a significant influence on its ability to create value.

Specific areas of reporting

The report contains information on the overall strategic progress achieved by the Bank during the period under review while providing insights on our operating environment, business model and strategy, business performance, support to stakeholders, management of risk, and adherence to corporate governance principles.

Assurance and independent assessment

Our external auditors provide independent assurance on the financial statements of I&M Bank (Rwanda) Plc, alongside confirming that the corporate governance report is consistent with Article 123 and Article 125 of Law No. 007/2021 of 05/02/2021 Governing Companies.

The Board of Directors is ultimately responsible for ensuring the integrity and completeness of this integrated report. It is the Board's opinion that this report presents a fair and balanced view of I&M's performance. The Board approved this Report on 19 February 2025.

Forward looking statements

This report contains certain statements and projections relating to I&M Bank (Rwanda) Plc's operating context, strategy, financials results and future demand for our products and services. While these forecasts and judgments are based on information available at the time of preparing this report and the opinions of the Bank's leadership, unexpected risks, uncertainties, and other factors could cause actual results to differ from those described in our statements. Readers are therefore advised to use caution when interpreting these forward-looking statements.

Feedback

We recognize that stakeholder information requirements continue to evolve. We are committed to improving the quality of our report and welcome any feedback to this end.

Contact for inquiries and feedback on this report: invest@imbank.co.rw

WHO WE ARE

I&M Bank (Rwanda) Plc has a long-standing presence in the Rwandan market as a provider of a wide range of financial services. The Bank was incorporated on 25th May 1963 as the first commercial bank in Rwanda as Banque Commerciale du Rwanda (BCR). In December 2004, BCR was privatized and acquired by Actis – a pan-emerging markets private equity firm – and the Government of Rwanda after recapitalization of the Bank's equity, giving ACTIS an 80% shareholding.

On 17th of July 2012, an 80% equity buyout of Actis by a consortium comprising of I&M Group, and two European developmental financial institutions (DEG and Proparco) led to a rebrand of the Bank to I&M Bank (Rwanda) Limited.

In March 2017, the Bank was listed on the Rwanda Stock Exchange (RSE) by way of an Initial Public Offering (IPO) following the sale of shares previously owned by the Government of Rwanda.

I&M Bank offers the full range of personal, business, institutional and corporate banking products across its network. The Bank is a leader in innovation and is the Bank of choice for Coffee, Tea, Minerals, Power, Telecoms, Construction, Hotels, NGOs, Educational Institutions, UN Agencies, Diplomatic representations, and SACCOs/MFIs.

This is largely attributed to our hallmark focus on sustaining excellent customer relationships. Steady and positive returns to investors have been a direct result of our customer-focused strategy.

OUR VISION
To become a company where the best people want to work, the first choice where customers want to do business, and where shareholders are happy with their investment.

OUR CULTURE
To "nurture a culture of fairness to our partners" with respect to three key relationships:
Employee » Employer | Customer » Bank | Shareholder » Bank

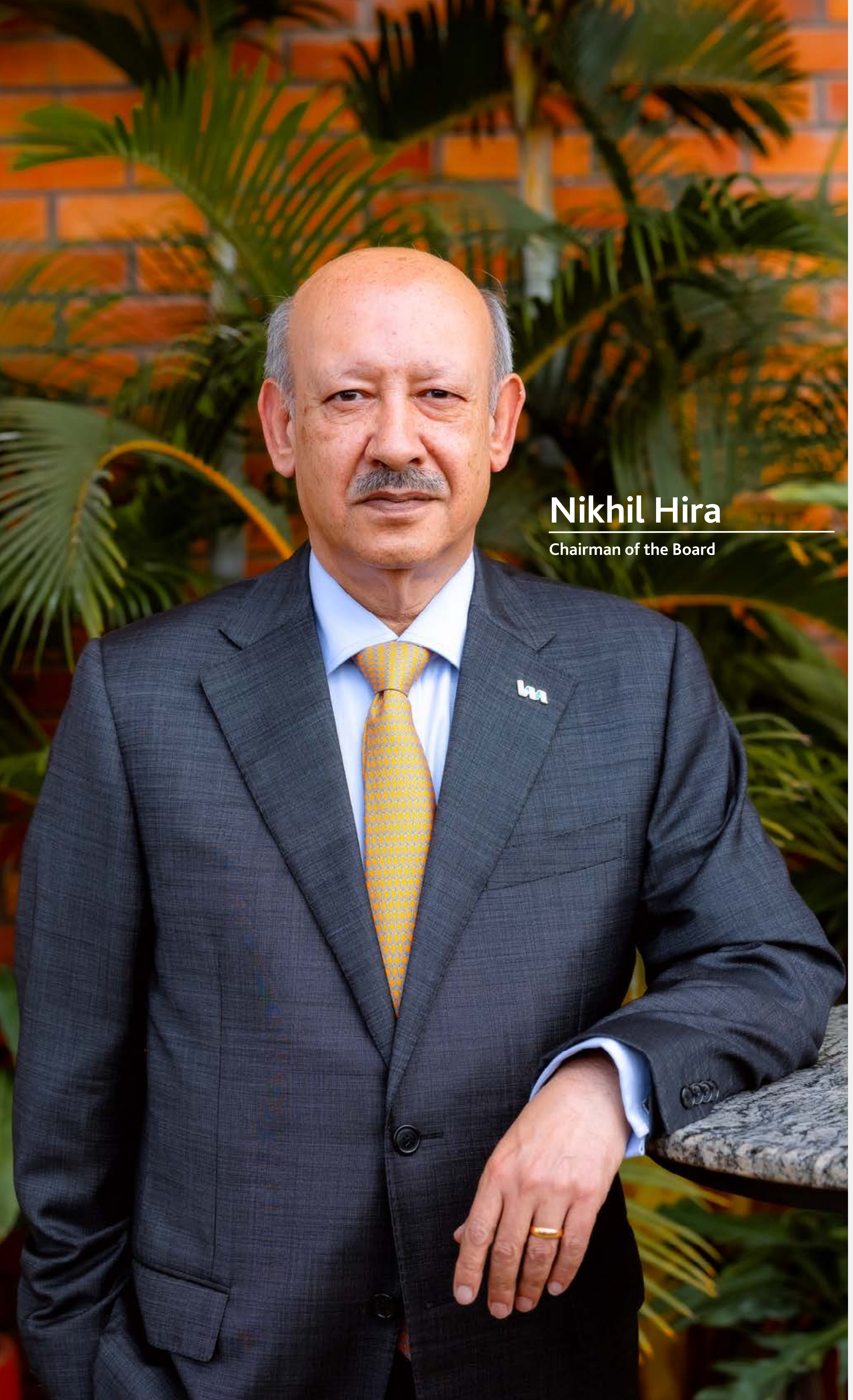
OUR MISSION
To be partners of growth for all our stakeholders.

OUR BEHAVIOURS
Agile, Candid, Collaborative, Data-driven, Empowered, Risk-intelligent.

OUR STRATEGIC ASPIRATION
Rwanda's Leading Financial Partner for Growth.

OUR CORE VALUES
Courage, Innovation, Integrity, Respect and Trust

OUR GOVERNANCE



Nikhil Hira
Chairman of the Board

REFLECTIONS FROM THE BOARD CHAIRPERSON

Dear Stakeholders,
It is an honour to present this report on the Bank's performance for the fiscal year 2024, a year that stands out as one of the most remarkable in our recent history. This success is a testament to our strategic foresight, operational resilience, and unwavering commitment to Rwanda's socio-economic advancement. To our shareholders, customers, employees, partners, and the communities we serve: your continued trust and support remain the foundation of our achievements.

2024 in Review: A Year of Remarkable Milestones
In 2024, we celebrated a major milestone — welcoming our 100,000th customer — a powerful affirmation of the loyalty and trust placed in us by our clients. We also saw a significant rise in our stock price, which appreciated by 28% year-on-year to Frw 55 per share, marking the highest level recorded since our initial public offering. This growth reflects the confidence of our stakeholders and the strength of our strategic direction.

The year unfolded against a dynamic backdrop. Rwanda's economy demonstrated impressive resilience, posting an average growth rate of 8.9% in 2024, driven by strong performances in services and industry.

Domestically, the banking sector evolved significantly with the introduction of new regulations, most notably, the revised banking law and the Payment Service Providers regulation. While these developments introduced compliance demands, they also created opportunities to differentiate ourselves through enhanced governance, digital innovation, and ESG integration.

For I&M Bank Rwanda, this complex environment created both challenges and opportunities. Economic expansion and moderating inflation supported the growth of our loan portfolio, particularly within the retail and corporate segments. The depreciation of the Rwandan Franc highlighted the need for robust risk management, while accommodative monetary policy helped sustain lending margins.

Amid these conditions, we embraced our role as a market innovator, deepening digital capabilities, expanding our share in digital transactions, and reinforcing our position among the top four banks by asset size. While we absorbed the elevated costs associated with modernising our digital infrastructure, these investments were critical to future-proofing our services. At the same time, we strengthened our liquidity management and customer-centric approach, enabling us to navigate currency volatility while continuing to deliver value.

Delivering Strong Performance Amid Complexity
While advancing our mission to create sustainable value for our shareholders and support Rwanda's economic development we delivered exceptional growth, achieving a profit for the year of Frw18.6 billion, a 74% increase from 2023.

A standout achievement has been our progress in digital innovation. Net fee and commission income surged by 86% to Frw 4.4 billion, driven by the scale-up of digital payment solutions and strong customer adoption. This aligns with the national digital agenda and reinforces our commitment to elevating customer experience.

At the same time, we maintained prudent financial discipline. Impairment charges increased to Frw 6.5 billion, reflecting cautious provisioning in the face of expanded lending, a necessary step to ensure portfolio resilience. Non-interest expenses rose by 14%, primarily due to strategic investments in talent, technology, and infrastructure. These investments are crucial to sustaining our growth and impact over the long term. Our Board remains fully committed to strong governance and risk management in this dynamic environment.

> *...achieving a* ***profit*** *for the year of* ***Frw 18.6 billion,*** *a* ***74%*** *increase from* ***2023****.*

Strategic Progress and Sustainable Impact
We embarked on a transformative strategy in 2024 anchored on three pillars: strengthening our leadership in Corporate and Institutional Banking, expanding our relevance in emerging customer segments, and positioning ourselves as a leader in ecosystems. These efforts have not only delivered great financial results but also reinforced our commitment to driving Rwanda's economic progress and sustainable development.

In Corporate and Institutional Banking, our alignment with national priorities enabled us to unlock value. Revenues in this segment grew by 23%, supported by financing infrastructure projects linked to the national budget. Our commitment to sustainability was further reflected in the scaling of green finance initiatives, including concessional funding for renewable energy and eco-friendly investments.

Within Retail and Business Banking, we expanded into emerging segments with tailored solutions. Notably, partnerships with institutions such as SIDA and NASIRA enabled greater inclusion through innovative asset financing for SMEs.

Our ecosystem approach helped us attract low-cost deposits and reinforce customer loyalty. These strategic partnerships position us as a vital player in Rwanda's financial ecosystem.

Creating Value for Shareholders
Our unwavering focus on value creation was evident in 2024, with Return on Equity of 21.56% and Return on Assets of 2.62%, up from 14.39% and 1.56% respectively in 2023. We successfully paid out the 2023 dividend as planned and, in recognition of our strong performance, propose a dividend of Frw 2.46 per share for 2024, subject to shareholder approval at the Annual General Meeting.

Embedding Sustainability and ESG
Sustainability has become a core element of our identity. In 2024, we allocated Frw 8.5 billion to green finance initiatives supporting renewable energy, climate-smart agriculture, recycling, and environmentally responsible SMEs.

Our internal sustainability practices achieved a 63% reduction in carbon emissions through initiatives such as paperless banking, solar-powered branches, and waste reduction. Governance also remained central to our agenda, with female representation on the Board increasing to 33% and enhanced staff training in ESG and digital literacy.

We also strengthened our Environmental and Social Risk Management (ESRM) framework, supported by our partnership with FMO, and developed a comprehensive E&S Action Plan to ensure sustainability remains embedded across our lending portfolio.

Looking Ahead to 2025 and Beyond

As we look to 2025, our iMara 3.0 strategy will continue to guide our efforts in scaling climate finance and deepening financial inclusion, with a strong focus on expanding agency banking and delivering tailored solutions for women and youth. Rwanda's resilient economy, projected to grow by 7.1%, provides a solid platform for sustainable growth.

We will deepen our role in infrastructure financing aligned with national priorities, supported by strategic partnerships and concessional green funding. Our commitment to empowering MSMEs will be reinforced through digital ecosystems spanning 20 key value chains, designed to increase access, efficiency, and impact.

With strong momentum from 2024, we are poised to build on our progress, leveraging technology and partnerships to drive inclusive growth and reinforce our position as a trusted enabler of Rwanda's development journey.

Acknowledgements

I extend my sincere appreciation to the management and staff of the Bank for their unwavering commitment and outstanding execution throughout the year.

We commend the Rwandan government and regulatory authorities for fostering an enabling environment that balances innovation with financial stability.

We appreciate that none of this would be possible without the support and confidence of our clients and shareholders. Their unfaltering trust and confidence have been pivotal to our success and I wish to assure them of our commitment to the future growth of I&M Bank Rwanda.

We are also grateful to our development and business partners for their valued collaboration in advancing inclusive growth. I further thank my fellow Board members for their steadfast oversight and insightful guidance.

In closing, 2024 has been a year of meaningful progress, marked by strong financial performance and a deeper sense of purpose.

Rwanda's path to prosperity is unstoppable, and I&M Bank Rwanda is proud to be a trusted financial partner on this journey. As we look to the future, we continue to be guided by our values, inspired by innovation, and committed to empowering every Rwandan.

Thank you,

Nikhil Hira

Nikhil Hira
Board Chairman

OUR GOVERNANCE FRAMEWORK

This report describes how the Bank remains not only compliant with Corporate Governance regulations issued by the National Bank of Rwanda, the Capital Market Authority and Rwanda Stock Exchange but also remains committed to adopting best practices and creating a culture of good practices which is in line with our Group-wide commitment to ensure that the highest standards of Corporate Governance are implemented and upheld in all its entities. This, in turn, ensures that the Group maintains and promotes high standards of integrity, transparency and accountability across all levels, and in particular that at each level, each entity is well and honestly run, generating long-term shareholders value.

At our Bank, we have embraced the changes and believe that Governance is more than just complying with laws and regulations; it is also creating a culture of good practices. The Bank has already a well-defined and structured Corporate Governance framework to support the Board in achieving our mission of being: Partners of growth for all our stakeholders which will be achieved through:

- Meeting our Customers' expectations
- Motivating and developing every Employee
- Enhancing Shareholder value

Our Shareholders, Board of Directors and Senior Management believe that Corporate Governance is a necessary condition for sustainable performance and will therefore undertake every effort to create awareness and ensure compliance with corporate governance policies and practices within our organisation.

In its quest to ensure that the highest standards of Corporate Governance are complied with and upheld at all times, I&M Bank (Rwanda) Plc, through its Board of Directors, which is responsible for setting the standard of Corporate Governance and for updating these standards as appropriate is consistently reviewing corporate governance standards within the Bank.

OUR SHAREHOLDERS PROFILE

I&M Bank (Rwanda) Plc shareholding composition as of 31st December 2024 is as below:

No.	INVESTOR NAMES	Total No. of Shares	Total Shareholding (%)
1	BCR-INVESTMENT COMPANY LTD	825,252,800	54.47%
2	EVERGREEN INVESTMENTS AFRICINVEST	375,114,000	24.76%
3	RWANDA SOCIAL SECURITY BOARD	74,982,700	4.95%
4	FINANCIAL AND STRATEGIC INVESTMENT GROUP	63,505,500	4.19%
5	NILE HOLDING COMPANY FOR DEVELOPMENT AND INVESTMENT	30,931,000	2.04%
6	JEAN BOSCO MUHIRWA	27,605,500	1.82%
7	AGDF CORPORATE TRUST LTD	27,888,000	1.84%
8	IMR ESOP	4,245,200	0.28%
9	OTHER SHAREHOLDERS	85,475,300	5.65%
	TOTAL	**1,515,000,000**	**100%**

OUR LEGAL STATUS

I&M Bank (Rwanda) Plc was established in 1963 as the first commercial Bank in Rwanda, "formerly known as Banque Commerciale du Rwanda (BCR)"; this year the Bank will be celebrating its 60th Anniversary.

In March 2017, the Government of Rwanda, as part of its initiative of promoting investment, initiated an Offer for the Sale of close to 20% stake in the Bank. Following the successful listing of I&M Bank (Rwanda) Plc's shares on the Main Investment Market Segment of the Rwanda Stock Exchange, the Bank changed its name to "I&M Bank (Rwanda) PLC.

The Bank, which is listed on the Rwanda Stock Exchange (RSE), is a subsidiary of I&M Group Plc ("the Group") a leading corporate group in East Africa, with a major presence in Banking, Insurance and Real Estate. The Group offers a full range of personal, business and alternate banking channels through its presence in Kenya, Tanzania, Rwanda, Mauritius and Uganda.

Our Governance

SHARE INFORMATION

I&M group has a long history in Banking and has established a wide network of correspondent banks across the globe and enjoys a strong relationship with the leading international Development Financial Institutions.

The issued and paid-up capital of I&M Bank (Rwanda) Plc consists of 1,515,000,000 ordinary shares. Currently, only ordinary shares are issued, each share in the capital of I&M Bank (Rwanda) gives entitlement to cast one vote.

I&M Bank (Rwanda) has an authorised share capital of Frw 25,000,000,000 which is the maximum amount of capital allowed to be issued under the terms of the Articles of Association.

CREDIT RATINGS

Global Credit Ratings affirmed long-term and short-term national scale ratings of A$_{(RW)}$ and A1$_{(RW)}$ respectively to I&M Bank (Rwanda) Plc with a negative outlook.

This reemphasizes the Bank's solid position on the market, including good revenue diversity and stability, an adequate level of capitalisation, with a sound funding structure with good liquidity.

OUR BOARD

Every company should be headed by an effective Board that is collectively responsible for the long-term success of the company.

The Board's primary responsibility is to promote the long-term success of the company and deliver sustainable shareholder value. The Board has ultimate responsibility for the management, direction, governance and performance of the company, and leads and oversees the company's business. The Board plays a critical role in ensuring that the tone for the company's culture and values are set from the top. The Board is also responsible for ensuring appropriate resources are in place to achieve its strategy and deliver sustainable performance. Through authorities delegated to its Committees, the Board directs and reviews Bank's operations within an agreed framework of controls, allowing risk to be assessed and managed within agreed parameters. The Board is collectively accountable to the company's shareholders for the proper conduct and success of the business.

The Board of Directors refers to the governing body elected by the Shareholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.

Our Board of Directors comprises directors who:
Are named as such in the Articles of Incorporation under article 74;
Are duly elected in subsequent meetings of the Shareholders and;
Are elected to fill vacancies in the Board of Directors.

Our Memorandum and Articles of Association provide under article 74 that the number of directors shall not be less than five directors and not more than ten directors in number. Within this, the Board determines the appropriate number of its members to ensure that the number is commensurate with the size and complexity of the Bank's operations.

The Board has the power to appoint a director to fill a vacancy. Appointed directors must stand for election by the shareholders at the next Annual General Assembly following their appointments.

As of 31st December 2024, the Board was constituted of nine Directors: One Executive Director, Two Nominee Non-Executive Directors and Six Independent Non-Executive Directors including the Board Chairman.

In 2024, Mr. Bonanveture Niyibizi retired as Board Chairman and was succeeded by Mr. Nikhil Hira. We also bid farewell to Mr. Simon Morris upon his retirement. To strengthen our Board, we welcomed two new directors: Mr. Eric Rutabana joined in the third quarter, followed by Ms. Anita Umulisa in the fourth quarter.

The Board Nomination, Remuneration and Governance Committee (BNRGC) reviews regularly the Board composition. In reviewing the Board composition, this Committee considers the benefits of collective relevant working knowledge, experience, or expertise; it ensures that its composition reflects an appropriate mix regarding skill representation, Board experience, tenure, gender, age, and geographic experience. Other considerations are personal qualities, communication capabilities, ability, and commitment to devote appropriate time to properly discharge the task, professional reputation, community standing and alignment of the quality of directors with the Bank's strategic directions.

The Directors collectively have vast experience stemming out of their varied backgrounds in different disciplines, which include Banking, Management, Accounting, Investment, and hands-on experience in various industries.

The Board determines the process of appointing a director, after a recommendation by the Nominations Committee. The Board takes into consideration recommendations from shareholders, existing directors, and any broad pool of qualified candidates for sourcing of possible candidates as directors; Directors must at all-time be and remain fit and proper to carry out their roles and in accordance with suitability criteria as per the Bank's code of Ethics for Directors and other regulations issued by regulators from time to time.

The initial appointment period is up to three years subject to annual re-election by shareholders, which may be extended by a further two additional periods of up to three years, subject to the director still meeting the criteria for directorship. As a rule, the Board's Non-Executive Directors may serve for a maximum cumulative term of nine (9) years, making sure, however, that the shareholders' legal right to vote and be voted remains inviolable.

The Board Charter, which serves as a guide to the Board of Directors on how to discharge their functions, mainly states the roles, responsibilities, and accountabilities of which the Board of Directors should consistently and properly perform; it touches on the Board structure and composition as well.

BOARD OF DIRECTORS

Our Board is made up of 8 Directors who possess a range of diverse experiences and industry backgrounds, including Accounting, Banking, Investment Banking, and Technology. They also possess a wealth of accumulated individual experience and knowledge. Of the 8 Directors, 5 are Independent Non-Executive Directors, 2 Nominee Non-Executive Directors, and 1 is an Executive Director. Below, you will find detailed profiles of each member of the Board.

Nikhil Hira

Independent Director & Board Chairman

Age: 65 yrs

Tenure on Board: Appointed on February 11, 2019

Appointed as Boad Chair on 15th July 2024.

Qualification

- Mr. Nikhil holds a BSc Joint Honours in Accountancy and Process Engineering from University of Salford, England
- He is a Fellow of the Institute of Chartered Accountants of England and Wales and a Fellow of the Institute of Certified Public Accountants of Kenya.

Profile

Nikhil is the Regional Representative of the Eastern Africa Association, a partner at Kody Africa LLP and former partner of Deloitte East Africa. Previously he headed the tax practice for Deloitte in the East Africa region. Nikhil is also a Non-Executive Director on the board of I&M Bank Kenya, Chairman of the board of GA Insurance Ltd in Kenya and a board member of two private companies - Securex Agencies (K) Ltd and Shalimar Fresh Ltd in Kenya.

BOARD OF DIRECTORS

Alan James Dodd

Independent Non - Executive Director

Age: 69 yrs

Tenure on Board: Appointed on September 8, 2021

Committee membership/(s):

- BCC Chair, BAC & BRC

Qualification

- Mr. Dodd obtained an Honours degree in Economics from Portsmouth University in the United Kingdom and presently is a member of The London Institute of Banking and Finance.

Profile

Mr. Dodd has a wealth of experience having served the banking industry in various executive capacities both in Kenya, as well as Asia and the Middle East. The first 28 years of his career were spent with Standard Chartered Group, latterly in East Africa where he rose to the position of Executive Director responsible for Corporate and Service Quality. In 2006 he joined NIC Bank Kenya Ltd currently known as NCBA, as the Executive Director responsible for Corporate, Asset Finance, including Leasing, and Bancassurance until the end of 2020.

Crystal Rugege

Independent Non - Executive Director

Age: 46 yrs

Tenure on Board: Appointed on November 20, 2017

Committee membership/(s):

- BITCO Chair, BRC, BSIC & BNRGC

Qualification

- Ms. Crystal has a bachelor's degree in computer science from Grambling State University and a master's degree in information systems and management from Carnegie Mellon University

Profile

Ms. Crystal Rugege is currently working with the Centre for the Fourth Industrial Revolution Rwanda as the Chief Executive Officer. Prior to this role, she was the Director of Strategy at Carnegie Mellon University Africa. She started her career as a software engineer at IBM's Silicon Valley Lab.

BOARD OF DIRECTORS

Julius Tichelaar

Nominee Non - Executive Director

Age: 41 yrs

Tenure on Board: Appointed on May 8, 2020

Committee membership/(s):
- BRC, BSIC, BITCO & BNRGC

Qualification
- Mr Julius holds a Master of Science (MSc) in Business Administration with a specialization in Finance from the Erasmus University in Rotterdam.

Profile

Julius Tichelaar is a senior partner at AfricInvest, a leading pan-African investment platform active in multiple alternative asset classes including private equity and venture capital. Julius co-leads the AfricInvest Financial Inclusion Vehicle, a private equity fund that invests in fintech and traditional financial services business. He has led investments in a range of companies across the African continent since 2008. Julius is actively involved in the monitoring of investments, from participating in strategic sessions, and sitting on the board of directors and committees, in sectors ranging from commercial banks across East and Southern Africa, to specialized (M) SME lenders, and the payments and mobility fintech sectors. Julius holds a Master of Science (MSc) in Business Administration from the Erasmus University of Rotterdam, the Netherlands.

Kihara Maina

Nominee Non - Executive Director

Age: 56 yrs

Tenure on Board: Appointed on May 22, 2023

Committee membership/(s):
- BSIC Chair, BRC, BITCO & BNRGC

Qualification
- Mr. Kihara holds a Bachelor's degree in Mathematics from Moi University and an Executive MBA from the University of Chicago – Booth School of Business.

Profile

Mr Kihara Maina is the Regional Chief Executive Officer of I&M Group. He joined I&M Bank Kenya as the Chief Executive Officer and Board member in May 2016. Mr Maina, began his banking career in June 1993 at Stanbic Bank Kenya then moved to Barclays Bank Kenya in 1997 where he served extensively over the years ultimately taking up senior leadership positions. Prior to joining I&M Bank, Kihara was the Managing Director of Barclays Bank Tanzania (now Absa Bank Tanzania)

BOARD OF DIRECTORS

Anita Umulisa

Independent Non - Executive Director

Age: 47 yrs

Tenure on Board: Appointed on August 5, 2024

Committee membership/(s):
- BAC Chair, BCC & BSIC

Qualification
- Ms. Anita is a Fellow of the Institute of Chartered Accountants of England and Wales and she holds a Bachelor of Business Administration from the University of Eastern Africa.

Profile

Ms. Anita Umulisa is a distinguished financial leader with over 15 years of experience in commercial banking, private equity, and funds management. She has held prominent positions as Chief Finance Officer at both I&M Bank Rwanda and Admaius Capital Partners, an independent private equity firm managing the Virunga Africa Fund I.

Benjamin Mutimura

Executive Director & CEO

Age: 47 yrs

Tenure on Board: Appointed on July 01, 2023

Committee membership/(s):
- BRC, BCC, BSIC & BITCO

Qualification
- Mr. Mutimura holds a master's degree in development economics from Louvain La Neuve & Namur University and a bachelor's degree in economics from the former National University of Rwanda.

Profile

Mr. Benjamin Mutimura is a seasoned banker with over 16 years of experience in the financial sector. He began his career at I&M Bank (Rwanda) Plc in 2007, serving in key leadership roles. In 2020, he joined Bank of Kigali as Chief Commercial Officer, where he led the development and execution of the bank's commercial strategy, including product distribution, marketing, and relationship management.

Alice Nkulikiyinka

Independent Non - Executive Director

Age: 59 yrs

Tenure on Board: Appointed on April 17, 2019

Committee membership/(s):

- BNRGC Chair, BAC & BITCO

Qualification

- Ms. Alice holds a Master of Science in Economics and Computer Science, University of Applied Sciences Worms, Germany and Master of Science and Information Management, University of Constance, Germany

Profile

Ms. Alice is the Chief Executive Officer of Business Professionals Network Rwanda (BPN Rwanda), a Swiss international non-profit organization that fosters entrepreneurship worldwide. Prior to returning to her home country, she worked close to fifteen years in the banking sector in the renown Swiss firms Telekurs (Six Group) and Avaloq where she held different managerial positions in Europe, America and Asia.

Iddy Rugamba

Company Secretary & Chief Corporate Affairs

Profile

Mr. Iddy, brings an impressive 12-year track record in the Rwandan Banking Sector. His expertise spans Corporate Law, Corporate Governance, Regulatory Environment, Banking Operations, and Structured Transactions. Prior to his tenure at I&M Bank, Iddy made significant contributions as a Legal Manager at KCB Bank. His academic journey includes a Bachelor's degree in Law, a Master's degree in Business Law, and a Post Graduate Diploma in Legal Practice.

Former Directors who served on the Board within the year :

- In April 2025, Mr. Eric Rutabana resigned from the Board to focus on other ventures.
- In July 2024, Mr. Bonaventure Niyibizi resigned from the Board on July 2024 after successfully completing his tenure on the Board.
- In July 2024, Mr. Paul Simon Morris retired from the Board on July 2024 after successfully completing his tenure on the Board.

BOARD OPERATIONS AND CONTROL

Board meetings

The Board holds regular and special meetings in accordance with the Articles of Association. It has in place an annual calendar that sets out board activities annually.

The Board usually has a minimum of four (4) scheduled Board meetings per year requiring the attendance of two to three days. All directors are expected to attend each meeting unless there are exceptional circumstances that prevent them from doing so.

The Board Charter defines, under the attendance section, the attendance requirements. The attendance and participation of members in committee meetings are considered in the assessment of continuing fitness and suitability of each director as a member of Board-level committees and the Board of directors.

Papers relevant to the agenda of each Board and Board committee are sent to the Board and committee members as appropriate ten (10) days in advance of the meeting as per the Memorandum and Articles' requirements.

Like 2023, in 2024, meetings took place in virtual, hybrid, and physical formats. The Shareholders' Annual General Meeting was virtually held for the fourth time on 22nd May 2024. During the year ended 31st December 2024, the Board held four (4) Board meetings several directors attended ad-hoc meetings, Budget discussions meetings were also held in course of the year.

Details of directors' attendance at board and Committees are detailed as follows:

	BOARD	AUDIT	RISK	CREDIT	STRATEGY AND INVESTMENT	IT	NOMINATION, REMUNERATION AND GOVERNANCE
No. of Meetings	4	4	4	4	4	4	4
Nikhil Hira	4	4	1	4	4	1	1
Alice Nkulikiyinka	4	4	N/A	N/A	2	2	4
Alan James Dodd	4	4	4	4	1	N/A	N/A
Crystal Rugege	4	N/A	3	N/A	4	4	4
Julius Tichelaar	4	N/A	4	N/A	4	4	4
Kihara Maina	4	1	4	N/A	4	3	4
Eric Rutabana	2	2	2	2	2	1	1
Anita Umulisa	1	1	1	1	1	1	1
Benjamin Mutimura	4	N/A	4	4	4	4	N/A
Simon Morris	3	3	3	3	N/A	N/A	N/A
Bonaventure Niyibizi	2	2	N/A	2	1	N/A	1

The attendance rate illustrates that the members of the Board are engaged with the Bank and can devote sufficient time and attention to oversee the Bank's affairs.

Role Of Our Board Committees

The Board has in place Board committees to increase efficiency and facilitate deeper focus in specific areas. In accordance with article 22 of the BNR Regulation on Corporate Governance, the Bank standing committees of the Board are Audit (BAC), Risk (BRC), Credit (BCC), IT Committee (BITCO), Strategy and investment Committee (BSIC), and Nomination& Remuneration (BNRGC) which currently includes the corporate governance as per I&M Group's best practices. The Committees meet as prescribed in their respective terms of reference and each committee reports directly to the Main Board.

The Board may from time to time, establish or maintain additional committees as deemed appropriate. The number and nature of Board-level committees would depend on the size of the Bank and the Board, the complexity of operations, as well as the Board's long-term strategies and risk tolerance. The Board Nomination, Remuneration and Governance Committee, considering the desires and qualifications of individual members recommends the allocation of members to the committee which is to be ratified by the Board; In making such appointments, the Board considers the rotation of committee membership and chairs at appropriate intervals to avoid undue concentration of power and promote fresh perspective.

Role Of Our Board Committees(Continued)

The Board approves reviews and updates at least annually or whenever there are significant changes therein, the respective terms of reference of each committee that set out its mandate, scope and working procedures.

The Board ensures that each committee maintains appropriate records (e.g., minutes of meetings or summary of matters reviewed, and decisions taken) of their deliberations and decisions. Such records document the committee's fulfilment of its responsibilities and facilitate the assessment of the effective performance of its functions. The Board receives a verbal update on the key area of discussion at the Board meeting from the committee chair.

Each standing committee is composed of at least 3 members, a majority of independent directors, and an independent chair.

AUDIT
Membership Anita Umulisa (Chairperson -Independent NED), Alan Dodd(Independent NED), Alice Nkulikiyinka (Independent NED), Eric Rutabana (Independent NED)
Role and Responsibility Assist the Board in fulfilling its responsibilities by reviewing the integrity of financial reporting and related announcements; the effectiveness of the internal control system of the Bank, its performance and the effectiveness of the internal and external audit processes; the findings of the internal and external audit and to recommend appropriate remedial action at least quarterly. For the year ended 31st December 2024, the BAC met four times. The Committee discussed the quarterly results, the interim accounts, and the annual accounts. Key audit matters, as included in the auditors' reports and management letter were also a topic of discussion. In addition, the overall internal control environment was reviewed, the internal and external auditor reports were discussed. The BAC also approved the internal audit plan, budget, and structure. The BAC chairman held regular meetings with external auditors.

RISK
Membership Eric Rutabana (Chairperson - Independent NED), Alan James Dodd- (Independent NED), Crystal Rugege (Independent NED), Kihara Maina (NED), Julius Tichelaar (NED), Benjamin Mutimura (MD)
Role and Responsibility The BRC considers and recommends to the Board the approval of the Bank's overall Risk Appetite, tolerance and strategy, review the Bank's risk profile on an ongoing basis. The Committee is responsible for ensuring adherence to the Bank's risk management policy and procedures as set out by the board Through the Risk Management Function, the Committee draws up a comprehensive Risk Management Framework/ Program for the Bank in line with the Guidelines issued from time to time by the National Bank of Rwanda (BNR). For the year ended 31st December 2024, the Committee met four times. In each meeting, the status of the Bank's metrics with regards to risk rating on operational, technology, liquidity, credit, compliance, Forex exchange, interest rate, HR, Strategy and reputational were reviewed. The direction of each risk, as well as the mitigation plan, were discussed. Risk Heatmap, Disaster Recovery Drill and BCP test reports were always reviewed and discussed by the committee. Furthermore, the compliance status of the Bank was reviewed and discussed at each meeting with a review of the regulatory compliance assessment report, which was tabled, recommendations of prudential meetings with the regulator were reviewed systematically, new regulations and laws were advised, and compliance status noted. Transactions and PEP Loans were constantly reviewed.

Role Of Our Board Committees(Continued)

CREDIT
Membership Alan James Dodd (Chairperson - Independent NED), Eric Rutabana (Independent NED), Anita Umulisa (Independent NED), Benjamin Mutimura (MD)
Role and Responsibility The BCC plays a critical role in supporting the Board's oversight of the Bank's credit risk management. It ensures that the quality of the Bank's credit-related asset book remains within acceptable parameters, aligned with the Bank's risk appetite, regulatory requirements, and sound prudential risk management practices. The Committee is also responsible for ensuring the Bank maintains a credit policy that strikes an appropriate balance between risk and reward, while remaining effective, efficient, and aligned with industry best practices. This includes ensuring compliance with the National Bank of Rwanda's (BNR) risk management guidelines as well as the Bank's internal risk management framework. In fulfilling its mandate, the BCC met eight times to review and approve credit policies and related frameworks, consider credit proposals, oversee delegated lending authority, and regularly monitor the Bank's overall credit portfolio. Throughout the year, the Committee addressed key areas including credit applications, portfolio quality, non-performing loans (NPLs) by sector, provisioning levels, grading changes, large exposures, and recovery updates.

STRATEGY AND INVESTMENT
Membership Kihara Maina (Chairperson – NED), Crystal Rugege (Independent NED), Julius Tichelaar (NED), Anita Umulisa (Independent NED), Benjamin Mutimura MD)
Role and Responsibility The BSIC assists and provides guidance to the Board in fulfilling its responsibilities by considering matters pertaining to the Bank's overall long-term strategic direction as well as corporate objectives. The BSIC assists the Board in review of the optimum level of the Bank's capital structure to support the Bank's strategic and financial goals and review the Bank's major strategic and investment decisions. The committee convened four times throughout the year to engage in comprehensive discussions. These sessions covered the operating environment, macroeconomic assessment, current strategy execution, and strategic priorities for the upcoming year.

IT
Membership Crystal Rugege (Chairperson - Independent NED), Alice Nkulikiyinka (Independent NED), Kihara Maina (NED), Julius Tichelaar (NED),Benjamin Mutimura (MD)
Role and Responsibility The BITCO assists the Board in fulfilling its primary responsibilities by reviewing recommendations concerning IT needs, projects, plans and policies. Review the design and implementation of ICT strategies, ICT Investment Oversight (Value delivery), ICT Risks, Security and Cyber Security; it ensures that the Bank's Disaster Recovery Program is drawn up and/or formulated, aligned to the Business Continuity Plans and regularly tested. The Committee met four times and discussed various items including cyber security actions, in-depth discussion on the infrastructure upgrade's hardware, IT strategy, and Disaster Recovery plan.

Role of our board committees(continued)

BNRGC
Membership Alice Nkulikiyinka (Chairperson - Independent NED), Crystal Rugege (Independent NED), Kihara Maina (NED), Julius Tichelaar (NED)
Role and Responsibility The BNRGC assists the Board in ensuring that a formal, rigorous, and transparent process is in place for the appointment of directors to the Board. The purpose of this Committee is to review the Board Performance Evaluation report, succession plan and nominate qualified board candidates for recommendation to the AGM, in a fair and objective manner, subject to statutory and shareholder approvals. The Committee also advises the Main Board on the Board Performance Evaluation Report for the year 2023 and recommended the appointment and/or renewals of new directors. Whereas BNRGC assists the Board to retain authority over major decisions concerning the overall administration of the Bank, procurement of goods and services (excluding ICT related) and Human Resources function, including remuneration and disciplinary matters. The Committee reviews and considers matters related to the appointment of contractors, suppliers for goods and services, consultants, etc… approves authorised signatories of the Bank and recommends to the Board granting of powers of attorney to Bank officials. The committee met four times; A wide range of other topics was discussed, such as resourcing matters, training and development, employee relations and welfare. The culture transformation Program and Compensation & Benefits Group alignment were areas of focus. The committee also ratified some proposals from the tender committee.

Our remuneration policy

The Board, through the Nomination, Remuneration and Governance Committee implements and approves the remuneration policy for Board members which is aligned with the long-term interests of the Bank including the overall business and risk strategy. Directors who are also officers of the Bank are not compensated in their capacity as Directors. The level of remuneration reflects the time commitment and responsibilities of the role.

Fixed Annual Fees - Each director is eligible to receive a fixed annual fee as approved by the Board and ratified at the Annual General Assembly for service on the Board. These net annual fees are paid in quarterly instalments. The Chairperson receives a higher compensation commensurate with higher responsibilities as Board Chairperson.

Any director, who serves as a member of the Board for less than a full quarterly period receives a prorated payment for a retainership fee for such as a quarterly period.

The fees paid to the Non-Executive Directors shall be reviewed periodically by the Nomination, Remuneration and Governance Committee at least every two years and, may be adjusted in line with changes in compensation benchmarks or industry standards.

As per article 79 al 2 of the Articles of Association, the Bank has in place a Directors' & Officers' Liabilities Insurance in favor of all nominated directors for an amount of not less than US$ five hundred thousand million (US$ 500,000) which provides a cover for the Directors and Officers against litigation by Third Parties. As per Article 174 (indemnity and insurance for Directors), directors are to be indemnified to the extent permitted by law or Articles of Association. Directors' appointment letters confirm the extent of the indemnity provided to them.

Directors receive a sitting allowance for attending each meeting of the Committee/Board as approved by the Board from time to time. The table below shows directors remuneration for the year ended 31 December 2024

Our Governance

Our remuneration policy (continued)

Names	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Total
	$	$	$	$	$
Bonaventure Niyibizi	8,685	11,950	2,473	-	23,108
Crystal Rugege	9,140	9,140	10,140	7,140	35,560
Alan James Dodd	13,625	13,120	10,855	11,130	48,730
Kihara Maina	9140	9140	8,405	8,140	34,825
Julius Tichelaar	8,875	8,875	7,875	7,875	33,500
Simon Morris	13,200	13,465	12,200	-	38,865
Alice Nkulikiyinka	8,405	7,405	7,405	9,405	32,620
Nikhil Hira	11,165	12,430	12,685	10,685	46,965
Eric Rutabana	-	-	10,405	10,935	21,340
Anita Umulisa	-	-	-	11,635	11,635
TOTAL FEES	**82,235**	**85,525**	**82,443**	**76,945**	**327,148**

Induction and continuing education

On appointment to the Board and to Board Committees, all directors receive a comprehensive induction pack tailored to their individual requirements in order to be an effective member of the Board and help lead the Bank in the right direction. The induction, which is designed and arranged by the Company Secretary in consultation with the Chairperson includes meetings with directors and senior management to assist directors in building a detailed understanding of how the Bank works and the key issues it faces. Where appropriate, additional business briefing sessions and updates on particular issues identified in consultation with the Chairperson and non-executive directors are arranged by the Company Secretary. The business awareness and development needs of each non-executive director will be reviewed annually as part of the performance evaluation process.

The Board as a group and as individual directors should have sufficient knowledge relevant to the Bank's activities to provide effective governance and oversight. They are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Bank.

In collaboration with I&M Group, the BNRGC designed a board training program, based on training needs identified by each board member at the time of annual evaluation subject to the approval of the Nominations Committee and confirmation by the Board. This training program includes courses on corporate governance matters relevant to the Bank, including audit, internal controls, risk management, sustainability and strategy. Senior Management also provides training support to the Board through regular briefings on new regulatory issuances and updates on the status of compliance programs and other business initiatives.

Our board effectiveness review – board evaluation appraisal

Our Board recognises that reviewing its performance is a key driver of good governance. The Board ensures that all the Directors appreciate the importance of the review process which includes enabling the Board to reinforce a culture of accountability, help Directors reflect on the contribution they make to the Board in a given year and their impact on governance practice in general. Individual reviews encourage Directors to have an open discussion about areas where they require support to enhance their competencies, especially in specialised areas.

In 2024, a performance evaluation policy was implemented to provide all Board members with the opportunity to openly discuss and assess the Board's effectiveness from various perspectives.

Following this policy, questionnaires were distributed to each Board member. Directors completed and returned the forms to the Company Secretary by February. The results were then tabulated, analyzed, and presented in a summary report with composite scoring at the February board meetings.

This evaluation process facilitated discussions about areas where the Board is functioning well and identified aspects requiring improvement. The evaluation form itself is comprised of two sections: Overall Board Evaluation and Chairman Board Evaluation.

Our Governance

Disclosure and transparency
Transparency is consistent with sound and effective corporate governance. The objective of transparency is to provide Shareholders, depositors and other relevant stakeholders with relevant information necessary to enable them to assess the effectiveness of the Board and senior management.

The Bank believes in maintaining full and open communication with its shareholders and observing the highest standards in corporate governance and Shareholder communications; to this effect, the Board commits at all times to fully disclose material information dealings, it shall cause the filing of all required information for the interest of the Shareholders. Disclosure is to be accurate and clear view of Shareholders and other stakeholders consulting the information easily.

SHAREHOLDER AND STAKEHOLDER

Shareholders relations
The Bank's aim is to ensure that all Shareholders, both individual and institutional, have simultaneous access to all information. Ordinarily, market analysts, the stock exchange and industry bodies will also have access to information at the same time as the shareholders. The Bank shall at all times guarantee equal treatment of all shareholders that are in the same position with regard to information, participation and voting at the Annual General Meeting of Shareholders.

The Bank's Investor Relations Manager is designed to ensure constant engagement with shareholders. The Investor Relations Manager provides an avenue to receive feedback, complaints and queries from shareholders they also assures their active participation with regard to activities and policies of the Bank. Further, it provides clear, accurate and timely financial information that complies with applicable rules and regulations. The Investor Relations Manager is present at every shareholders' meeting and Investor Briefings.

In addition to the Annual General Meeting, the Bank has communicated with its shareholders, the investment community and the general public through quarterly Investor Briefings that includes extensive financial statements with relevant explanatory remarks of the previous quarter, meetings with analysts, investors, media briefing and Investor conference calls.

This is in accordance with the applicable regulatory requirements intended to ensure that all shareholders and other market participants have equal and simultaneous access to information that could potentially influence the price of the bank's shares price. Information provided during such occasions or in any contacts with the press is limited to what is already publicly available.

The communications are also conducted directly with shareholders via email to more comprehensive discussions with analysts or institutional investors that take place via telephone or face to face meetings. Our Investor Relations Officer is the main point of contact for these communications.

General meetings
Bank's Annual General Meetings (AGM) generally discuss the course of business in the preceding financial year with a focus on approval of the preceding financial statements, approval of the proposed dividend, appointment of the external auditor, election and re-election of directors.

The AGM is convened in accordance with section 51 of the Articles, to enable shareholders exercise their rights. In the holding of the meeting, the Bank prepares and sends the notice at least fifteen days prior to the date of the meeting; General Meetings are convened by placing an announcement in one of the newspapers with the largest circulation in Rwanda, on the company's website of the Rwanda Stock Exchange at least 21 days in advance of the meeting date. Board members, in particular, the Chairpersons of Board committees or their delegates, and appropriate management executives attend the annual general meetings to answer shareholders' questions.

The Board also ensures that the External Auditor attends the AGM and is available to answer shareholders' questions about the financial position of the Bank. In addition, the External Auditor conducts the audit and prepares the auditor's report.

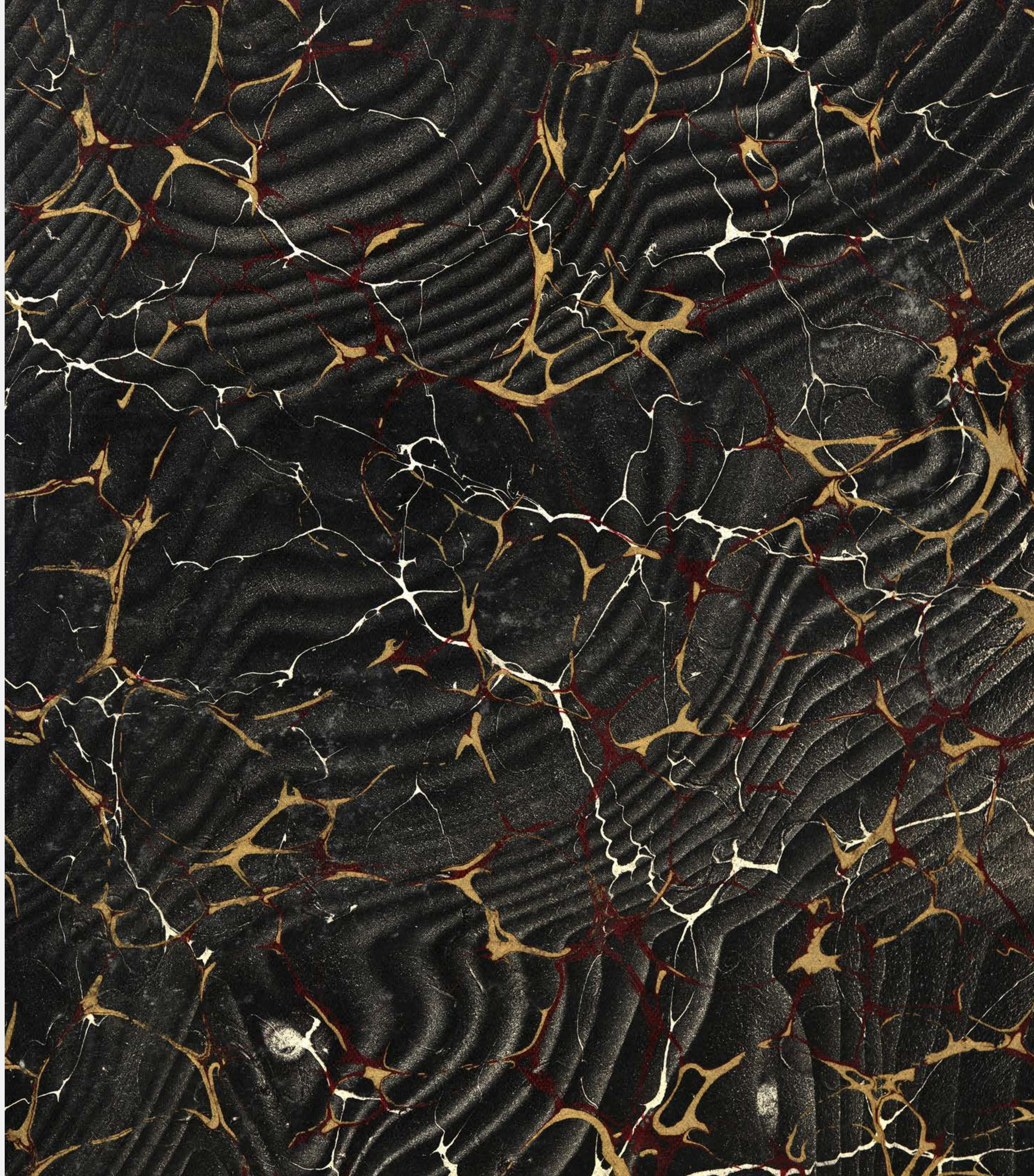
The external auditor attended the meetings of the Audit Committee and in addition to the audit committee meetings, the Board Audit Committee chairman held separate session meetings with the independent external auditors and the Chief Finance Officer (CFO).

Stakeholders relations
At our Bank, we have a wide range of stakeholders, who are important to our business. This is articulated in our Vision "To Become a Company where the Best People want to Work; the First Choice where Customers want to do Business and where Shareholders are happy with their investment"; Achieving our vision requires us to build a trusted and mutually beneficial relationship with our stakeholders, which long term supports our long-term success and sustainability.

Our Mission Statement also resonated with this vision as we want to be recognised as "partners of growth for all our stakeholders through Meeting our customers' expectations, motivating and developing every employee and enhancing shareholder value".

Our Bank's methods of engagement include various channels and means of communication reliant on each specific stakeholder group. Stakeholder engagement is decentralised within the Bank so there is not a single team that manages all relationships and queries or concerns from stakeholders. All employees are accountable for managing relationships and meeting the expectations of internal and external stakeholders within their areas of responsibility. Should a stakeholder not be satisfied with the service or assistance that they receive from their I&M Bank Rwanda point of contact. There are a number of opportunities that allow for anonymity (if desired) as well as independence to ensure a voice for concerned stakeholders. These include our client call centre which is the first point of call for all clients' requests and the section "Contact us" on the Bank's corporate website.

We have in place a formal complaint-handling procedure in place whose purpose is to address irregularities of a general, operational and financial nature.



CORPORATE INFORMATION
Where we operate

WESTERN

RUSIZI BRANCH
Rusizi District
Tel: +250 788 162 164

RUBAVU BRANCH
Rubavu District
Tel : +250 788 162 197

KARONGI BRANCH
Karongi District
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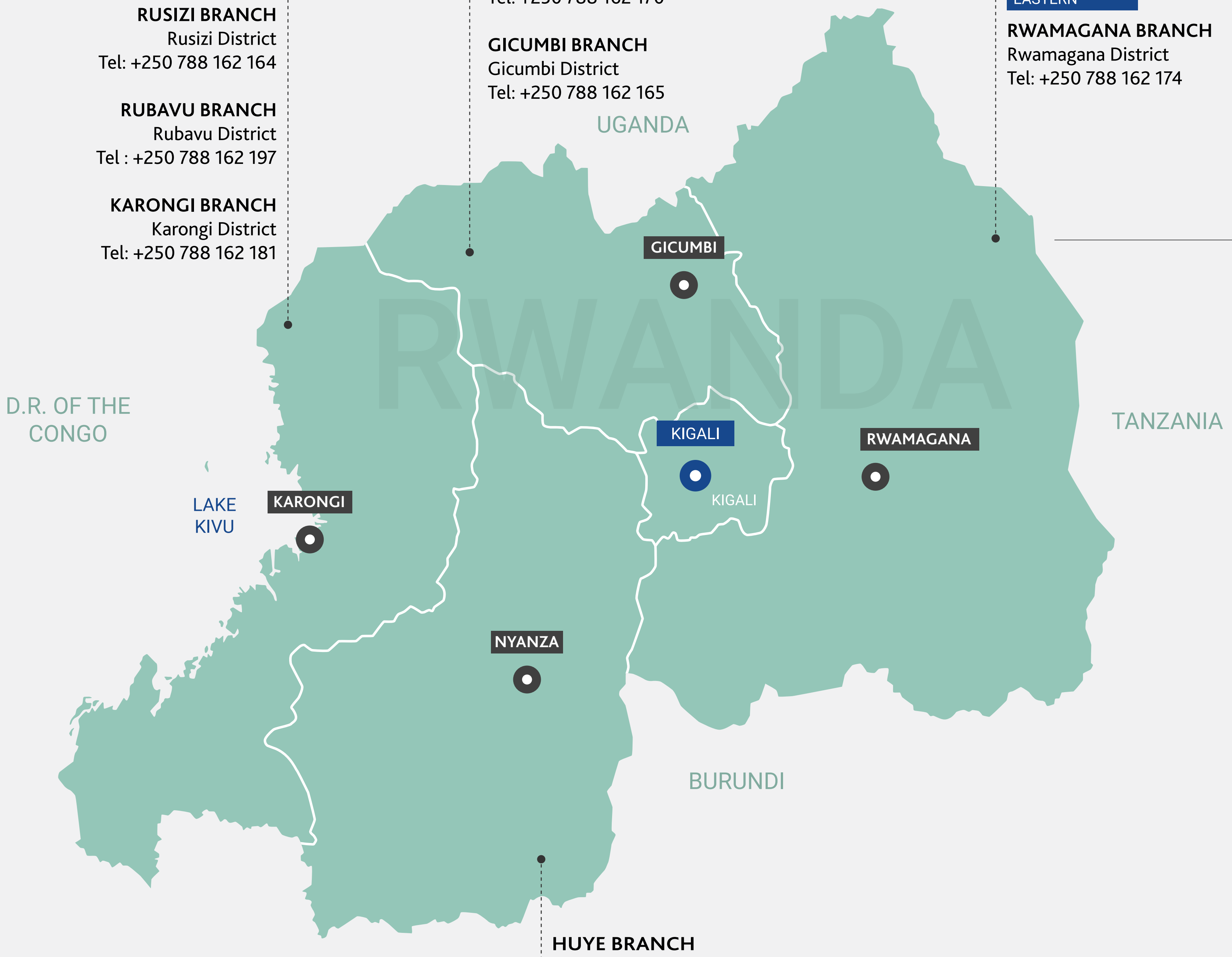
NORTHERN

MUSANZE BRANCH
Musanze District
Tel: +250 788 162 170

GICUMBI BRANCH
Gicumbi District
Tel: +250 788 162 165

EASTERN

RWAMAGANA BRANCH
Rwamagana District
Tel: +250 788 162 174



HUYE BRANCH
Huye District
Tel: +250 788 162 163

MUHANGA BRANCH
Muhanga District
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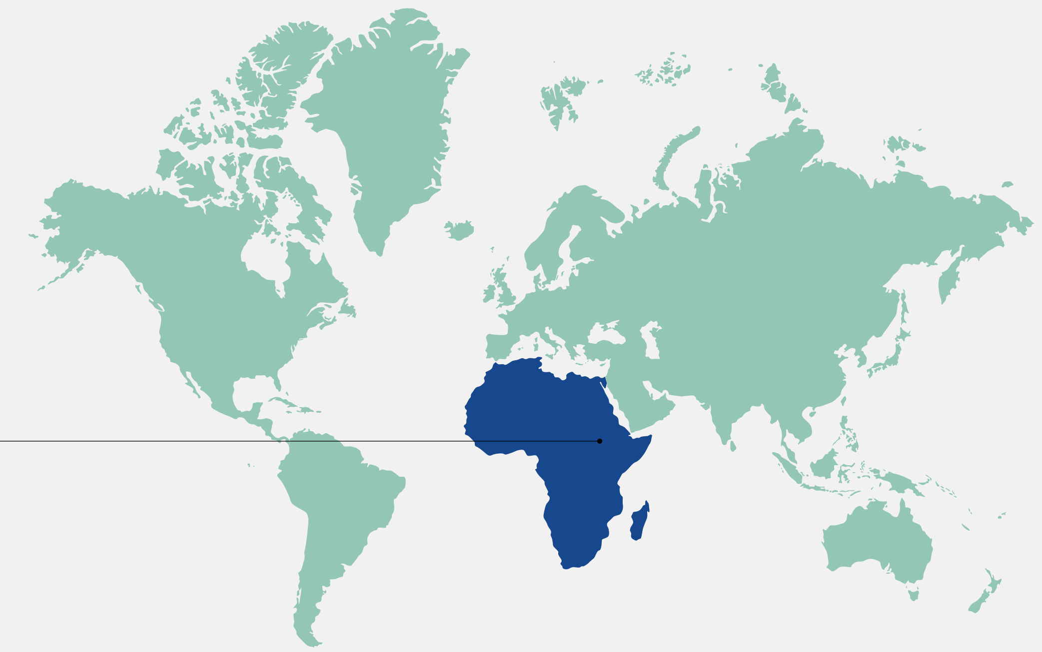
SOUTHERN

Our Governance



KIGALI BRANCHES

HEAD OFFICE-RWANDA
KN 03 Avenue 9
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Kigali-Rwanda

REMERA BRANCH
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KIGALI HEIGHTS BRANCH
Gasabo District
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KICUKIRO BRANCH
CPR Unity House Kicukiro District Niboye
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GACURIRO SIMBA CENTER
Simba Center Gasabo District Gacuriro
Tel: +250 784 637 192

NYABUGOGO BRANCH
Nyarugenge District
Tel: +250 788 162 162

CHIC COMPLEX BRANCH
Nyarugenge District
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KIGALI CITY MARKET BRANCH
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NYAMIRAMBO BRANCH
Nyarugenge District
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DP WORLD BRANCH
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REMERA CORNER
Remera Corner Gasabo District Kisimenti
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CORPORATE INFORMATION

RWANDAN

BENJAMIN MUTIMURA
Chief executive officer

ALICE NKULIKIYINKA
Independent Director

CRYSTAL RUGEGE
Independent Director

ANITA UMULISA
Independent director

KENYAN

NIKHIL HIRA
Chairman
Independent Director

KIHARA MAINA
Non-executive director

BOARD OF DIRECTORS

DUTCH

JULIUS TICHELAAR
Non-executive Director

BRITISH / KENYAN

ALAN JAMES DODD
Independent Director

COMPANY SECRETARY

Iddy Rugamba
Nine on the Avenue
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P O Box 354
Kigali - Rwanda

AUDITOR

KPMG Rwanda Limited
Grand Pension Plaza
KN 3 AV
P O Box 6755
Kigali -Rwanda

REGISTERED OFFICE

I&M Bank (Rwanda) PLC
Nine on the Avenue
KN 3 AV/9
P O Box 354
Kigali - Rwanda

CORRESPONDENT BANKS

AFRICA

NATIONAL BANK OF RWANDA
P.O. Box 531
Kigali, Rwanda

I&M BANK (T) LIMITED
Maktaba Square
Maktaba Street
P.O. Box 1509
Dar es Salaam, Tanzania

I&M BANK LIMITED
I&M Bank House
2nd Ngong Avenue
P.O. Box 30238- 00100 GPO
Nairobi, Kenya

BANK ONE LIMITED
16 Sir William Newton Street
Port Louis, Mauritius

KCB KENYA LTD
Kencom House,
Moi Avenue,
Nairobi, Kenya

FIRSTRAND BANK LIMITED
P. O. Box 650149
Benmore, 2010
Sandton, 2196

NORTH AMERICA

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3800 Citibank Center
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60323 Frankfurt/M

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E14 5LB
25 Canada Square,
Citibank Center
London

COMMERZ BANK
60261 Frankfurt
Germany

ASIA

YES BANK LIMITED
Nehru Center 9th Floor,
Discovery of India
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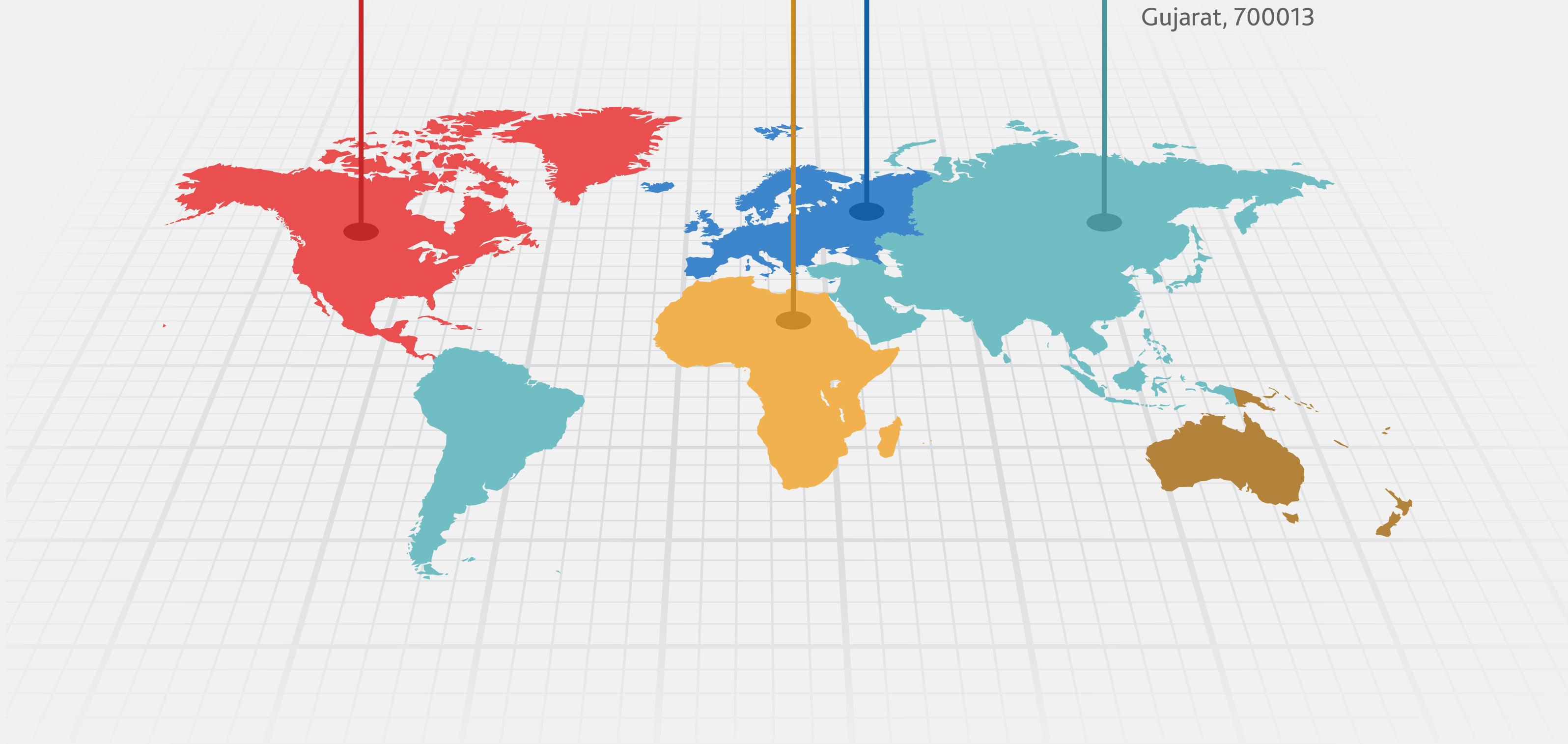
Worli, Mumbai 400018

ICICI BANK LIMITED,
Vadodara, India
Old Padra Road,
Village-Versamedi,
Anjar, Vadodara,
Gujarat, 700013



OUR APPROACH TO RISK MANAGEMENT

Risk management approach

The Board of Directors has adopted a Risk Management approach/program of holistic and integrated risk management identification, measurement, monitoring and control and reporting of all risks. The Bank has adopted a Risk Maturity Model (RMM) which is a self-assessment tool that supports the Bank to understand its current level of Enterprise risk management capability, identify realistic targets for improvement, and develop action plans for increasing its risk capability.

This is characterized by a strong Board and Senior Management risk oversight across all functions within the Bank. Such an approach supports and facilitates the decision making process which not only ensures that the risk reward trade-off is optimized but also that risks assumed are within the overall Risk Appetite and Risk Tolerance levels as laid down by the Board of Directors in the various Policy documents.

Risk management governance

The Board of Directors has the ultimate responsibility for the risk assumed by the Bank. As a result, it shall approve all of the Bank's business strategies and major policies, including those regarding risk management and risk assumptions.

The Board Risk Management Committee has the responsibility to ensure quality, integrity and reliability of the Banking institution's risk management. The Committee assists the Board of Directors in the discharge of its duties relating to the corporate accountability and associated risks in terms of management, assurance and reporting. The committee reviews and assesses the integrity of the risk control systems and ensures that the risk policies and strategies are effectively managed. The committee sets out the nature, role, responsibility and authority of the risk management function and outlines the scope of risk management work.

The Executive Risk Committee assists the Board of Directors in carrying out its role and is responsible for the Risk Management Program. It is responsible for the implementation of the Risk Management program, policies, appetite and tolerance as approved by the Board of Directors. It assists in institutionalizing the Risk Culture in the Bank.

The Risk Management function ensures that management has appropriate tools in place for identifying, measuring, monitoring and controlling risk; it keeps all stakeholders up to date on risk management practices; it coordinates the Bank risk management activities and practices; it reviews and assess the integrity of the risk control systems and ensures that the risk policies and strategies are effectively managed.

The Bank management and control model is based on three lines of defense. The first line is constituted by the business units and the support areas which as part of their activity give rise to the Bank's risk exposure. These units are responsible for managing, monitoring and reporting adequately the risk generated, which must be adjusted to the risk appetite and the various limits of risk management.

The Risk and Compliance functions serve as the Bank's second line of defense. It has the responsibility for recommending and monitoring the Bank's risk appetite and policies and for following up and reporting on risk issues across all risk types. They oversee, review the risk activities of the first line of defense and guide/support to discharge their functions effectively while still providing second line risk management activity. They facilitate and monitor the implementation of effective risk management practices and the compliance function monitors various specific risks such as non-compliance with applicable laws and regulations. They assist in identifying known and emerging risk issues, providing risk management framework, assisting management in developing processes and controls to manage risks, monitoring the adequacy and effectiveness of internal control, accuracy and completeness of reporting and timely remediation of deficiencies.

Internal audit is the third line of defense and as the last layer of control in the Bank, it regularly assesses the policies, methods, and procedures to ensure they are adequate and are being implemented effectively.

Credit risk management

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from loans and advances to customers, financial institutions/ banks, and investment securities.

The Relationship Management Team and Business Heads are the risk owners and the first line of defense since they are the originators and underwriters of credit applications and are expected to identify, assess, and mitigate risks inherent in each application based on the Bank's credit risk strategy, appetite, and policy. The Credit team provides a second level independent review and is responsible for identifying, controlling, monitoring, and reporting credit risk related issues. The team also serves as the secretariat for the Credit Risk Management Committee.

Credit risk management

Credit risk is the most critical risk for the Bank as credit exposures, arising from lending activities account for the major portion of the Bank's assets and source of its revenue. Thus, the Bank ensures that credit risk related exposures are properly monitored, managed, and controlled. The Credit team is responsible for managing the credit exposures, which arise as a result of the lending and investment activities as well as other unfunded credit exposures that have default probabilities, such as contingent liabilities.

Market risk management

Market risk is the risk that the value of on and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads, and/or commodity prices resulting in a loss to earnings and capital.

The Board of Directors through the Board Risk Committee has the oversight function for the Bank's market risk exposures while the Assets and Liability Management Committee (ALCO) manages the Bank's market risks on a daily basis. The Bank's ALCO is responsible for managing the Bank's market risk control framework and also setting limits within the context of the Bank's market risk appetite on a daily basis.

The ALCO Committee meets monthly to review the Bank's asset and liabilities position, project exogenous factors, develop an assets & liability strategy, and follow up with the implementation of the strategy. The objective of the Bank's market risk is to focus on controlling and managing risk exposures while optimizing the return on risk and still maintaining an industry profile as one of the foremost providers of financial products and services. The most significant Market risks the Bank faces are interest rate risks both on the trading and banking book, foreign exchange, and investment risks. Interest rate risk is the current or prospective risk to earnings and capital of the Bank arising from adverse movements in interest rates both in the trading and banking book.

Foreign Exchange Risk: is the current or prospective risk to earnings and capital of the Bank arising from adverse movements in currency exchange rates. The Bank is exposed to foreign exchange risk because it trades in various currencies on behalf of our clients. This risk is managed using the net- open foreign exchange position, value at risk and stress testing.

Price Risk: is the risk that the Bank may experience loss in its investment portfolio of government securities due to unfavorable movements in market prices. We manage the price risk in the investment portfolio using modified duration, mark to market, basis point movement, and stress testing.

Country Risk: is the risk that economic, social, and political conditions and events in a foreign country will adversely affect an institution's financial condition.

Operational risk management

Operational Risk is the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events. In our case, operational risks arise from the broad scope of activities carried out across the Bank.

The first line of defense has the responsibility to conduct an inherent risk assessment of their third party services, outsourcing, project management activities, processes, products, people, and systems and proffer adequate controls to mitigate the identified risks while the Operational Risk Management team provides independent review of such assessment to ensure it is adequate enough to mitigate the identified risks, monitor emerging risks implications on the Bank and response to major disruptions and external threats.

Risk Tolerance: is the amount of uncertainty the Bank is prepared to accept in total or more narrowly in pursuance of the Bank's strategy objective. The Board has articulated the broad operational risk appetite through a quantitative statement in line with the Bank's overall risk management objectives. The Board approved the operational loss ratio risk tolerance of 0.375% of Profit Before Tax.

The following practices, tools, and methodologies have been deployed in the Bank for the purpose of Operational Risk identification and management:

Risk Event and Loss Incident Reporting – Loss incidents are reported to Operational Risk. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not.

Risk Assessments of the Bank's new and existing products, services, branches, and vendors / contractors are also carried out. This process tests the quality of controls the Bank has in place to mitigate likely identified risks. Business Continuity Management (BCM) – To ensure the resilience of our business arising from any disruptive eventuality, the Bank has in place a Business Continuity Plan (BCP) to be able to promptly resume business operations with minimal financial losses, reputational damage, and disruption of service to customers, vendors and regulators. Various testing and exercise programs are conducted Bank-wide to ensure that recovery coordinators are aware of their roles and responsibilities.

Liquidity risk management

Liquidity Risk is the risk that the Bank's earnings or capital arising from its inability to meet its obligations as they fall due, without incurring significant costs or losses. The oversight for liquidity risk management resides with the Board of Directors through the Board Risk Committee. The Bank's liquidity risk management process is primarily the responsibility of the Asset and Liability Management Committee (ALCO).

The Treasurer is responsible for daily management of liquidity in liaison with ALCO. The Treasury and Finance functions provide independent oversight of the first line risk management activities relating to liquidity risk while the Market Risk Function is the second line control function that performs independent monitoring and oversight of the market risk management practices of the first line of defense. The Bank manages its liquidity risk using metrics and measurement tools such as Liquidity Ratio, Loan Deposit Ratio, Liquidity Maturity Mismatch, Liquidity Coverage Ratio, Net Stable Funding Ratio, and Assets & Liability Committee (ALCO) limits.

Strategic risk management

Strategic risk is the current and prospective impact on earnings or capital of the Bank arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.

Strategic Risk is measured using quantitative tools such as Corporate Balance scorecard, Budget, and Key Performance Indicators (Return on Equity, Profit Before Tax, and Cross Selling Ratios) during the monthly Executive Committee, ALCO, bi-monthly Business Strategy Meeting, and quarterly reporting to the Board of Directors.

Information technology risk

Technology is one of the key enablers in our Strategy and to this extent, will continue to play a critical role in the Bank's operations and in the fulfilment of its strategic objectives. Given this, information technology is important to the overall performance and success of the Bank. The IT department, being a risk owner, has in place a framework to identify, monitor, control, and report on IT related risks. The Bank's IT governance framework (Management IT Steering Committee) aligns its IT strategy with its overall business objective.

Management of cyber risk

As part of the process to combat the increasing Cyber Crime, the Bank developed a Cyber Security Policy in line with BNR guidelines and global best practices approved by the Board IT Committee. The Bank organizes a series of training and communications on Cyber Risk for both staff and Management to sensitize all about Cyber Criminal activities and how to manage these.

The Bank also adopts the following mitigation strategies to manage information security risks:

- **Network Controls** – The Bank has put in place different controls on the network to facilitate access to network resources on need to have basis. Different network segmentations exist on the network to protect specific areas from access to unauthorized personnel. Also, a network access control security solution has been implemented to guard against enterprise network access by rogue systems.

- **Application Security Controls:** (e.g. Secure Coding controls) – The Bank ensures that new and modified applications are well tested before deployment to the production environment. Such tests include functional and security tests. Also, applications running on endpoint systems are reviewed to ensure that unauthorized applications are not freely used within the enterprise environment. In addition to this, various security solutions have been deployed to provide enhanced security for web facing applications in the Bank.

- **Patch management:** A benchmark threshold of permissible patch compliance status was instituted by the Management. The compliance status is obtained on a regular basis for review and informed decision.

- **Continuous Monitoring:** The IS Operations team carries out continuous monitoring of user activities as well as external events to ensure risk events are detected and addressed before materialization.

Our Governance

Compliance risk management
The Bank organizes its compliance function and sets priorities for the management of its compliance risk in a way that is consistent with its own risk management strategy and structures. The compliance function has redefined its approach from a tick check box into an advisory role with an intense focus on regulatory intelligence gathering and closer cooperation with business units within the Bank, and acting as a contact point within the Bank for compliance queries from staff members and external regulators.

Risk appetite
The Bank's appetite for Compliance Risk is zero tolerance for payment of fines and other penalties associated with regulatory infractions and non-compliance with laws, standards, and rules.

AML programme
I&M Bank (Rwanda) PLC has a Board approved AML/KYC programme. This is contained in the Bank's Anti-Money Laundering Policy and Compliance Policy which are reviewed and updated at least on an annual basis. Our AML/KYC Policy contains Board approved guidelines on Politically Exposed Persons (PEP) Policy, Risk Based AML/KYC, Correspondence Banking, etc. I&M Bank (Rwanda) PLC has an AML/KYC system that tracks the watch lists and sanctions lists under the UN sanctions in addition to monitoring all transactions.

Compliance risk governance
The oversight responsibility on compliance risk resides with the Bank's Board of Directors through the Board Risk Committee. Compliance Risk Management involves close monitoring of KYC compliance by the Bank, follow up of BNR recommendations, and observance of the Bank's zero-tolerance culture for regulatory breaches. It also entails an oversight role for monitoring adherence to regulatory guidelines and global best practices on an ongoing basis.

Compliance risk arises from legal or regulatory sanctions, material financial loss, or loss of reputation as a result of failure to comply with laws, regulations, rules, and relevant codes of conduct.

Reputational risk management
Reputational risk is the potential that negative publicity regarding a Bank's brand, and business practices, whether true or not, can have resulting in a decline in the customer base, costly litigation, or revenue reductions.

Another form of risk leading to potential reputational risk is the Social Media Risk which is the risk to the Bank's earnings or capital arising from negative publicity about the Bank on social media. Social Media in the Bank is defined as forms of electronic communication (as Web sites for social networking and microblogging) through which users (both customers and non-customers) create online communities to share information, ideas, personal messages, and other content.

Risk arises when the Bank's reputation is exposed from negative publicity from one or more reputational/social media events regarding the organization's business practices, services, staff conduct, or financial condition. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly.

All staff are brand ambassadors of the Bank and are expected to conduct their services to the client in a professional and dignified way while the Marketing Communications department is the risk owner and saddled with managing the Bank's brand and visibility. The department is mandated to protect the Bank from potential threats to its reputation. The team continuously uses proactive means to minimize the effects of reputational events, thereby averting the likelihood of major reputational crises with the view of ultimately ensuring the survival of the organization.

OUR BUSINESS

1) FINANCIAL PERFORMANCE

Profit before tax
Frw **26.8**Bn
+72%
- Dec 2023 **15.6Bn**
- Dec 2022 **13.4Bn**

Total assets
Frw **817.9**Bn
+20.5%
- Dec 2023 **678.8Bn**
- Dec 2022 **491.3Bn**

2) SHAREHOLDER VALUE

Earnings per share
Frw **12.28**
+74%
- Dec 2023 **7.06**
- Dec 2022 **6.15**

Return on Equity
21.56 %
+49.8%
- Dec 2023 **14.39%**
- Dec 2022 **13.92%**

3) MARKET POSITIONING

Customer Net loans
Frw **356.3**Bn
+14%
- Dec 2023 **313.9Bn**
- Dec 2022 **231.7Bn**

Total Deposits
Frw **659.4**Bn
+22%
- Dec 2023 **539.1Bn**
- Dec 2022 **295.2Bn**

4) ASSET QUALITY & CAPITALIZATION

Gross NPL ratio
4.81 %
- Dec 2023 **2.4%**
- Dec 2022 **4.2%**

Capital adequacy ratio
17.28 %
- Dec 2023 **16.65%**
- Dec 2022 **19.26%**

SHAREHOLDERS AND INVESTORS

Share price:
Frw **55** per share

Market capitalisation on Rwanda Stock Exchange:
Frw **83.3 Bn**

Credit ratings (Long Term/ Short Term): A(RW)/A1(RW) with a Negative Outlook

CUSTOMERS

100,000+
Total customers

88%
Transaction done on digital channel vs OTC

88%
Customer Satisfaction Score

EMPLOYEES

485
Team members

48% - 52%
Workforce Gender Ratio (Female - Male)

84%
Employee Engagement Score Index

SOCIETIES AND COMMUNITIES

Lives Impacted: **621,000**
Amount spent on Donations and CSR:
Frw **693** Mn, +705%

REGULATORS

Frw **118.2**Mn
Regulatory Fees Paid

Our Business

WHAT WE OFFER

The Bank provides the following services:

- *Commercial Banking (Retail, SME, Corporate & Institutional)*
- *Treasury (Custody and investment services)*
- *Bancassurance*

Commercial banking represents the largest portion of the Bank's assets. Our products and services are segmented to meet the needs of each customer base and which in turn stems from our strategic goals of being the best bank for our customers. This now includes increased convenience through the digitization of our services.

SERVICES

COMMERCIAL BANKING (RETAIL, SME, CORPORATE & INSTITUTIONAL)

a). Payments Solutions

b). Transactional Banking

c). Financing Solutions

d). Business Services

TREASURY

Custodial services and Investment services

Foreign Exchange trading

Spot & forward deals

BANCASSURANCE

Insurance intermediary / brokerage services

Professional insurance advisory services

Claims handling services

HOW WE CREATE VALUE

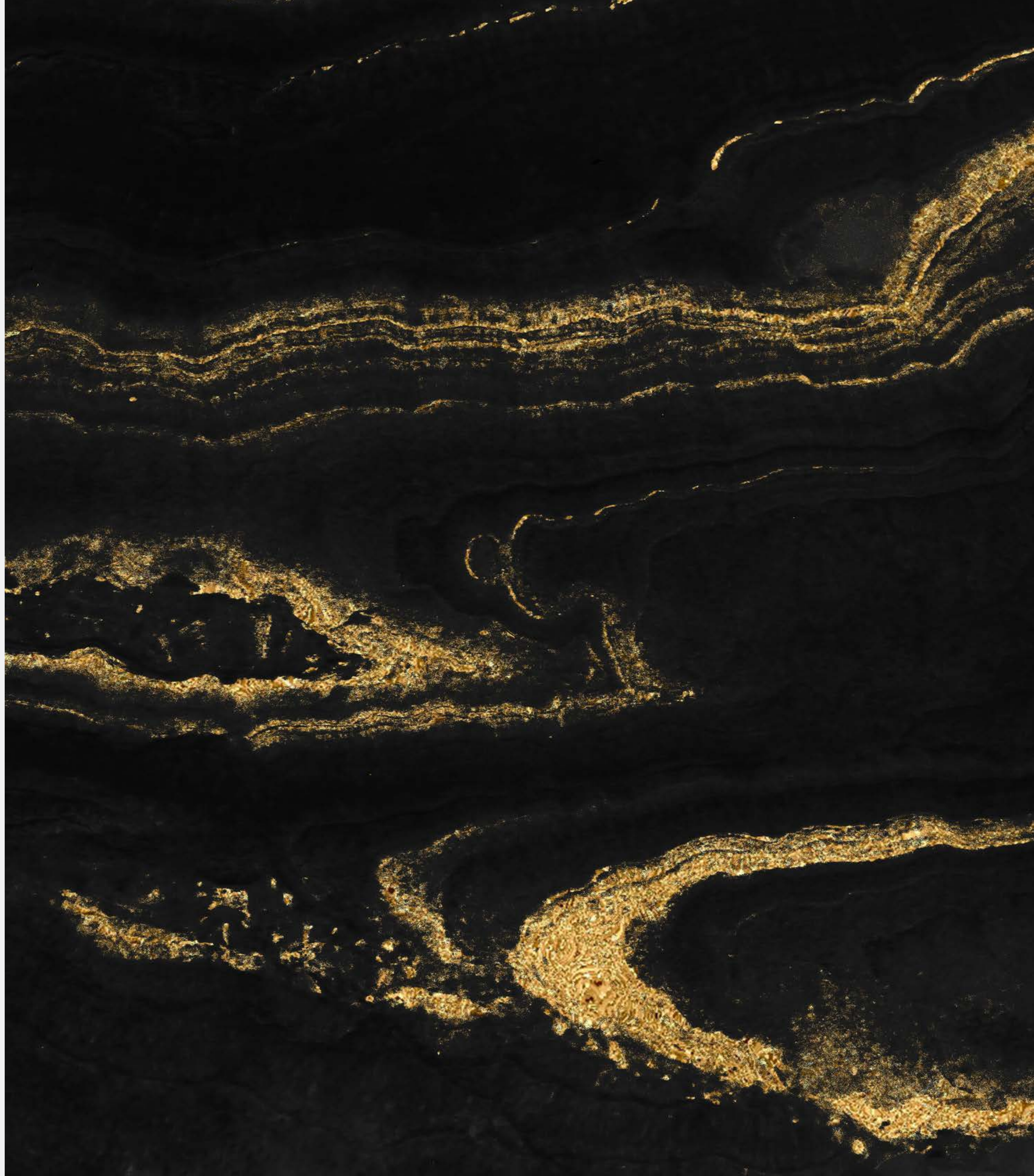
As a financial services provider, I&M Bank (Rwanda) Plc plays a crucial role in facilitating the required economic activity to enable sustainable growth and development by moving the capital from where it is to where it is required. We are intrinsically connected to society at large as we are to our individual customers and employees. As a result, our decision making is based upon the desire for not only short-term results but also long-term value creation. I&M's focus on customer centricity, long-term thinking, and financial strength enables it to create shared value.

Our value creation process

Value creation is the result of how we apply and leverage our resources and maintain our relationships in delivering financial performance and optimizing value for all stakeholders. Our value creation process is embedded in our purpose, described as part of our business model, and integrated into the way we think and make decisions.

Our capitals and relationships

All organizations depend on various forms of capital for their success. These capitals are stores of value that, in one form or another, become inputs to the organization's business model. Not all capitals are equally relevant or applicable to all organizations and the Integrated Reporting Framework allows for a tailored approach to fit the business context if the concept of how value is created for society is conveyed. For our report, we have chosen to adopt a framework to describe our value creation through the lens of our stakeholder relationships.



INTERVIEW WITH THE CEO

Reflecting on the outlook for 2024, what stands out the most about I&M Bank Rwanda's FY2024?
2024 was a defining year for the Bank, marked by record-breaking growth, strategic innovation, and industry leadership. The launch of iMara 3.0 proved transformative, driving a 74% increase in net profit (FRW 18.6 billion) milestone that underscore our resilience amid global economic headwinds.

What truly set this year apart was our dual focus on customer-centric expansion and ecosystem banking. By establishing specialized one-stop centres for MSMEs and Retail customers and adding four new branches in Kigali and secondary cities, we brought banking closer to underserved communities. This, coupled with our revamped branch operating model, empowered local decision-making and drove a 23% growth in customer base to reach 102K customers.

The "Agiserera" MSME campaign and "Karame" Retail Campaign further solidified our reputation as Rwanda's Leading Financial Partner for Growth.

What key factors enabled I&M Bank Rwanda to thrive despite challenging economic conditions?
Despite facing a challenging macroeconomic environment characterized by inflation and currency depreciation, the Bank achieved excellent results. Revenues surpassed the Frw 50 billion milestone.
This success was driven by several key factors that underpinned our resilience and performance. We leveraged strategic partnerships and risk-sharing mechanisms, such as collaborations with ACELI Africa, FMO's NASIRA facility, and the Mastercard Foundation, which mitigated risk and expanded access to finance—including disbursing over RWF 18 billion under the NASIRA Credit Guarantee and launching the Kataza Program for women and youth.

> *...**revenues** surpassed the **Frw 50 billion** milestone, with **profit before tax** increasing by **72%** to Frw 26.8 billion...*

Furthermore, strong risk management practices enabled us to effectively navigate inflation and currency challenges, minimizing risks associated with foreign exchange and interest rates. Operational efficiency also played a crucial role, as we optimized costs and streamlined operations to enhance profitability amidst increased business activity. By offering tailored services, from EduFinance partnerships like Oklahoma Christian University loans to trade finance solutions at DP World, we effectively supported trade and industrial expansion, particularly in the manufacturing and electricity sectors, thus contributing to the 5.7% annual growth in Rwanda's industrial production.

Moreover, our commitment to innovation and adaptability allowed us to meet evolving customer needs through solutions like digital banking, demonstrated by 88% of transactions conducted digitally and 83% of customers being digitally active. These combined efforts not only enabled us to withstand macroeconomic challenges but also to thrive and deliver exceptional value to our stakeholders.

To what extent did I&M Bank Rwanda's three-pillared strategy drive its performance in the past year?
Without a doubt, our new strategy, iMara 3.0, is moving full steam ahead and it's bringing us closer to our vision of being Rwanda's Leading Financial Partner for Growth this was evident with the Bank performing like never before. Our partnerships were pivotal in driving growth through innovation and agility launching new financial products and revamping others on the market, initiatives like "Agiserera na I&M Bank", "Ryoshya Iwawe" and the "KARAME" campaign, which added many accounts, underscored our customer-first approach, boosting engagement and growth.

We distinguished ourselves through continuously innovating our MSME banking services to enhance accessibility and convenience via digital platforms and customized financial solutions we championed the growth of Rwandan SMEs through targeted initiatives like strategic partnerships, specialized financing programs, and a dedicated one-stop financial center. Notably, the "Kataza" campaign exemplifies this commitment, providing tailored financing that empowers local enterprises to create dignified jobs while expanding, reinforcing the Bank's leadership in the SME sector and its dedication to driving financial inclusion across Rwanda. Take, for example, a small Kigali-based restaurant that, thanks to this initiative, has accessed a loan to double its sales and hire 10 new workers. That's the kind of impact we're driving—real growth for real people.

We've sharpened our focus on high-impact sectors and by targeting infrastructure projects aligned with the national budget, we boosted segment revenues by 23%, significantly enhancing our profitability. Our sustainable finance efforts—utilizing subsidized funding from the Rwanda Development Bank for renewable energy and incentivizing green financing—delivered both environmental and financial returns.

In essence, our ability to thrive amidst economic headwinds in 2024 can be attributed to a holistic strategy that not only allowed us to weather the challenging conditions but also to solidify our market position, deliver substantial value, and set a strong foundation for continued success.

Reflecting on your second year as CEO, what key strategic focus has been most pivotal in driving these exceptional results?
This is undoubtedly customer delight. We made a conscious decision to center every aspect of our operations around exceeding customer expectations and delivering unparalleled value. This commitment is embodied in our purpose: "empower your prosperity," which guides us to ensure our customers thrive and achieve their financial aspirations.

To truly deliver on this, we've focused on two key execution priorities. First, deepening our roots and reaching further by empowering our branch network with greater decision-making authority. This agility is crucial in a competitive market and allows us to respond swiftly to the unique needs of our diverse customer base. Second, we are investing heavily in technology, from advanced digital platforms to data analytics, ensuring we not only meet but anticipate the demands of Rwanda's increasingly tech-savvy consumers. Ultimately, our strategic focus on customer delight and these execution priorities are all geared towards achieving customer obsession. We believe that fostering deep customer loyalty and advocacy is the most sustainable path to guarding and building upon our past achievements and will be the key to our continued success.

I&M Bank Rwanda has highlighted its dedication to sustainability. Beyond strategic integration, could you share specific examples of tangible outcomes from your sustainability initiatives in the past year?
Sustainability isn't just a buzzword at I&M Bank Rwanda—it's our guiding principle. With iMara 3.0, we've embedded ESG principles into our strategy, moving beyond traditional CSR to a model where profit and purpose coexist. Our ambitious "2 million lives by 2026" goal exemplifies this commitment.
Through a holistic approach to impact, we advanced key sectors and communities: in education, our partnership with Oklahoma Christian University enabled 48-hour student loan approvals, while the USAID-backed EduFinance program (KAIZEN) subsidized loans for TVET and ECD schools; in agriculture, collaborations with ACELI Africa and CDAT provided loans ranging from RWF 15 million to 1.7 billion for agri-SMEs, bolstering food security and rural livelihoods; in gender and youth inclusion, the Kataza Program accelerated financing for women and youth in tourism, generating

jobs in Rwanda's largest income-generating sector; and in employee development, 46 staff were upskilled through the Rwanda Finance Academy, reinforcing a culture of excellence.

Through these initiatives we're directly addressing 13 UN Sustainable Development Goals. ESG also shapes our lending practices, as we prioritize businesses that uphold ethical and eco-friendly operations.
Notably, the implementation of a solar energy system has led to annual savings of 48 million Rwandan Francs, representing a 25% reduction in energy costs. Water consumption also decreased in 2024, lessening our reliance on external water sources. Impressively, the bank achieved a 63% reduction in carbon emissions in 2024 by utilizing measures such as fully electric cars, significantly contributing to the Bank's carbon emission reduction target by 2030. These combined efforts clearly illustrate I&M Bank Rwanda's dedication to integrating environmental stewardship into their operations and achieving significant, measurable progress in our sustainability journey.

What's the outlook for I&M Bank Rwanda in 2025? Any final thoughts on the horizon?
Building on the strong performance of FY2024, I&M Bank Rwanda is set for an even more impressive FY2025, driven by our iMara 3.0 strategy. We are committed to deepening corporate client relationships and expanding our reach, championing sustainable banking to ensure profitability aligns with positive impact. For our Retail and SME clients, we will refine our offerings and optimize our branch and digital channels for enhanced service delivery.
Our ecosystem approach is transforming our business, and through strategic partnerships with fintechs and local innovators, we are creating seamless, digital-first experiences that will redefine customer convenience. We are focused on scaling the NASIRA and Kataza programs to maximize the utilization of allocated funds, enhancing trade finance solutions through our DP World branch to support Rwanda's ambitions as a regional logistics hub, and strengthening both employee engagement—with a target of 85%—and customer satisfaction to drive sustainable growth and impact.

The recognition we have received, including "Rwanda's Best Bank" from Capital Finance International, "Best SME Bank" from Global Finance, and now "Best Commercial Bank of the Year for Customer Excellence" by Karisimbi Events, underscores our momentum and the impact of our team's dedication and shared vision. Looking ahead to 2025, we are focused on expanding our ecosystem approach to more value chains.
We extend our sincere appreciation to our team for their hard work and contributions, and to our loyal customers, supportive shareholders, the investment community, and regulators for their continued partnership.
FY2024's standout achievements have built a strong foundation, and together, we are confident in solidifying I&M Bank Rwanda's position as the leading financial partner in Rwanda, driving growth and contributing to the nation's success story in FY2025 and beyond.

Thank you,

Benjamin Mutimura
Chief Executive Officer

EXECUTIVE TEAM

The Bank has successfully attracted and retained a highly experienced management team, whose expertise has been key to building strong stakeholder relationships and enabling efficient decision-making. The core team of 11 members brings a diverse and practical background across disciplines such as Operations and Management, Accounting, Finance, Audit, Law, and Innovation, among others.

Benjamin Mutimura
Chief Executive Officer

Mr. Benjamin Mutimura is a highly experienced banker with 17 years in the financial sector. He has held senior positions at I&M Bank (Rwanda) Plc and the Bank of Kigali, including roles as Development Finance Officer, Head of Retail, and Head of Corporate and Institutional Banking.

Since 2020, he has been the Chief Commercial Officer at the Bank of Kigali. Mr. Mutimura holds a master's degree in development economics from Louvain La Neuve & Namur University and a bachelor's degree in Economics from the former National University of Rwanda. He is a certified Credit Officer and has completed the Senior Executive Program at Harvard Business School

Paul Sagnia
Chief Operating Officer

Paul joined I&M (Rwanda) PLC. as the Project Consultant in charge of the Core Banking System change in June of 2016. Following a successful migration to the new Finacle 10 system in September of 2018, he was appointed Chief Operating Officer. He joined the Bank from Standard Chartered Bank where he served in senior positions in several countries across the Standard Chartered Bank footprint in Africa. He is a dedicated banker with a strong flair for innovation and management of banking operations and the use of ICT in banking acquired during a career spanning more than 40 years.

Dederi Wimana
Chief Finance Officer

Dederi is a chartered certified accountant with more than 26 years of experience in the banking industry. Prior to joining the I&M Bank (Rwanda) PLC. in 2005, she worked with Bank of Kigali for 7 years as a Financial Accountant. Throughout her career, Dederi earned immense experience in internal auditing and accounting, planning, international reporting (IFRS), procurement procedures and Bank budgeting processes. She holds a bachelor degree in Economic sciences, Finance major, Association of Chartered Certified Accountants (ACCA) and is currently pursuing the CIA (Certified Internal auditor) Certification.

EXECUTIVE TEAM

Pacifique Nkongoli
Chief Credit Officer

Pacifique is a professional Banker with over 19 years of experience across the risk management field including credit risk management, market risk management as well as operational risk management in the banking industry in Rwanda and Nigeria. Prior to joining I&M Bank, Pacifique worked with 3 other Banks in the industry including Access Bank Rwanda where he previously served as the Chief Risk Officer. Pacifique Holds Master's degree with a Major in Finance from Adventist University of Central Africa (AUCA)

Cynthia Rwamamara
Head Of Internal Control And Compliance

Cynthia is the Head of Internal Control and Compliance with over 18 years of experience in the Rwandan banking industry, primarily in the fields of Audit, Compliance, and Risk Management.

She joined the Bank in 2009 as the Deputy Manager in the Internal Control and Compliance Department, and in June 2016, she was promoted to the position of Head of Internal Control and Compliance. Cynthia is a Certified Anti-Money Laundering Specialist (CAMS) and holds a Master of Business Administration from Oklahoma Christian University.

Lise Mugisha
Chief Risk Officer

Lise is the Chief Risk Officer. She is responsible of the implementation of the Enterprise Risk Management in the Bank. Lise has experience of 8 years in the Banking industry and over 9 years' experience in the fields of Risk Management, Audit, and Internal Control. Prior to joining I&M Bank (Rwanda) Plc, she worked with EY (Ernst & Young) as an Auditor in the Assurance and Advisory services. She holds a bachelor's degree in Business Studies, and she is currently pursuing an Association of Chartered Certified Accountants (ACCA) qualification.

Nicolas Uwimana
Legal Counsel

Nicolas holds a master's and a bachelor's degree in Law, respectively, from the University of Turin, Italy and the University of Rwanda. Nicolas also holds a Post Graduate Diploma in Legal Practice. He joined the Bank in 2009 and served as Deputy Head of Legal. Before joining the Bank, he worked for the Public Sector where he served as Legal Adviser at Rwanda Public Procurement Authority and Legal Expert in the Procurement Reform Task Force within the Ministry of Finance and Economic Planning. Nicolas has more than 20 years of experience (in both public and private sectors) where he has been involved in legal drafting; contract drafting and reviewing; taking part in solving conflicts, and regulatory investigations.

EXECUTIVE TEAM

Claudette Mukashyaka
Chief Audit Executive

Claudette Mukashyaka is a seasoned Banker & Auditor with 16 years experience in audit of bank operations. Before being appointed as Chief Audit Executive, she was an Assurance Audit Manager and a Consulting Audit Manager. Prior to joining I&M Bank, Claudette Mukashyaka was an external auditor at the Office of the Auditor General for States Finances. She is finalizing Association of Chartered Certified Accountants (ACCA) and she holds a Bachelor's degree in Economics from National University of Rwanda. She has built skills in Audit, Accounting, Governance, Risk Management, Leadership, Strategic management and Bank operations.

Iddy Rugamba
Chief Corporate Affairs Officer& Company Secretary

Iddy, serving as the Chief Corporate Affairs Officer & Company Secretary, brings an impressive 12-year track record in the Rwandan Banking Sector. His expertise spans Corporate Law, Corporate Governance, Regulatory Environment, Banking Operations, and Structured Transactions. Initially holding the role of the Bank's Legal Manager, he seamlessly transitioned to become the Company Secretary before join his current position at the Bank. Prior to his tenure at I&M Bank, Iddy made significant contributions as a Legal Manager at KCB Bank. His academic journey includes a Bachelor's degree in Law, a Master's degree in Business Law, and a Post Graduate Diploma in Legal Practice.

Henry Chinedu Obike
Chief Innovation Officer

Henry joined I&M Bank as Chief Innovation Officer on 1st December 2024. Prior to this, he held executive management roles at FirstBank Ghana, overseeing digital financial services and innovation. He also served in senior positions at the United Bank for Africa group office in Nigeria and Fidelity Bank Ghana, where he led multiple digital transformation initiatives. Earlier in his career, Henry worked for seven years in management consulting with IPC GmbH, a Frankfurt-based firm, as Senior Digital Financial Services Expert. In this role, he was responsible for digital strategy formulation and project execution for commercial banks across Africa, funded by development finance institutions. With over 26 years of experience in the financial sector, Henry holds a BSc in Biochemistry and an MBA in Entrepreneurship and Business Innovation from the China Europe International Business School in Shanghai, China.

Aline Mutambuka
Chief Human Capital Officer

Aline Mutambuka is the Head of Human Resources at I&M Bank (Rwanda) PLC. She is a certified professional coach with over 22 years of experience in Human Resources Management and Corporate Strategy. Having worked in a wide range of industries such as Breweries, Telecom, and Finance sectors; Ms. Aline is known for her tenacity, grit, and passion to drive organizations' growth through human capital development and capacity building. She has worked with several multinationals and is very familiar with Rwanda, Burundi and Belgium business environments.
Ms. Aline holds a degree in Management and Economics from Université de Mons- Hainaut, Belgium.

OUR STRATEGY

Impacting stakeholders through imara 3.0 In 2024

2024 was a landmark year for I&M Bank (Rwanda) Plc, as the iMara 3.0 strategy delivered value to employees, customers, partners, shareholders, and the broader community. Growth, innovation, and impact defined the journey, but it was the lives touched that truly measured success.

Growth and Innovation

We reached our **100,000th customer** in 2024, underscoring the trust in I&M's offerings. Customer deposits rose 22% to RWF 659 billion, reflecting growing confidence in the bank's stability and services.

Innovative products such as "Agiserera" (asset financing) and "Karame" (24/7 retail lending and flexible mortgages) empowered MSMEs and individuals. Digital banking became the norm, with 83% of customers actively using digital channels and 88% of all transactions occurring online.

Strategic partnerships and targeted products expanded financial access to women, youth, and smallholder farmers, advancing Rwanda's national inclusion agenda and positively impacting over 620,000 lives through credit access, digital tools, and financial literacy programs.

Personalized service and innovative digital solutions earned widespread customer acclaim. Institutional clients praised I&M Bank's flexibility and capacity to meet increasingly complex financial needs, supporting Rwanda's growing economy.

As planned, we have strategically expanded our physical footprint by opening five new outlets in key areas such as Kicukiro, Remera, Gaculiro, Masaka and Muhanga

Building a Culture of Excellence

The iMara 3.0 strategy nurtured a high-performance environment, reflected in a 97.7% Balanced Scorecard achievement by October 2024. Professional development programs and engagement initiatives resulted in an 83% employee engagement score (Nielsen survey), fostering morale, innovation, and service excellence.

Sustainability initiatives, including a transition toward a paperless environment, deepened employees' sense of purpose and ownership.

Strategic Collaborations

Partnerships with IFC, FMO, ACELI, and SIDA fueled SME growth in key sectors such as tourism, hospitality, and agribusiness, creating an estimated 12,500 jobs.

The Kataza Program, launched with the Mastercard Foundation and the Development Bank of Rwanda, provided affordable financing for youth and women entrepreneurs in tourism and hospitality.

Through digitized ecosystems, I&M Bank supported value chains from individual entrepreneurs to large corporates, ensuring shared success across sectors.

Community and National Impact

I&M Bank's sustainability efforts reached over 620,000 lives, supporting financial inclusion, green finance, and Rwanda's climate goals. Initiatives included transitioning to paperless banking and financing solar energy solutions for 15,000 households, contributing toward a 38% reduction in national greenhouse emissions.

The bank was named Best Bank in Rwanda and Best SME Bank in Rwanda by CFI and Global Finance in 2024, affirming leadership in innovation, service, and impact.

Setting the Stage for 2025

As we reflect on the achievements of 2024, I&M Bank Rwanda is poised for an exciting and transformative year ahead.

Our solid performance has positioned us as a leader in the Rwandan banking sector, earning us several prestigious awards in recognition of our commitment to financial inclusion, customer satisfaction, and sustainability. Capital Finance International honored us with an award, recognizing our unwavering dedication to financial inclusion, SME growth, and customer-centric innovation. For the second consecutive year, we received the Global Banking & Finance Review accolade, highlighting our consistent efforts in supporting MSME growth through innovative financial solutions and strategic partnerships. The Karisimbi Events award underscored our commitment to delivering top class customer service and enhancing client satisfaction. At the Financial Reporting Excellence Awards (FREA) in 2024, the Institute of Certified Public Accountants of Rwanda (ICPAR) acknowledged our transparent and responsible reporting practices. Our head office, "9 on the Avenue," received the EDGE Advanced Certification from the IFC, recognizing our commitment to sustainable building practices and environmental conservation. Old Mutual honored us with a title for our leadership and excellence in bancassurance services. These accolades reflect our dedication to excellence and our pivotal role in Rwanda's banking transformation.

As we transition into 2025, we remain steadfast in our commitment to enhancing the customer experience and ensuring sustainable growth. Our focus for the coming year revolves around key initiatives designed to drive long-term success. We are upgrading our mobile banking application to provide a more intuitive and feature-rich experience, ensuring that our customers can manage their finances securely and conveniently from their mobile devices. To further extend our reach and serve customers more effectively, we are launching I&M Agency Banking, a network of authorized agents across Rwanda. This will enable customers to access banking services such as deposits, withdrawals, and account inquiries at locations closer to their homes and businesses, strengthening our presence within Rwanda.

We are also committed to investing in the future of Rwanda and our workforce. To that end, we are introducing the I&M Academy, an institution designed to focus on developing the skills and knowledge of our employees, ensuring we have the best talent to serve our customers. Our strategic priorities for 2025 are centered on three key pillars that will drive long-term success. First, we are committed to significantly expanding our customer base, unlocking new revenue streams, and solidifying our market position. Second, we will strengthen our financial foundation by growing our loan portfolio, assets, and deposits. This strong foundation will fuel our third pillar: enhancing financial soundness and earning capacity for our shareholders. By improving total net revenue, profit before tax (PBT), and return on equity (ROE), we will deliver greater value to our shareholders, reinforcing our position as a market leader.

By building on our past successes and focusing on these priorities, we are confident that I&M Bank Rwanda will continue to be the financial institution of choice for customers, shareholders, and partners alike. Our commitment to innovation, customer-centricity, and sustainable growth will ensure we remain at the forefront of Rwanda's banking transformation.

IMARA 3.0 - BUILDING ON OUR STRATEGIC ACHIEVEMENTS

Anchored in our proven business model, we look to reaffirm our vision – making a lasting impact in the lives of all our stakeholders.

We've moved forward evolving beyond traditional segmentation, to enhance our service to customers and their ecosystems. This entails leveraging both traditional channels and digital platforms to deliver a seamless, value driven experience.

ASPIRATION

RWANDA'S LEADING FINANCIAL PARTNER FOR GROWTH

STRATEGIC PILLARS & INITIATIVES

1. Develop Leadership in our Core Segments (Corporate & Commercial)
2. Build Relevance in Emerging customer Segments (Retail & SME)
3. Become a market leader in ecosystems

ENABLERS

- Brand Relevance
- Leverage Group Synergies
- Resilience
- Digitization
- Cultural Transformation

KPIs

- PBT
- Net Promoter Score
- % of Digitally Active customers
- % of revenue from new business initiatives
- Employee engagement
- No of lives impacted

OUR SUSTAINABILITY

Our Sustainability

OUR SUSTAINABILITY GOVERNANCE AND MANAGEMENT

Report Overview

This is I&M Bank Rwanda Plc Annual Sustainability Report which provides non-financial performance disclosures for the reporting period 1st January 2024 to 31st December 2024.

The Bank made use of the Global Reporting Initiative (GRI) standards and the International Financial Reporting Standards (IFRS) recommendations to guide the content presented in this report.

The Bank applied the principle of materiality in assessing information to be included in the report. The report focuses particularly on those issues, challenges and opportunities that impact materially on I&M Bank Rwanda and its ability to be a sustainable, responsible and ethical business that consistently delivers value addition to shareholders, prospective investors, and key stakeholders. Material matters influence the Bank's strategy and inform the content in this report.

It highlights the integration of Environmental, Social and Governance (ESG) principles into the company's operations cementing its commitment to actively supporting the UN Sustainable Development Goals (SDGs) and other local and global sustainability frameworks to create shared value to the shareholders through its offerings.

Highlights 2024

Environment

Water conservation through **Rainwater harvesting** & **wastewater treatment**

Switched to **LED lamps** cross the Bank

25% Renewable Energy

Shifted to **Electric cars**

100% of loan portifolio assessed on E&S and climate related risk

Green businesses Financed in FRW

2,532Bn Waste recycling Projects

564Mn Climate smart agriculture

265Mn Wastewater treatment

206Bn Renewable Energy

207Mn E-mobility

4,823Bn Energy Efficiency Equipment

Our Sustainability

Social

89,575 Customer base

485 Employees

481 trained employees

Employee Engagement Score **84%**

Net Promoter Score **(NPS) 88%**

Cybersecurity maturity score **91%**

FRW **>100Mn** for social investment

FRW **16,5Bn** Disbursed to Female Individual clients

FRW **19,2Bn** Disbursed to Agricultural Clients

FRW **7,3Bn** Disbursed to Women Lead ESMs

Governance

Employee Gender Diversity **F: 47% - M:53%**

Board Gender Diversity **F:77% - M:33%**

Women in Senior position **45%**

United nation Global Impact **Membership**

Our Footprint

18 Branches	**38** ATMS

I&M Bank Rwanda Plc has a significant presence across the country, with a network of strategically located branches and ATMs in key cities and regions.

The bank's footprint is designed to provide comprehensive financial services to both urban and rural populations, ensuring easy access to banking for individuals, SMEs, and businesses alike. Additionally, through its digital banking platforms, I&M Bank Rwanda extends its services to customers nationwide, fostering greater financial inclusion and supporting Rwanda's economic growth. The bank's commitment to customer service and innovation continues to strengthen its position as a trusted financial partner in Rwanda.

Awards and partnerships
Awards - 2024
Validation and recognition of the Bank performance in delivering sustainable value and creating impact through our products and services. In the year 2024, the Bank has earned significant recognition for its outstanding performance and commitment to sustainable value creation. The accolades include:

Best Bank in Rwanda by CFI, acknowledging the bank's leadership and financial success in the country.

Best SME Bank by Global Finance

Financial Reporting and Excellence Award 2024: Excellence in Sustainability Reporting" for public listed companies by ICPAR

Premier Bank in Bancassurance by Old Mutual

Best Commercial Bank Award 2024 by Kalisimbi Events

Our Sustainability

Partnerships
I&M Bank Rwanda leverages strategic partnerships to enhance both its financial and non-financial services. By collaborating with various institutions, the bank is able to offer tailored financial products such as loans and credit facilities, targeting sectors like agriculture, SMEs, and digital banking. Below partners are both commercial and developmental and offer both financial and non-financial support.

FMO/NASIRA Proving Collateral to ESMEs	**MASTERCARD FOUNDATION** Supporting Tourism and Hospitality Industry	**SIDA/AFR** Access to Working capital for SMEs
BRD/CDAT Supporting Agriculture sector	**ACELI** Supporting micro businesses especially women owned business	**UNCDF** provide cover (guarantee) to facilitate the Bank to increase its lending to health posts

I&M BANK RWANDA'S COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)
I&M Bank Rwanda is dedicated to contributing to the achievement of the United Nations Sustainable Development Goals (SDGs) by integrating them into its operations, business practices, and corporate social responsibility initiatives. The bank recognizes the importance of sustainable development for the prosperity of Rwanda and its people and aims to create long-term value that aligns with these global goals.

The bank strategy represents the bank's forward-looking approach to sustainable banking, emphasizing responsible financial growth, environmental stewardship, and social inclusion. Through IMARA 3.0, I&M Bank Rwanda integrates the SDGs into its operations and business practices to support the achievement of both national and global sustainability objectives.

Introduction
I&M Bank Rwanda Plc has established robust governance structures and mechanisms embedded in principles of authority, accountability, stewardship, leadership, direction, and control. Good governance forms the core of I&M Bank values and efforts in creating and sustaining shareholder value. The governance structure of I&M Bank comprises several governance bodies with well-defined roles and responsibilities, greater accountability, and clear reporting lines. These include the Board, Board Committees, Management, and Management Committees. The Board is responsible for setting the strategy, risk appetite, and oversight. The Board has delegated the day-to-day operations of the Company to the Management. The Management is responsible for executing strategy and driving performance. Strategic business units and support functions are responsible and accountable for conducting operations and assuming risk under the purview of Management.

The bank board is committed to spearheading integration of sustainability in the core of its operations. This commitment is evident in initiatives relating to the group's actions in policies, strategy and general business strategy. The bank is in the process of developing a comprehensive ESG strategy that will be integrated with the existing business strategy. As evidenced in this inaugural report, activities undertaken previously have had an impact on the environment, society and responsible business. The ESG strategy will expand intentional initiatives that align with our business strategy including metrics, KPI's, milestones and a roadmap for accountability.

Our Sustainability Objectives
The current sustainability context worldwide requires an urgent and innovative response to delivering relevant financial products and solutions. We, therefore, have considered how our work can create the greatest impact through intentional analysis and research on the types of products and services required across our operating environment. The IMARA 3.0 strategy provides a clear mechanism for delivering meaningful change national and international wide. We recognize that we are not the only ones working towards economic transformation and thus collaborate with different stakeholders to maximise our reach and impacts. The Bank sustainability objectives aim to integrate and embed sustainability into the business in three major areas with the purpose of impacting over 2 million lives.

Our Sustainability

The Bank sustainability objectives aim to integrate and embed sustainability into the business as detailed below:

RISK MANAGEMENT	SUSTAINABLE FINANCE	BUSINESS OPERATIONS
We proactively identify, assess, and prioritise environmental, social, nature and climate risks. This process is ingrained into our strategy development, credit processes and operations. In the lending process, we have developed an Environmental and Social Risk Management (ESRM) procedure. In addition, we incorporated climate risk assessment into the ESRM, enabling us to consider climate risk aspects in our credit process.	We have integrated ESG considerations in products and services, prioritising lending that offers environmental, climate or social benefits. Our sustainable approach provides us with the guidance and framework for delivering suitable credit and investment products with strong sustainability credentials. It also provides us with the mechanisms, metrics and targets for delivering on sustainable finance.	We understand the impact of our operations on the environment, climate and the natural world and are committed to significantly reducing our footprint. Implementing this commitment involves measures that touch on various areas of our operations. Our approach seeks to optimize opportunities to use technology and other environmentally friendly methods, thereby reducing our footprint, enhancing access to services, and improving the employee-customer interface.

Furthermore, We are working through several mechanisms to deepen our sustainability practices including sustainable procurement, carbon management, development of products and solutions, customers' sustainability needs analysis, climate finance opportunities assessment at project origination, staff capacity building, and governance through different department . While sustainability has been an inherent feature of I&M Bank Rwanda Plc from its start, in this current phase, we aim to consolidate and enhance our approach to maximizing opportunities and returns for stakeholders and to ensure sound management of ESG related risks and opportunities.

SUSTAINABILITY GOVERNANCE

Board Oversight
Our Board is committed to upholding the highest standards of corporate governance to support long-term business sustainability and create lasting value for our stakeholders. In response to growing calls for greater transparency on how organisations are responding to sustainability-related risks and opportunities, we continue to refine and enhance our governance framework.

This includes integrating climate-related and environmental financial risk management as per the requirements of the Guideline on Climate-related and Environmental Financial Risk Management for Financial institutions (published by the central Bank of Rwanda, effective 1 November 2023). With the elevation of the sustainability function at Group level, highlighted in the Bank strategy. This reinforces our commitment to mainstreaming sustainability matters throughout the Group and specifically at the I&M Bank Rwanda Plc.

The governance of climate-related risks and opportunities within the Bank is integrated into our overall enterprise risk management framework. This approach allows us to align the management of climate risks with conventional risks, support comprehensive strategic objective setting, and incorporate climate risk considerations into our decision-making processes.

Our Board of Directors bears the responsibility for the following tasks in fulfilling our commitments to address climate-related risks and responsible investment:
Assess specific climate-related risks and their potential impact on the Bank's business strategy using appropriate metrics and benchmarks aligned with both national and international targets.

Allocate adequate resources, including financial and non-financial resources, to support the management of climate risks and opportunities. This includes activities such as enhancing staff capabilities, seeking expert input, and improving data systems and frameworks.

Establish the Bank's risk appetite in relation to climate-related financial risks and ensure effective management and control of these risks.

Engage with key stakeholders to gain a better understanding of their concerns and expectations, and in turn, communicate how the Bank is positioning itself regarding climate-related risks and opportunities.

During this reporting period, the bank has developed framework, policies and procedures to guide on climate related and environmental risk management and ESG as a whole.

The Board provides oversight and leadership in alignment with the bank strategy, including any sustainability measures being executed. In line with sustainability the below Board committees support it in discharging its responsibilities, namely:

BOARD COMMITTEE ROLES IN SUSTAINABILITY OVERSIGHT AND GOVERNANCE			
BOARD AUDIT COMMITTEE	**BOARD STRATEGY COMMITTEE**	**BOARD RISK COMMITTEE**	**BOARD CREDIT COMMITTEE**
Providing independent oversight on the effectiveness of the Bank's risk management system which includes ESG and climate-related risk management.	- Considering the various strategic options available to the Bank. - Making recommendations to the Board regarding the development of the Bank's long-term strategic plans. - Consideration of risks and opportunities relating to sustainability with a focus on climate-related risks and opportunities	- Reviewing and assessing the quality, reliability and integrity of risk management. - Ensuring Bank risk is effectively managed. - Ensuring compliance with statutory and legal requirements and bank's policies and procedures. - Reviewing on an annual basis the - effectiveness of the Bank's risk management practices.	Assists the Board in fulfilling its primary responsibility to ensure that the quality of the Bank's credit-related asset book remains within acceptable parameters consistent with the Bank's risk appetite as well as regulatory requirements and prudential ESG risk management practices.

How we govern climate, environmental and social risks
Three lines of defence, roles, responsibilities and place of ESG & climate risk

Category	Task	Responsible
1st Line	Competently Identify , Assess and Manage E&S risks	Business Units
2nd Line	Risk team. Overseeing E&S and Climate-related risks in business activities, on-going risks monitoring and reviewing relevant policies and procedures.	Risk team
	Ensure E&S and Climate-related risks management policies and procedures comply with internal and regulatory requirements.	Compliance team
3rd Line	Providing assurance and periodic audit evaluation on the effectiveness of the Bank's climate-related risk management activities performed by the first and second lines of defence described above	Internal Audit function

Roles of Senior Management
The Bank's Chief Risk Officer is responsible for guiding and organizing the execution and alignment of IFRS principles across different Management Committees. Their specific duties related to the integration of climate-related risks involve:
Assessing and quantifying the Bank's exposure to climate-related risks stemming from various business lines.

Defining and assigning roles and responsibilities within the Bank's organizational structure to implement the climate-related risk management framework.
Executing the Bank's Climate-Risks Strategy by providing regular updates and managing information related to it.

Supporting the implementation of the Bank's appetite for climate-related financial risks and ensuring effective risk management and control.
Implementing the Bank's strategies in a way that minimizes climate-related risks associated with the different business lines.

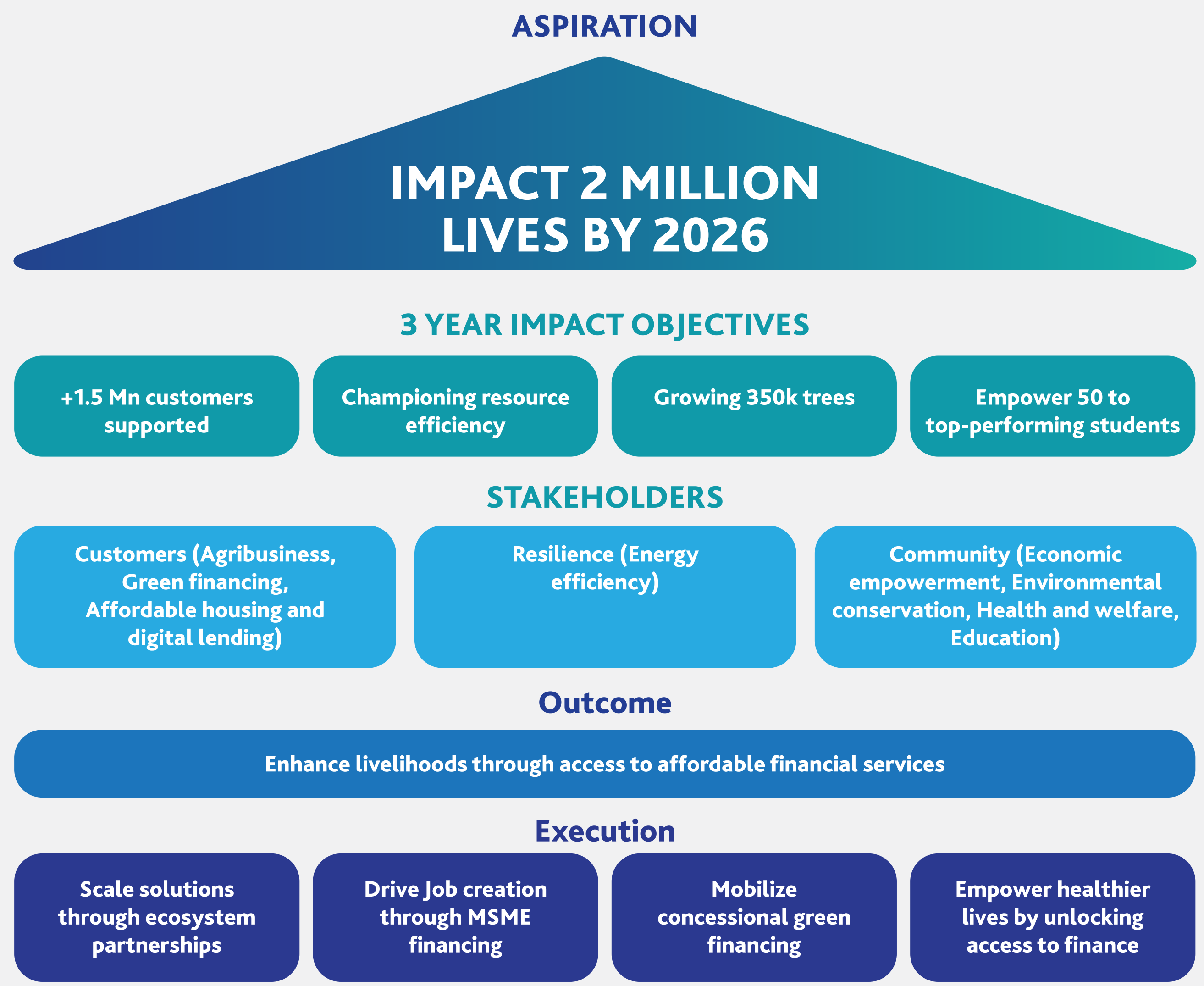
Embracing capacity-building programs designed to enhance awareness of climate-related risks among the business lines, with relevance to policies, processes, controls, and risk monitoring systems.

Ensuring the allocation of appropriate resources, processes, systems, and controls to support the implementation of the climate-related risk strategy.Top of Form

OUR SUSTAINABILITY STRATEGY

The pillars of our sustainability strategy are integrated into our overall Bank strategy namely IMARA3.O. Our actions are guided by our purpose, Success beyond numbers, with the key objective being to deliver a positive economic, social, environmental and cultural impact. Our sustainability strategy is founded on the material environmental, social and governance issues facing the Bank across regions where we operates.

The Plan has given priority to specific considerations to ensure long-term sustainability as aligned with SDGs.



Our approach to sustainability
Recognizing our stakeholders is crucial to our success, I&M Bank Rwanda Plc strives to maintain quality relationships with stakeholders because they significantly influence our ability to fulfill our purpose. The Bank recognizes and appreciates the need for stakeholder engagement and that active cooperation is essential for our sustainable business performance, public trust and confidence. The Bank stakeholder management policy is founded on transparency, active listening and equitable treatment that favours a consultative and collaborative engagement with all stakeholders. We encourages active and timely communication and dialogue with the stakeholders as it is imperative in the growth of I&M Bank Rwanda Plc as a premier financial institution. We achieve this through various channels below based on a mutual understanding of objectives and expectations.

Stakeholder Groups

The primary objectives of stakeholder engagement in the context of I&M Bank Rwanda's sustainability strategy include:
Building Trust and Transparency: Ensuring that all stakeholders are kept informed of the bank's sustainability efforts, financial performance, and governance practices.

Enhancing Collaboration and Partnerships: Actively working with stakeholders to co-create solutions that address mutual challenges and opportunities, particularly related to sustainability.

Identifying and Addressing Stakeholder Needs: Gaining insights into stakeholders' expectations, concerns, and priorities to ensure that the bank's sustainability initiatives are relevant, effective, and beneficial to all involved.

Aligning Business Strategy with Social and Environmental Goals: Ensuring that the bank's business strategy supports long-term sustainability goals, including financial inclusion, environmental conservation, and social development.

Improving Risk Management: Proactively engaging with stakeholders to better understand potential risks related to environmental, social, and governance (ESG) factors and integrating these insights into the bank's risk management processes.

Stakeholders	Why we engage	Mode of engagement	Stakeholder interest	Desired outcome
Customers	• To ensure that the bank is meeting their financial needs and expectations, while offering products and services that are aligned with sustainability principles	• Emails. • In – app messages. • Social media • Surveys & Feedback • bank's call centers, branches, and digital platforms	• Provision of sustainable finance products. • Protection of consumer data, privacy and prevention of financial crime. • Accessible and affordable products. • Quality customer experience.	• Customer Loyalty & Satisfaction • Financial Inclusion • Enhanced Trust

Our Sustainability

Stakeholders	Why we engage	Mode of engagement	Stakeholder interest	Desired outcome
Employees	• To maintain a motivated, skilled, and engaged workforce that contributes to the bank's sustainability goals and ethical business practices. • To create a supportive and diverse workplace culture.	• Employee engagement survey. • Internal newsletters. • Emails. • Town Halls & Internal Meetings • Training Programs	• Job security, career growth, and a positive workplace environment. • Opportunities for learning, development, and promotion. • Alignment between personal values and the company's commitment to sustainability and ethical practices	• Employee Engagement & Retention. • Professional Development • Positive Work Environment
Investors	• To build confidence among investors. • To create transparency and accountability about BK Group's financial and non – financial performance. • To attract and retain investors. • To ensure strong financial performance, maximize returns, and align sustainability initiatives with the long-term value creation for investors.	• Investor Briefings & Reports • Annual General Meetings (AGMs) • Direct Communications Through investor relations teams, offering one-on-one discussions and updates on key business developments.	• Strong financial performance and a steady return on investments. • Transparency in governance, risk management, and sustainability reporting. • Long-term strategic planning that incorporates sustainability as a driver of financial performance.	• Enhanced Investor Confidence • Maximized Return on Investment • Sustainability Leadership: Position I&M Bank Rwanda as a leader in sustainable finance, demonstrating that profitability and sustainability can go hand in hand.
Regulators & policy makers	• To comply with local laws and regulations and support national development goals, ensuring that the bank contributes to economic and social progress.	• Regulatory Submissions & Reports • Consultations & Dialogues • Participation in Industry Forums	• Adherence and compliance with regulatory requirements. • Supporting government policies related to sustainable finance and green growth	• Compliance and Risk Mitigation • Support for National Development Goals • Government Collaboration
Wider community	• To positively impact the broader society by supporting initiatives that improve livelihoods, promote financial inclusion, and enhance environmental sustainability.	• Corporate Social Responsibility (CSR) Projects. • Financial education programmes. Sponsorships. • Partnering with NGOs and community-based organizations to deliver joint sustainability projects	• Economic development and job creation in local communities. • Protection of the local environment and support for community-driven environmental initiatives.	• Positive Social Impact • Environmental Protection • Empower communities by enhancing access to financial services, education, and sustainable development opportunities.
Suppliers and partners	• To create a responsible supply chain that aligns with the bank's sustainability standards, fostering long-term, ethical business partnerships.	• Supplier Audits • Partnerships & Collaboration • Sustainability Criteria: Establish clear sustainability expectations in procurement and supplier agreements.	• Ethical and responsible business practices in procurement • Long-term, stable, and mutually beneficial business relationships.	• Ethical Supply Chain • Long-Term Partnerships • Shared Sustainability Goals

ESG MATERIAL TOPICS

Examples of environmental issues:
- Carbon emissions
- Use of natural resources
- Waste management
- Deforestation

Examples of social issues:
- Workplace health and safety
- Human right
- Data security
- Employee training
- diversity

Examples of governance issues:
- Board independence and diversity
- Shareholder right
- Compensation right

In this section we highlight the key issues, risks, and opportunities that significantly impact the I&M Bank Rwanda Plc's ability to create value over the short, medium, and long term. These topics are central to the bank's business strategy and operations, and their importance is determined based on their potential to affect the bank's financial performance, reputation, regulatory compliance, stakeholder relationships, and overall sustainability.

Material topics are typically identified through stakeholder engagement, risk assessments, and aligning with global frameworks such as the Global Reporting Initiative (GRI) standards and the Sustainable Development Goals (SDGs). They represent the areas where the bank has the most significant potential to impact its long-term sustainability, reputation, and overall value creation.

In The 2024 ESG material matters identified and addressed during the year have been summarised. These material matters were addressed through the strategy, employee training and development. This allows the I&M Bank Rwanda Plc to innovate its product offering, and shift its approach to the market, without losing focus on its strategic ambitions. The ESG material matters defined in 2024 are summarised as follows:

Environmental (E) related Material Topics

Topic	Description	Relevant SDGs
Climate Risk and Resilience	Managing the risks posed by climate change, including physical and transition risks.	9 Industry, Innovation and Infrastructure; 13 Climate Action
Green and Sustainable Finance	Financing projects focused on sustainability, such as renewable energy or sustainable infrastructure.	7 Affordable and Clean Energy; 13 Climate Action
Carbon Footprint and Energy Efficiency	Reducing the direct environmental impact of the bank's operations through energy-efficient measures.	7 Affordable and Clean Energy; 13 Climate Action
Water and Resource Management	Managing water usage and other resources in the bank's operations and financing projects.	6 Clean Water and Sanitation
Environmental Risk in Lending and Investment	Identifying and managing environmental risks in financing projects or investments.	7 Affordable and Clean Energy; 12 Responsible Consumption and Production; 13 Climate Action

Social related (S) Material Topics

Topic	Description	Relevant SDGs
Financial Inclusion and Access to Services	Ensuring access to banking and financial services for underserved populations.	1 No Poverty; 8 Decent Work and Economic Growth; 10 Reduced Inequalities
Customer Satisfaction, Trust, and Transparency	Building trust with customers by offering transparent and fair services, ensuring customer protection.	12 Responsible Consumption and Production; 16 Peace, Justice and Strong Institutions
Data Privacy and Cybersecurity	Protecting sensitive customer data and ensuring the bank is safeguarded against cyber threats.	16 Peace, Justice and Strong Institutions
Employee Well-being, Engagement, and Diversity	Promoting a diverse, inclusive workplace with fair labor standards and employee well-being initiatives.	5 Gender Equality; 8 Decent Work and Economic Growth

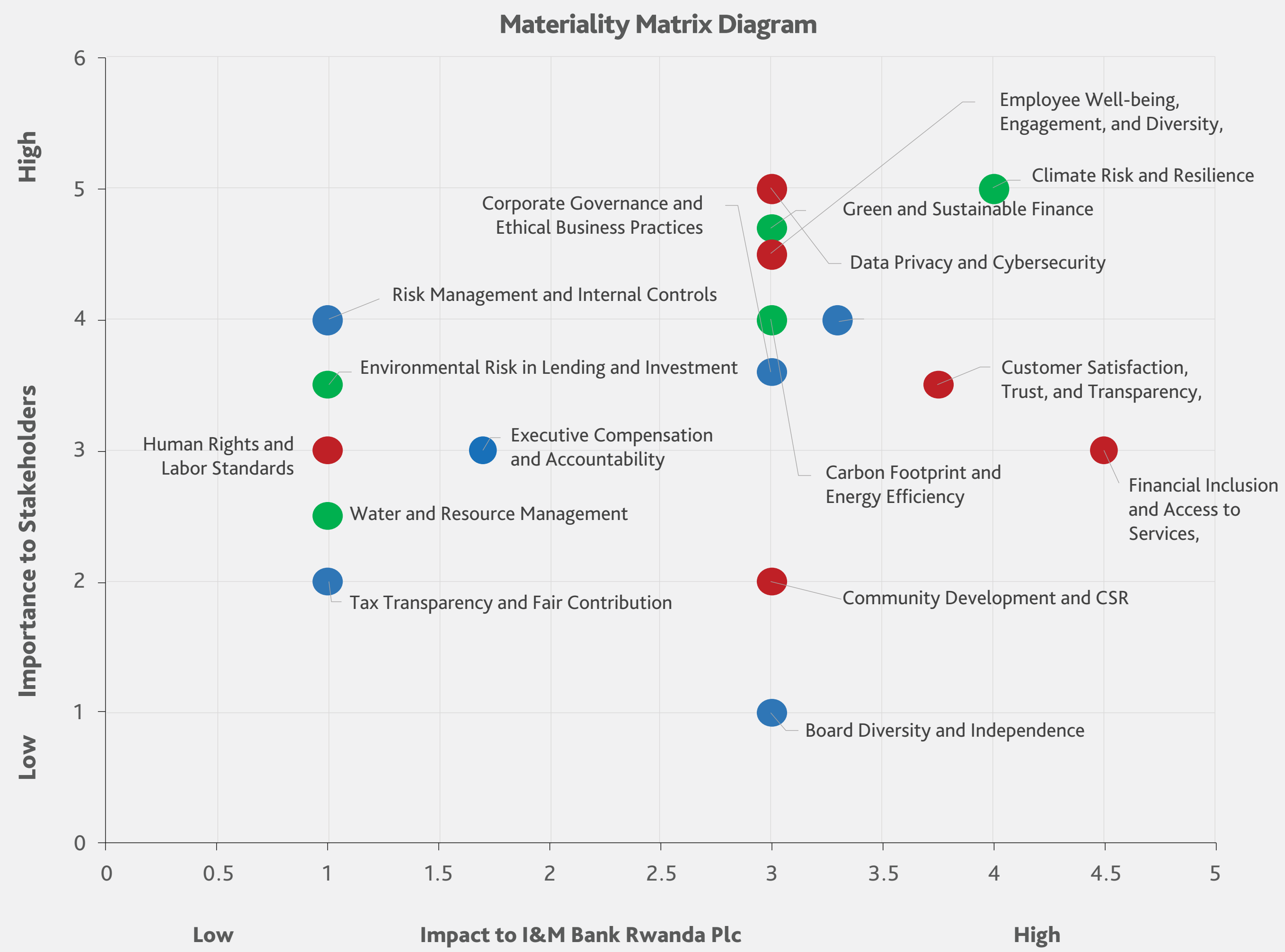
Topic	Description	Relevant SDGs
Community Development and CSR	Supporting community development projects and contributing to local economies.	11 Sustainable Cities and Communities; 17 Partnerships for the Goals
Human Rights and Labor Standards	Ensuring that human rights are respected throughout the bank's operations and supply chains.	8 Decent Work and Economic Growth; 10 Reduced Inequalities

Governance (G) related Material Topics

Topic	Description	Relevant SDGs
Corporate Governance and Ethical Business Practices	Ensuring strong corporate governance practices with ethical decision-making and accountability.	16 Peace, Justice and Strong Institutions
Risk Management and Internal Controls	Maintaining robust internal controls to manage financial, operational, and reputational risks.	8 Decent Work and Economic Growth; 16 Peace, Justice and Strong Institutions
Regulatory Compliance and Anti-Money Laundering (AML)	Complying with financial regulations, preventing financial crimes, and ensuring transparency.	16 Peace, Justice and Strong Institutions
Board Diversity and Independence	Ensuring diverse and independent decision-making at the board level to enhance strategic oversight.	5 Gender Equality; 16 Peace, Justice and Strong Institutions
Executive Compensation and Accountability	Aligning executive pay with long-term sustainability and performance.	8 Decent Work and Economic Growth
Tax Transparency and Fair Contribution	Ensuring tax practices are transparent, ethical, and in compliance with local and international regulations.	16 Peace, Justice and Strong Institutions

Materiality Matrix

The ESG material topics are presented on the materiality matrix below based on their importance to stakeholders and impact to business from an economic, environmental, and social perspective. The materiality assessment process aided I&M Bank Rwanda Plc to be able to focus on the most significant topics considering impacts to business as well as the influence on the stakeholders resulting to a **"win-win"** scenario. Through analysing stakeholder feedback, particularly from engagements with the bank's teams, the materiality assessment revealed a high importance placed on Environmental stewardship and climate action as a key ESG issue. In response, the I&M Bank is intensifying its focus on developing sustainable and green finance products, among other initiatives, to advance its environmental stewardship and climate action efforts.



SUSTAINABILITY ACTION PLAN

In this section, we describe how over the years, our commercial and social practices have improved resilience for the I&M Bank Rwanda Plc and its stakeholders through non-financial and financial interventions resulting to enhanced sustainability.

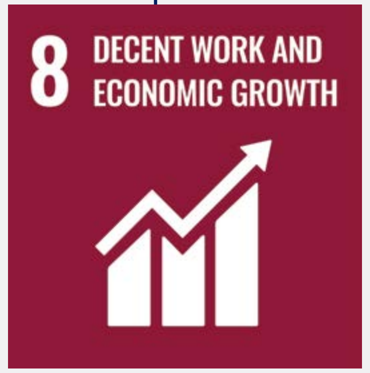
Creating customer value

"At I&M Bank Rwanda Plc, we are committed to creating exceptional customer value by delivering personalized banking solutions, leveraging innovative technology, and fostering strong relationships built on trust and transparency. Through seamless digital experiences, accessible financial services, and a customer-first approach, we strive to empower our clients, enabling them to achieve their financial goals with confidence and ease."

Furthermore, we understand that resilience is key to the long-term success of our clients, whether they are individuals, small and medium-sized enterprises (SMEs), or large corporations. In a world marked by economic volatility, climate change, and technological disruptions, strengthening the resilience of our clients is a central focus of our banking strategy.

We are committed to empowering our clients with the tools, knowledge, and financial support they need to adapt, grow, and succeed despite challenges.

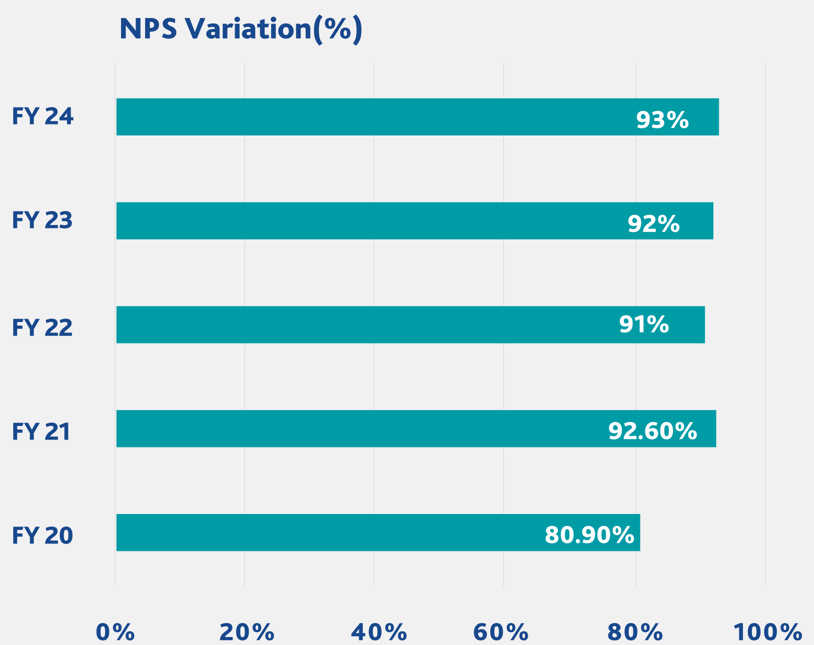
Customer experience.



I&M Bank Rwanda Plc is committed to enhancing customer experience by prioritising personalised services and digital innovation while maintaining high standards of care and quality across branches and its headquarters.

At I&M Bank Rwanda Plc ,customer experience is not just about delivering exceptional services today but about building lasting relationships that contribute to the long-term sustainability of both our clients and our business. By offering innovative products, fostering a customer-centric culture, listening to customer feedback, and promoting financial inclusion, we are creating an environment where our clients can thrive financially and feel supported at every step. Our commitment to enhancing the customer experience reflects our broader sustainability goals and reinforces our dedication to supporting the financial resilience and well-being of our clients for the future.

Customer metrics



The Net Promoter Score (NPS) at I&M Bank Rwanda Plc, has seen a remarkable increase, rising from 92% in 2023 to 93% in 2024. This improvement reflects the bank's continued dedication to enhancing customer satisfaction through personalized service, seamless digital experiences, and a strong commitment to meeting customer needs. The higher NPS indicates a growing level of customer loyalty and a positive perception of the bank's products and services.

Improving customer complaints management

Complaints Management Process

I&M has set up stringent Complaint Management Standards that ensure effective resolution of customer complaints, resulting in improved customer service levels.

The Complaints Management process is modelled on the key principles of:

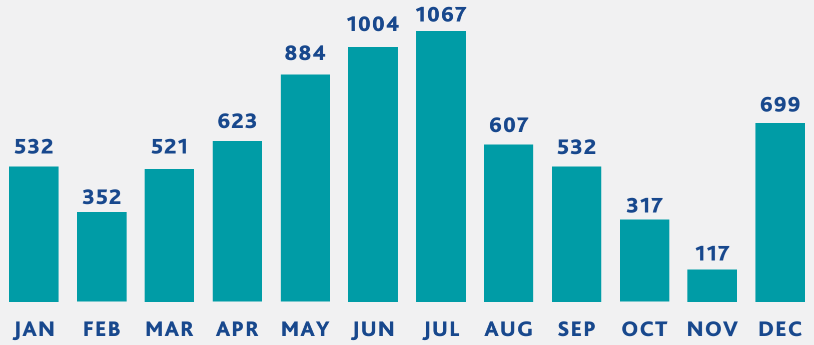
Customer Focus,

- Visibility,
- Accessibility,
- Responsiveness,
- Objectivity and Fairness,
- Confidentiality,
- Competence,
- Compliance,
- Review and Remedy.

Customer Complaints Resolution Performance

At I&M Bank Rwanda Plc, customer complaint handling is a top priority, ensuring that all concerns are addressed promptly and effectively. The bank has established clear channels for customers to voice their issues, including in-branch, online, and via phone. Once a complaint is received, I&M Bank aims to resolve it efficiently, with a focus on providing transparent communication, offering timely solutions, and continuously improving based on customer feedback. This customer-centric approach helps maintain trust and satisfaction, ensuring that each customer feels heard and valued. In the Year 2024, the to customer complaints were

- Loan delays
- Loan pay offs
- Card migration



The bank took swift action to address these concerns, resolving each complaint with a high level of efficiency. Through improved processes, transparent communication, and dedicated customer support, I&M Bank successfully resolved these issues, ensuring that customer satisfaction remained a priority and reinforcing its commitment to continuous service improvement.

Our dedicated complaints management team continues to collaborate with all stakeholders to enhance customer complaints management and ensure our approach remains fair and transparent, including:

- Working with relevant teams to optimise client experience in high-tech environments.
- Channelling feedback, sharing trend analyses, and providing technical and soft training.

Our Sustainability

- Reviewing existing complaints handling frameworks to ensure these remain effective.
- Offering flexible, tailored customer service through various channels.
- Refining our approach to developing and implementing user-friendly tools for employees and customers.

Customer Empowerment

FRW **19,2Bn** Disbursed to Agricultural Clients

FRW **7,3Bn** Disbursed to Women Lead ESMs

1 product targeting women **Malaika accounts**

FRW **16,5Bn** Disbursed to Female Individual clients

At I&M Bank Rwanda Plc, customer empowerment is our key focus, particularly through initiatives that support women and youth. Through a partnership with the Mastercard Foundation, the bank has provided technical assistance to finance 400 small businesses and 100 medium-sized businesses in the tourism and hospitality sector, with a specific focus on women and youth. These efforts have created over 12,500 jobs, helping to drive economic growth and create opportunities, especially for women and young people in this sector.

Additionally, during the reporting period, the Bank has financed 25,170 individual women and 160 SMEs women lead business, demonstrating the bank's commitment to supporting women-led SMEs and promoting inclusive economic development. These initiatives not only empower individuals but also contribute to the broader goal of fostering sustainable entrepreneurship in Rwanda.

OUR COMMITMENT TO ENVIRONMENTAL STEWARDSHIP AND CLIMATE ACTIONS

We recognize the critical role that financial institutions play in promoting environmental sustainability and addressing the global challenge of climate change. We are committed to integrating **environmental stewardship** into our operations and supporting **climate action** through sustainable finance practices.

I&M Bank takes a comprehensive approach to incorporate environmental, climate and nature sustainability into its operational and credit processes. The Bank has risk management procedures in place and training sessions were conducted to key staff specifically EXCO members, business, credit, risk, compliance and audit team. The results of a subsequent survey confirmed the successful integration of sustainability objectives into business processes. As part of our commitment to environmental protection, climate change mitigation and nature preservation, I&M Bank started also integrated climate risk and opportunities management into our risk management processes.

The Bank implemented business processes geared towards minimising its carbon footprint, with using solar system and installation of wastewater treatment systems among other initiatives and financing different projects that lead to climate change mitigation and adaptation.

Our efforts focus on reducing our own environmental impact while empowering our clients to adopt green practices. Through green financing options, we support environmentally friendly projects such as renewable energy, energy-efficient infrastructure, and sustainable agriculture. We also promote climate risk management and work with businesses to help them mitigate the effects of climate change.

By adopting sustainable business practices, financing green projects, and encouraging eco-conscious behavior among our stakeholders, we aim to contribute to Rwanda's climate resilience and a more sustainable future for all.

Sustainable finance and Climate financing

I&M Bank Rwanda Plc is committed to promoting sustainable finance as part of its strategic vision to contribute to long-term economic development while addressing environmental and social challenges. Sustainable finance refers to financial activities that align with the principles of environmental protection, social equity, and responsible governance (ESG). In 2024, the Bank continues to integrate sustainability into its core business model by financing projects and initiatives that support the achievement of the United Nations Sustainable Development Goals (SDGs), especially SDG 13 (Climate Action), SDG 7 (Affordable and Clean Energy), and SDG 12 (Responsible Consumption and Production). The bank contributed to financing green project and below details the amount disbursed for different environmentally friendly projects

ESG & Climate-Related Risks and Opportunities
Environmental, social, and climate risks are becoming increasingly central to the banking sector as they directly influence financial stability, business performance, and long-term growth. These risks are no longer seen as peripheral concerns but as integral factors that can shape the future of the financial industry.

In recent years, environmental and social factors especially those related to climate change have emerged as significant drivers of financial risk. Extreme weather events, regulatory shifts towards sustainability, and changing market demands are reshaping the global landscape. Banks, as key players in financing the economy, must recognize the potential impact of environmental and social factors on their portfolios, operations, and clients. Climate change, in particular, presents both risks such as physical damage to assets and businesses, regulatory challenges, and shifts in market preferences and opportunities, including financing green projects, supporting the transition to sustainable industries, and offering sustainable financial products.

For financial institutions, especially I&M Bank Rwanda Plc , assessing and managing these risks is critical for protecting long-term value, ensuring compliance with regulations, and supporting the global transition to a more sustainable economy. As a result, financial regulators, investors, and stakeholders are demanding that banks integrate environmental, social, and climate risk assessments into their decision-making processes. This shift is reflected in international frameworks like the Task Force on Climate-related Financial Disclosures (TCFD) and local regulations such as the National Bank of Rwanda's guidelines on environmental and climate risk management and sustainability disclosure.

I&M Bank Rwanda recognizes the profound importance of addressing environmental, social, and climate-related risks as part of its commitment to sustainable banking. The bank has proactively integrated ESG factors into its operations through its ESG framework, ensuring that environmental and social considerations are embedded across its business strategy, risk management practices, and product offerings. This framework enables the bank to assess the potential impact of climate change and other ESG factors on its lending and investment decisions, ensuring that it remains resilient to emerging risks and that its operations align with long-term sustainability goals.

In line with Rwanda's National Bank Guidelines on environmental and climate risk management for financial institutions, I&M Bank Rwanda has adopted an Environmental and Social Risk Management System (ESMS) that supports the identification, assessment, and management of ESG risks. This system not only enables the bank to evaluate physical and transition risks related to climate change but also to ensure that the environmental and social impact of its financing activities is carefully monitored and managed.

The bank's approach is informed by both international best practices and local regulatory frameworks, which provide a clear path for financial institutions to integrate climate-related and ESG risks into their operations. Through this integration, I&M Bank Rwanda supports Rwanda's broader sustainable development goals, including its commitments under the Paris Agreement and the country's Nationally Determined Contributions (NDCs), which prioritize climate resilience and low-carbon development.

Moreover, I&M Bank Rwanda views ESG integration not only as a risk management tool but also as an opportunity to lead in green and sustainable finance. The bank is committed to financing projects that support Rwanda's transition to a low-carbon economy, such as renewable energy, sustainable agriculture, climate-resilient infrastructure, and green innovation. This approach allows I&M Bank to contribute to the country's development goals while tapping into a growing market for green and sustainable financial products.

Enhancement of Environmental and Social Management System (ESMS)
I&M Bank takes a comprehensive approach to incorporate environmental, climate and nature sustainability into its operational and credit processes. The Bank has risk management procedures (ESMS) in place and training sessions were conducted to key staff specifically. The ESRM includes the following key components:

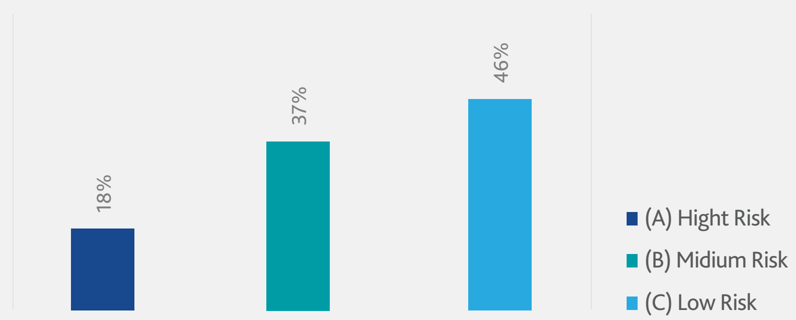
Transaction Screening – ensures the proposed transaction is within the I&M Bank Policy and also determines the approach (with respect to roles and responsibilities and level of assessment) to be followed for the Environmental and Social Risk Due Diligence.

The objective of this screening is to pinpoint the inherent E&S risks associated with the client's industry or sector and assess the capacity to effectively manage any significant issues that may arise. The results of this screening process lead to an E&S risk rating, providing a precise diagnostic for the subsequent due diligence. Our E&S risk rating is determined based on the Equator Principles and is categorized as follows:

- **Environmental and Social Risk Due Diligence (ESDD):** involves a systematic identification and assessment of the risk as well as proposed mitigation actions to be agreed upon with the customer. and social monitoring throughout the duration of the credit relationship.
- **Credit Process:** incorporates the E&S risk assessment into the credit process for decision making and also for contractually agreeing on the required mitigation actions with the customers.
- **Monitoring and Evaluation:** involves the effective management of the risks identified through the ESRM and assessing emerging risks that may affect the customers.

The Environmental and Social (E&S) Risk Rating of I&M Bank's portfolio in the Year 2024 is a reflection of the potential environmental and social impacts of the bank's financing activities. In this rating:

2024 Portfolio Exposure by E&S categories



This classification allows us to tailor its environmental and social risk management strategies to the varying levels of risk associated with our portfolio, ensuring that higher-risk projects receive appropriate due diligence, while lower-risk projects are efficiently monitored and managed

The Bank further seeks to consistently elevate the capacities of its stakeholders on environmental and social issues within the various business lines and in liaison with our development partners, we delivered E&S Risk Management physical Training to a total of 56 Business staff members in 2024 and the 85% overall staff attended the mandatory online training on E&S Risks and opportunities assessment.

Climate Related Risk Assessment
For I&M Bank Rwanda Plc, integrating climate-related risks and opportunities into its operations is an essential part of its Environmental, Social, and Governance (ESG) framework. These efforts not only help the bank manage emerging financial risks but also align with Rwanda's national commitments and international climate standards, such as the Paris Agreement.

Climate-related risks can broadly be categorized into three main types: physical risks, transition risks, and liability risks. These risks can affect I&M Bank Rwanda's operations, loan portfolios, and the financial stability of its clients.

a. Physical Risks
Physical risks arise from the physical impacts of climate change, including extreme weather events and long-term shifts in climate patterns. These can disrupt business operations, cause financial losses, and affect the bank's clients, especially those in climate-sensitive sectors.

Acute Physical Risks (Short-term): These are extreme weather events, such as floods, droughts, storms, and heatwaves, which can cause immediate disruptions to business operations, physical assets, and communities.

Chronic Physical Risks (Long-term): These are gradual, long-term changes in climate, such as rising sea levels, shifting precipitation patterns, and increasing temperatures. Chronic risks could affect entire sectors over time.

b. Transition Risks
Transition risks are associated with the shift toward a low-carbon, sustainable economy. These risks can result from changes in policies, technology, market behavior, or reputational pressures as governments and businesses take action on climate change.

Regulatory Risks: Governments around the world are implementing stricter environmental regulations to reduce emissions, enhance climate resilience, and meet international commitments. These regulations could increase the cost of doing business, particularly for industries that are carbon-intensive or unprepared for the transition.

Market Risks: As consumer preferences and investor priorities shift toward sustainability, businesses that do not adapt to low-carbon models or do not meet sustainability criteria may face reduced demand for their products or higher financing costs.

Technology Risks: Rapid advancements in clean technologies may render traditional business models obsolete. Clients that do not adopt new technologies may struggle to remain competitive, posing financial risks to the bank.

c. Liability Risks
Liability risks arise from the possibility of lawsuits or legal claims related to the environmental impact of financed projects or business activities. Banks could be held accountable if their financing contributes to environmental damage or if they fail to adequately assess and disclose climate risks.

I&M Bank is highly exposed to sectors that are most vulnerable to both physical and transitional climate risks, especially those in Agriculture, Energy and Water, Oil and Gas, Real Estate, Tourism, and Transport. These sectors are directly impacted by extreme weather events, environmental regulations, and the global transition to a low-carbon economy. The bank's strategy to mitigate these risks includes monitoring the sectors it finances, adapting its loan products to support climate resilience, and focusing on sustainability in its lending and investment portfolios. During the reporting period, in 2024, the proportion of our portfolio per sector is detailed below:

Sector	Proportion (%) of the loan book
Agriculture	8%
Civil Contractors	8%
Energy and water	5%
Government and Parastatals	7%
Manufacturing	12%
Oil and Gas	5%
Pharmacy and hospitals	1%
Real Estate	2%
School and religious	2%
Home Loan	7%
Telecommunication	3%
Tourism Hotel and Restaurant	2%
Trade and Commerce	16%
Transport	2%
Private individuals	17%
Bank& Non-Bank Institutions	3%

Following the below table I&M Bank's portfolio shows significant exposure to high-risk sectors such as Agriculture, Energy and Water, Oil and Gas, Real Estate, and Tourism, which are vulnerable to both physical and transitional climate risks. The bank actively assess and manage these risks to minimize the potential impact on its loan book and adapt to the evolving regulatory and environmental landscape.

In order to identify and assess climate related risk, we identified the sectors and segments most vulnerable to transition risk, using a heatmap approach as decribed here below:

Sectors	Exposure (%)	Physical Risk	Transitional Risk	Overall Climate Risk
Agriculture	8%	High	High	High
Civil Contractors	8%	Medium	Low	Medium
Energy and Water	5%	High	Medium	High
Government and Parastatals	7%	Medium	Low	Medium
Manufacturing	12%	Medium	Medium	Medium
Oil and Gas	5%	High	Medium	High
Pharmacy and Hospitals	1%	Low	Low	Low
Real Estate	2%	High	Medium	High
School and Religious	2%	Medium	Medium	Medium
Home Loan	7%	Medium	Medium	Medium
Telecommunication	3%	Medium	Medium	Medium
Tourism, Hotel, and Restaurant	2%	High	Medium	High
Trade and Commerce	16%	Medium	Medium	Medium
Transport	2%	Medium	Medium	Medium
Private Individuals	17%	Medium	Low	Medium
Bank & Non-Bank Institutions	3%	Medium	Low	Medium

Low	Medium	High

The Bank strategy is designed to balance **immediate responses** to climate-related disruptions with long-term investments in **sustainable** and **climate-resilient** growth.

The below table summarizes the **climate risk** and **transitional risk** impacts on I&M Bank's portfolio, including **risk description**, **impact on the issue**, **impact on I&M Bank**, **current strategy**, and the **timeline for implementation**:

Sector	Risk Description	Risk Impact on the	Impact on I&M Bank	Current Strategy	Timeline for Implementation
Agriculture	Physical risks include drought, floods, and extreme weather. Transitional risks stem from changing policies and demand for sustainable practices.	High risk from resource scarcity, water shortages, and unsustainable farming.	High exposure due to large loan book and high vulnerability of the sector to climate risks.	- Finance climate-resilient farming practices. - Support water-efficient and sustainable technologies.	Short to Medium Term
Civil Contractors	Physical risks from disruptions like floods and extreme weather events. Low transitional risk due to limited regulations on construction sustainability.	Medium risk from changes in regulations, especially regarding energy efficiency in buildings.	Moderate exposure as contractors may face disruptions but less regulatory pressure.	- Encourage resilient construction techniques. - Promote green building standards.	Medium Term
Energy and Water	Physical risks from water shortages and extreme weather. Transitional risks from growing regulation around renewable energy and energy efficiency.	High physical risks and moderate transitional risks from shifting to renewable energy.	High exposure, with potential risks to both energy and water sectors, affecting infrastructure and supply.	- Invest in renewable energy solutions. - Promote efficient water management solutions.	Short to Medium Term
Manufacturing	Physical risks include raw material shortages and supply chain disruptions. Transitional risks from sustainability regulations.	Medium risk from production process disruptions, emissions reduction policies, and regulatory pressures.	Medium exposure, especially if manufacturing clients face operational challenges or regulatory penalties.	- Support energy-efficient production. - Invest in sustainable sourcing and waste reduction.	Medium Term
Oil and Gas	High physical risks from extreme weather events and resource depletion. High transitional risks from the shift to cleaner energy sources and emissions reduction policies.	High impact due to regulatory shifts promoting clean energy and carbon reduction.	High exposure due to substantial financing in this sector, highly vulnerable to both physical and transitional risks.	- Transition financing towards clean energy projects. - Encourage adoption of carbon capture and storage (CCS).	Short to Long Term

Sector	Risk Description	Risk Impact on the	Impact on I&M Bank	Current Strategy	Timeline for Implementation
Real Estate	High physical risks from flooding, sea-level rise, and extreme weather. Transitional risks from energy efficiency demands and sustainability in buildings.	High risks due to increasing demand for eco-friendly buildings and pressure to comply with green building standards.	High exposure, especially in financing residential and commercial real estate, which is highly vulnerable to climate change.	- Invest in green building projects. - Encourage energy-efficient building designs and sustainable certifications.	Short to Medium Term
Tourism, Hotel, and Restaurant	High physical risks from climate change impacts on tourism patterns and infrastructure (e.g., extreme weather).	Medium transitional risks due to growing demand for eco-friendly tourism options.	High exposure, as tourism businesses are vulnerable to both physical impacts and changes in customer demand.	- Support sustainable tourism infrastructure. - Promote eco-friendly hospitality and restaurant solutions.	Short to Medium Term
Trade and Commerce	Medium physical risks from disruptions in supply chains due to climate events. Transitional risks from sustainability regulations.	Medium impact from new sustainability regulations and changes in consumer preferences towards eco-friendly products.	Moderate exposure, particularly from supply chain disruptions affecting businesses in trade and commerce.	- Encourage sustainable and ethical business practices. - Finance resilient supply chains.	Medium Term
Transport	High physical risks from climate impacts on infrastructure (e.g., floods, heatwaves). Transitional risks from regulatory shifts toward low-carbon transportation.	High impact from evolving policies requiring cleaner transport solutions and decarbonization.	High exposure due to I&M Bank's financing of transport infrastructure, vulnerable to both physical and transitional risks.	- Invest in low-carbon transport solutions. - Support electric vehicle infrastructure and green transport options.	Medium to Long Term

Metrics & Targets

Reducing our internal operations footprint focuses on four areas:

I&M Bank Rwanda Plc has taken significant strides in addressing climate change and improving environmental sustainability. Currently, the institution has implemented different initiatives for reducing our footprint by focusing on the following areas:

Energy	Water	Wastes	Carbon Footprint
Consumption in the bank's operations	Water consumption	Assessment by Type	Calculation of scope 1&2 emissions
Assessment of intensity		Assessment of Disposal methods	
Assessment of energy reduction initiatives	Assessment of water conservation options		Assess Assessment of GHG reduction initiatives

For I&M Bank Rwanda Plc, responsible resource utilization is a core principle guiding the bank's sustainability efforts. As part of its commitment to environmental stewardship and the responsible management of resources, the bank integrates sustainable practices into its operations, policies, and day-to-day activities. This ensures that the bank minimizes its environmental footprint, optimizes the use of natural resources, and actively contributes to the well-being of the communities it serves.

Energy consumption

I&M Bank Rwanda Plc is actively working towards reducing its energy consumption and environmental footprint by utilizing solar energy and green building practices. These efforts have led to substantial cost savings and a reduction in overall energy consumption.

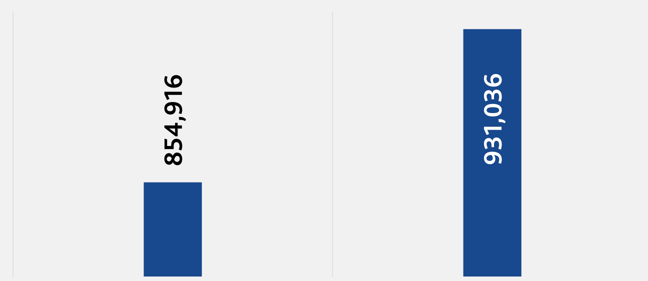
In 2024 the total electricity cost without the solar system was 264 million Rwandan Francs (FRW) per year, and with energy generated by the solar system, the cost was reduced to 216 million FRW per year. This represents a 48 million FRW savings annually due to the solar energy system.

In addition to the solar system, I&M Bank Rwanda has incorporated green building principles that further enhance energy efficiency. These principles typically include:

- **Optimized insulation** to reduce heating and cooling needs.
- **Energy-efficient lighting**, such as LED bulbs, which use less energy.
- **Natural lighting optimization** to reduce the need for artificial lighting during the day.
- **Efficient HVAC systems** that reduce energy consumption for heating and cooling.

Although the precise cost impact of the green building design isn't provided in the data, it's important to acknowledge that the solar system and green building together help reduce energy consumption beyond just the cost savings. This combined approach contributes to an overall reduction in the bank's carbon footprint and energy reliance on the grid.

ELECTRICITY CONSUMPTION IN KWH



Through the integration of solar energy systems and green building practices, I&M Bank Rwanda has successfully reduced its annual electricity costs by 48 million FRW, which represents almost up to 25 % reduction in energy costs. This approach not only delivers significant cost savings but also underscores the bank's commitment to sustainability, resource optimization, and environmental responsibility. Moving forward, the bank can continue to expand its renewable energy systems and green infrastructure to further enhance both operational efficiency and environmental impact.

The increase in energy consumption from of 76,120 equivalent to 8% is attributed to the growth in the number of branches, staff, and overall operations. As the Bank expands, more branches have been opened, leading to a higher demand for energy to power additional facilities. Additionally, an increase in staff requires more energy for lighting, heating, cooling, and office equipment. Furthermore, the expansion of operations typically means longer business hours and more equipment being utilized, both of which contribute to higher energy consumption.

The Bank intends to continue reviewing energy consumption and use across all areas of its operations with a committed effort to reduce consumption over the medium term.

Water consumption

In year 2024, the total water consumption in the Bank totalled 6,894 cubic meters.

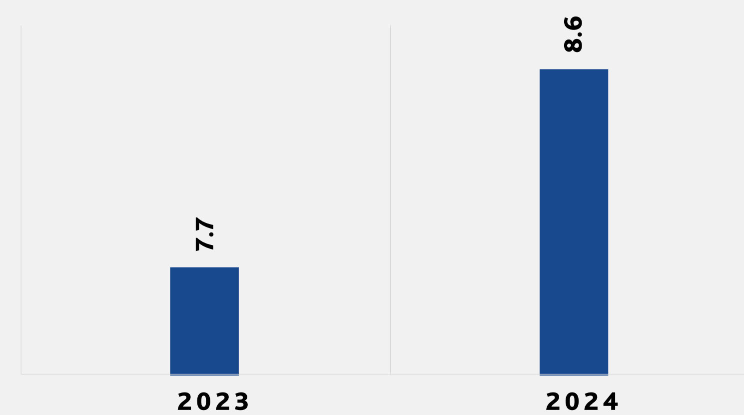
We acknowledge the potential impact of our operations on local water resources and are committed to reducing our environmental footprint. To achieve this, we actively monitor our water consumption, upgrade our systems for better water efficiency, and contribute to water conservation efforts in the regions where we operate. Our dedication to environmental stewardship drives us to encourage responsible and collaborative actions that lead to positive conservation results.

The decrease in water consumption at I&M Bank in 2024 compared to 2023 is attributed to the successful implementation of several sustainability initiatives. Notably, the bank's use of smart tabs and existing water harvesting tanks with a capacity of 300,000 m³ have significantly contributed to reducing reliance on external water sources. The tanks have enabled the bank to collect and store rainwater, which has been especially beneficial due to the increased rainfall experienced throughout the year.

As a result of these efforts, the bank has seen a reduced amount of water sourced from WASAC, the primary external supplier. By capturing and utilizing rainwater for various operational needs, the bank has not only optimized its water usage but also minimized its environmental footprint. This reduction in dependency on WASAC aligns with our sustainability goals and demonstrates our commitment to responsible resource management as a key achievement in improving water efficiency and supporting the bank's broader environmental objectives.

Paper consumption

PAPER USE PER EMPLOYEE(REAMS)



The Bank has adopted various measures to decrease paper waste and minimize its carbon footprint in alignment with our digital growth strategy. These actions encompass practices such as double-sided printing, promoting the use of electronic document sharing, and relying on online working platforms to facilitate real-time information sharing, thus enhancing productivity and efficiency.

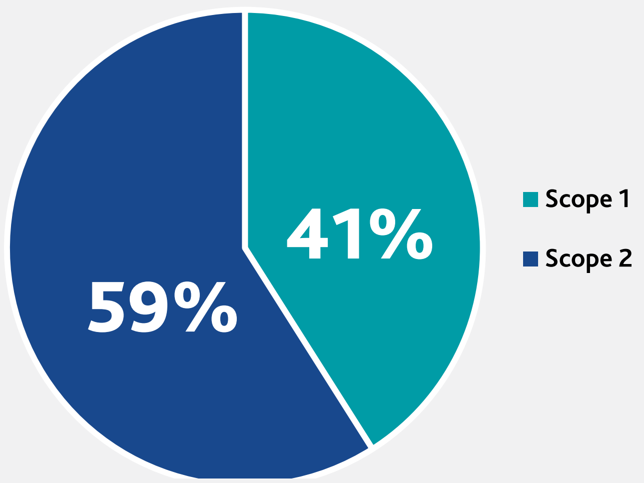
Our Sustainability

In 2024, I&M Bank formed a partnership with COPED LTD, for solid waste collection and Management. Additionally, the Bank is in the process of reviewing its procurement procedures to incorporate environmental, social and Governance (ESG) assessment criteria when evaluating potential suppliers which will promote sustainable procurement. The number of used papers per employee has increase by 0.8% in 2024 compared to 2023 consumption as a result of bank growth in terms of branches and operations.

Going forward, plans for sustainability awareness programs that emphasize on the importance of reducing reliance on paper have been established.

Our carbon footprint
I&M Bank (Rwanda) Plc has been making strides in reducing its environmental impact, As part of the our Group commitment to the Paris climate agreement, there is continuous monitoring of its scope 1 and 2 carbon emissions. Based on the resource use baseline conducted in 2024, these have been mapped as below and the Group has set a 30% carbon emission reduction target from its operations by 203.

Carbon footprint KgCO $_2$e - 2024



The total carbon footprint specifically scope 1&2 emissions for the I&M Bank (Rwanda) Plc in year 2024 is 329,143 tons of CO2 equivalent. This is a 63% carbon emissions reduction compared to last year. 41% of these emissions are Scope 1 emissions and 59% Scope 1 emissions.

The Scope 1 emissions, which cover direct emissions from owned or controlled sources, have been minimized through the use of hybrid cars that emit fewer greenhouse gases compared to traditional fuel-powered vehicles. Additionally, Scope 2 emissions, related to indirect emissions from purchased electricity, have been reduced through the bank's increased focus on renewable energy and energy-efficient technologies and practices. These efforts demonstrate I&M Bank's commitment to sustainability, reducing its carbon footprint, and contributing to a greener future.

PROMOTING INDIVIDUAL AND COLLECTIVE WELL-BEING

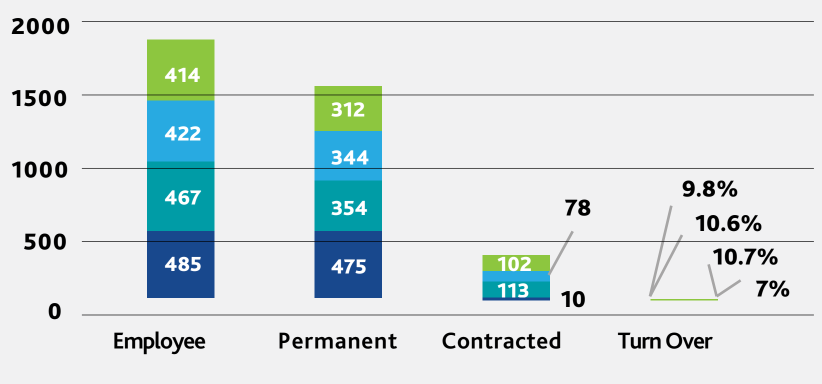
We focus on **People and Culture** by creating a positive, inclusive, and growth-oriented work environment where employees are empowered to contribute to the bank's success. By emphasizing employee well-being, development, and engagement, we ensures that our people are our greatest asset, and by fostering a strong organizational culture, we creates an environment where both individuals and teams thrive. This approach not only benefits employees but also helps I&M Bank Rwanda Plc maintain its competitive edge in the dynamic banking sector.

Employee Distribution

Year	2024	2023	2022	2021
Employee	485	467	422	414
Employee turnover	7%	10.70%	10.60%	9.80%
Employment terms				
Permanent	485	354	344	312
Contracted	10	113	78	102

The Bank is committed to enhancing the competency and capability of its existing staff through a structured job rotation program. This exercise aims at ensuring that the Bank always has at its disposal a pool of experienced staff capable of taking on a variety of responsibilities in the organization as and when required. The strategic focus of the Bank is geared towards maximizing the utilization of the existing staff, which entails exploring their talents by exposing them to a variety of responsibilities in different functional areas of the organization

Workforce Distribution



Our Sustainability

We recognize that our employees are fundamental to driving our business objectives and helping us deliver on our strategy and purpose. We are committed to creating an inclusive and engaging workplace that offers meaningful opportunities for personal and professional development. This is essential to attract and retain critical skills and create an environment where our employees can perform at their best. We remain committed to building and thriving communities outside our operations.

In the Year 2024 ,the Bank has experienced a notable growth in its workforce, reflecting the success of the bank's expansion and the positive impact of its work environment. The total number of staff increased from 467 to 485, marking a 3.85% increase. This increase in staff is not only a reflection of the bank's growth but also of its dedication to building a thriving, engaged workforce that can continue to contribute to the bank's long-term success and sustainability goals. This growth is primarily driven by several factors:

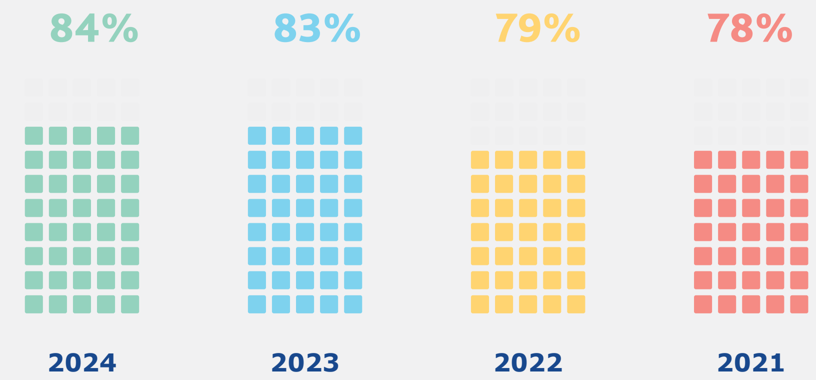
1. **Bank Growth:** As I&M Bank Rwanda Plc continues to expand its operations and services across Rwanda, there has been a need to recruit additional talent to support new initiatives, enhance customer service, and strengthen operational capabilities.
2. **Commitment to a Good Working Environment:** The bank recognizes the importance of fostering a positive and inclusive workplace culture. By implementing various employee development programs, ensuring fair compensation, and promoting work-life balance, I&M Bank continues to attract and retain talented professionals.
3. **Focus on Professional Development:** The bank's ongoing efforts to enhance skill development and provide career progression opportunities have contributed to a motivated workforce, further supporting the overall growth of the organization.
4. **Sustainability and Social Responsibility:** As part of its commitment to sustainable practices, the bank also emphasizes employee well-being and strives to create an environment where employees feel valued, respected, and supported in their personal and professional growth.

Employee Wellness
I&M Bank (Rwanda) Plc is deeply committed to the well-being of its employees, recognizing that a healthy, motivated, and engaged workforce is essential to achieving its long-term success. The bank has implemented a variety of initiatives under its Employee Wellness program to ensure that employees are supported in all aspects of their physical, mental, and emotional health. A robust wellness program has been implemented through our People Strategy, which aims to make the bank a "Great/Fun Place to Work". This strategy focuses on ensuring that employees not only thrive professionally but also enjoy a fulfilling and balanced life.

In 2024, In line with our commitment to the well-being of our employees, we have implemented the following initiatives during this period:

Employee Engagement: Employee engagement is a cornerstone of the bank's people strategy. Each year, I&M Bank Rwanda Plc conducts an Employee Engagement Survey, which serves as a tool to assess employee satisfaction, gauge morale, and gather insights into areas of improvement. The 2024 survey yielded an engagement score of 84%, showing a slight improvement from the previous year's score of 83%. This upward trend highlights the bank's ongoing efforts to create a positive, responsive work environment where employees feel valued and motivated.

Employee Engagement Surveys



Safeguarding Employee Well-Being and Welfare: At I&M Bank, Employee well-being is prioritized through various initiatives, including mental health support, health benefits, and an open-door policy that encourages feedback and communication. the Bank recognizes the importance of holistic well-being, and it continues to enhance its efforts to safeguard employees' physical and emotional health.

Key components of our staff benefits in 2024 included:

1. Monetary Incentives:
Staff Loans: The Bank has made significant adjustments, such as lowering interest rates on staff loans, to increase accessibility and uptake.

Pension Plan: A secure retirement plan to support employees in their post-retirement years.

Competitive Compensation: Salaries and benefits that are in line with industry standards to ensure staff are fairly rewarded for their contributions.

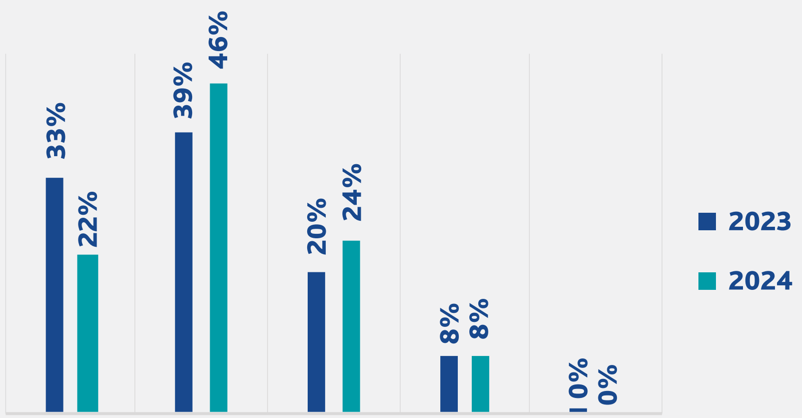
2. Medical and Insurance Benefits:
Medical Insurance: Regional coverage to safeguard employees' health.
Subsidiarized Loans: Loans offered at favorable terms to enhance financial security.

3. Statutory and Special Leave:
The Bank provides a variety of leave options, including parental (paternity and maternity) leave, compassionate leave, sick leave, study leave, and vocational leave to cater to personal and family needs.

4. Additional Benefits:
Leave Allowance: Employees are provided with allowances to support their time off.
Bonus and Annual Salary Increments: Rewards and recognition for staff performance, ensuring that employees feel valued and motivated.

5. Fun and Enjoyable Workplace: Part of I&M Bank's strategy is to make the workplace a "Great/Fun Place to Work". This includes organizing team-building activities, social events, and celebrations that promote camaraderie and boost morale among staff.

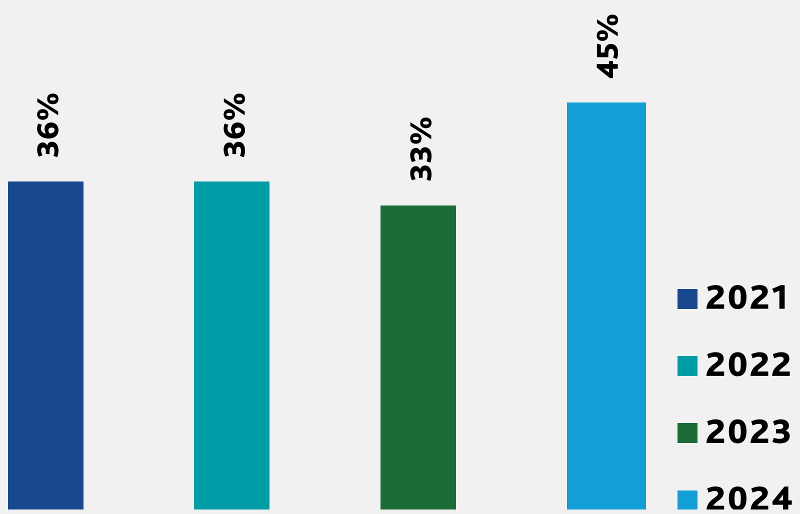
Diversity, Equity & Inclusion
In line with the United Nations Sustainable Development Goals (SDGs), particularly SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth) and International Labour Organization's 2030 agenda of greater opportunities for women, **I&M Bank Rwanda Plc recognizes that Diversity, Equity, and Inclusion (DEI)** is a core aspect of the Bank's values and organizational culture. The Bank emphasizes creating a work environment that is inclusive, where individuals of different backgrounds, abilities, and experiences feel valued and respected. In the Year 2024, our diversity, equity and inclusion performance are highlighted below



Diversity: The Bank actively promotes a diverse workforce by ensuring fair representation of individuals from various gender, ethnic, and cultural backgrounds. This diversity is viewed as a strength that fosters innovation, creativity, and a broader perspective in decision-making.

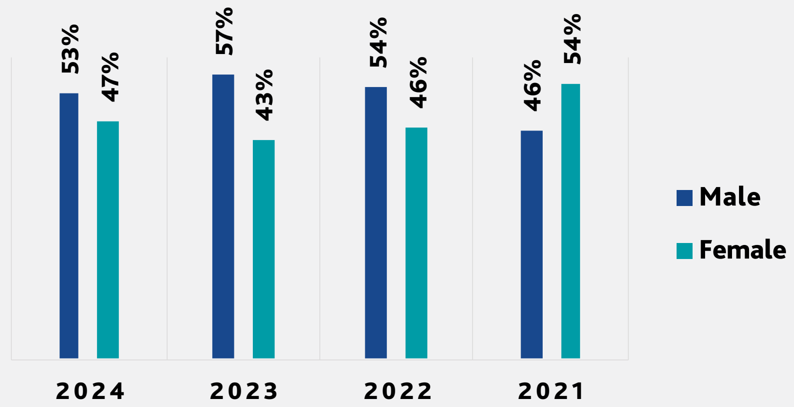
Equity: I&M Bank Rwanda strives to provide equal opportunities for all employees, regardless of gender, race, or background. The Bank ensures that every employee has access to the same resources, career development opportunities, and support to succeed in their roles.

% of Senior Management who are women

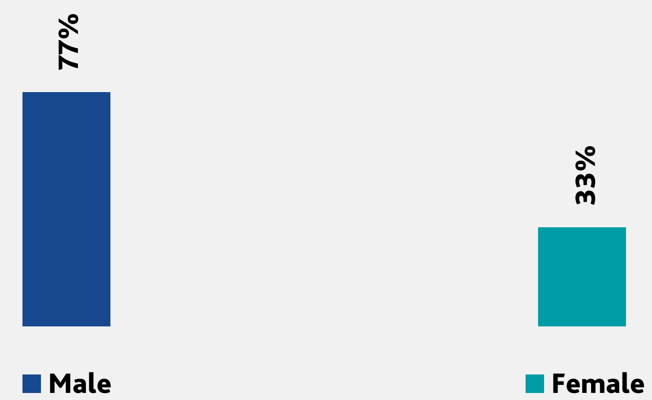


Inclusion: The Bank fosters an inclusive culture where every employee feels respected, heard, and empowered to contribute. Inclusion initiatives include training, open communication channels, and a commitment to eliminating biases and discrimination in the workplace.

Gender Distribution



Board Diversity by Gender



Learning & Development
Our vision is to "Create a learning organization by developing competitive human resources among all stakeholders and thereby contribute towards business sustainability." We focus on holistic development of our employees through various learning & development programs. This ensures retention of talent we bring on board and provides our employees with optimal opportunities to fully realize their potential.

With the objective of bridging skill gaps, training needs assessment is conducted once in a year. Based on personal and business needs, methods such as one-to-one interviews, online survey, and performance and competency appraisals are deployed to gauge present and future learning needs of our employees.

We provide learning opportunities for all our employees to equip them for both their personal effectiveness as well as leadership and technical competency enhancement. In the year 2024, a total number of 481 staff were trained with an average of 63.14 hours of training per employee and our overall full year training spend added up to FRW 414,418,893 million.

The training sessions include physical and self-paced e-learning platform (percipio) empowers our staff to take ownership of their learning and development plans. We offer a wide range of courses focusing on skill development, ethical principles in business, and solutions tailored to meet the needs of the ever-evolving Internet and digital banking sectors this combination of classroom training, digital learning and on-the-job training provides best learning experience.

Induction training at I&M Bank for new staff is designed to ensure that employees are familiarized with the company's culture, values, policies, and procedures. The program helps new hires integrate smoothly into their roles and the organization. This structured induction process ensures that new staff members have a smooth transition into their roles and understand their responsibilities within the broader goals of the bank.

At I&M Bank, career development training for employees is a key component of professional growth. The bank focuses on developing its staff's skills in various areas, including customer service, leadership, and technical expertise.

To keep employees abreast of the latest developments in the industry, in 2024, some of our staff graduated by Rwanda Academy Finance, in a recognition that service delivery is central to economic growth, and the financial sector's ability to provide quality service depends on professionals who are well-trained and innovative.

During the review period, a number of training programs were conducted for various categories of employees.

MR 2024 Key Trainings Conducted	Target Group	
Fraud Risk Awareness Training	Bank wide	423
Leadership Development Program for Level 1 & 2 Leaders	EXCO & LT	21
Customer Delight session – Internal Training	All Branch Staff	184
Internal Laws & Regulation awareness sessions	Commerial Division	55
Performance Management review sessions	Bank wide	433
ISO Awareness session Training	EXCO & LT	23
Fundermentals of Credit Analysis	Credit & Commercial team	33
Basic Credit Analysis Training	Relationship Officers	11
Data Protection Training (Data Inventory & Data Protection Impact Assessment	Branch Operations Managers	10
	Customer service officers	16
	Account Opening Officers	13
International Sustainability Disclosure Standards Training	Credit Appriasals	5
Consumer protection Training by BNR	Bank wide	408
Measuring and Managing Market Risk Training	Risk	2
Selling Financial Services and Managing Client Relationships – RBA facilitated	Relationship Officers	7
Refresher – OCH Customer on boarding Training	Branch Account Opening Officers	13
Refresher – KYC & AML Training	Customer service officers	13
	Account Opening Officers	11
New Staff Induction	New Staff	35
Refresher on Fire Fighting & First Aid Training	First Aid Champions	23
ESG Refresher Training	Internal Auditors	10
Establishing a common understanding of lending to Manufacturing SMEs	Business Relationship Officers	17
Sales Effectiveness Training	Relationship Managers	21
KYC, AML and due diligence refresher Training	Customer service & Account opening officers	16
ESG and climate risks Management	Business and Credit team	56

Safety at Workplace
I&M Bank Rwanda is committed to ensuring the safety and well-being of its employees, customers, and stakeholders. Health and safety practices at the bank are in place to protect individuals from potential risks, ensure a secure working environment, and comply with Rwanda's safety regulations. The bank continually works to foster a culture of safety, where all employees are encouraged to take an active role in maintaining a safe and healthy environment.

Existing Initiatives:
Trained Safety Champions: I&M Bank has designated safety champions in separate rooms across their facilities. These champions are trained to handle safety-related issues promptly. They are responsible for ensuring that safety protocols are followed, assisting in risk assessments, and addressing any safety concerns that may arise. Their role is critical in maintaining a safety-conscious environment in every room or area of the bank.

Availability of Safety Equipment: The bank is equipped with various essential safety tools to mitigate risks and respond effectively to emergencies:

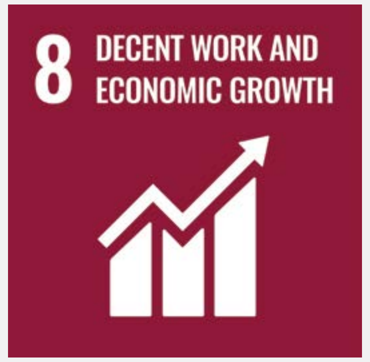
- **Fire Extinguishers:** Fire extinguishers are placed at strategic locations across all branches to ensure they are accessible in case of fire emergencies.
- **Fire Hoses:** Fire hoses are available in areas where larger fire outbreaks could occur. These hoses can be used to contain and put out fires before they spread.
- **First Aid Kits:** All areas of the bank are equipped with well-stocked first aid kits. These kits are readily accessible to address any medical emergencies, offering immediate support before professional medical help arrives.

Police officers provided practical training to I&M Bank employees, customers, and the building's tenants

The gathering crowd was shown how to use fire extinguishers.

Conducting Fire Drill in Collaboration with Rwanda National Police:
In 2024, I&M Bank Rwanda Plc conducted a fire drill in collaboration with the Rwanda National Police. This drill aimed to simulate a fire emergency scenario to test the bank's response systems and ensure that all employees were well-prepared to handle such situations. Employees, customers, and nine tenants were guided to a designated assembly point near the building, descending through the stairs as elevators were strictly off-limits during the drill. The exercise was conducted in collaboration with Rwanda National Police and Fire Brigade, who provided practical training to Bank employees, customers, and the building's tenants on effectively responding to such situations.

OUR COMMUNITY



I&M Bank Rwanda Plc, recognizes that our long-term success is deeply connected to the well-being of the communities we serve. As our way of giving back to society, we are committed to advancing Corporate Social Responsibility (CSR) through various initiatives that align with its strategic goals (the IMARA 3.0) which aims to impact 2,000 lives by 2026.

The IMARA 3.0 strategy focuses on enhancing the bank's impact on communities by integrating social responsibility into its core operations. This approach ensures that CSR initiatives are not standalone projects but are embedded within the bank's strategic framework. Through these initiatives, the Bank demonstrates a robust commitment to CSR, aligning its strategic objectives with impactful community engagement. The bank's efforts in supporting health, education, and social welfare contribute significantly to its goal of positively impacting 2,000 lives. In the Year 2024, with a total amount of around FRW 100 million. Below are some of them.

TECHNOLOGY AND INNOVATION

I&M Bank Rwanda Plc has strategically integrated technology and innovation into its operations to enhance customer experience, improve operational efficiency, and support financial inclusion. Key initiatives include:

Digital Payment Solutions

In March 2024, I&M Bank partnered with Network International to accelerate digital payment transformation in Rwanda. This collaboration introduced advanced digital payment solutions, including credit and prepaid card hosting and processing, as well as value-added services like card fraud prevention and 3D secure authentication. These enhancements aim to provide Rwandans with convenient, safe, and seamless digital banking experiences.

Virtual Card Services

In December 2024, I&M Bank collaborated with Mobile Money Rwanda Limited (MoMo Rwanda) and Mastercard to launch a virtual card solution. This innovation enables MoMo customers to engage in secure global e-commerce transactions, expanding their digital financial capabilities and supporting Rwanda's vision of a cashless economy.

Artificial Intelligence (AI) Integration
I&M Bank has explored the integration of AI to enhance its banking services. Potential applications include predictive analytics for forecasting market trends and customer needs, AI-driven financial advisory services, and advanced fraud detection systems. By leveraging AI, the bank aims to improve operational efficiency and offer personalized financial solutions to its customers.

Robotics and Automation
I&M Bank Rwanda Plc demonstrates its commitment to leveraging technology and innovation to enhance its services, promote financial inclusion, and contribute to Rwanda's digital transformation. In this line, the Bank has piloted the use of robots starting from operation department in order to support its operation efficiency.

RESPONSIBLE BUSINESS THAT SUPPORTS ENVIRONMENTAL SUSTAINABILITY
I&M Bank Rwanda Plc integrates responsible business practices across its operations, ensuring ethical conduct, sustainability, and compliance while fostering trust and accountability with its stakeholders and we remain committed to embedding social, environmental, climate and nature considerations in our approach to responsible finance.

Accountability, Transparency, and Compliance ---------------------------- We ensures high standards of accountability through strict adherence to legal and regulatory frameworks, emphasizing transparency in operations and compliance with industry regulations. This includes regular audits, accurate reporting, and ensuring operations align with ethical guidelines.	**Accessible Information** ---------------------------- We promotes open communication with stakeholders by providing clear, accessible, and timely information regarding policies, services, and performance. This transparency builds trust with customers and partners alike.	**Fraud and Corruption Prevention** ---------------------------- The bank implemented strong anti-fraud and anti-corruption measures, including a zero-tolerance policy toward unethical practices. These measures are aimed at safeguarding the integrity of the bank's operations and protecting its stakeholders.
Whistleblowing ------------------------------- We provides whistleblower protection through secure channels that encourage employees and stakeholders to report unethical activities without fear of retaliation. Additionally, the bank has established grievance mechanisms to address concerns and resolve issues fairly.	**Sustainable Supply Chain** ------------------------------ The bank incorporates sustainability in its supply chain practices by working with partners that adhere to environmental, social, and governance (ESG) standards. This ensures that the bank's business operations contribute positively to social and environmental outcomes.	**Risk Management** --------------------------- We are actively engages in comprehensive risk management strategies to identify, assess, and mitigate potential financial, operational, and reputational risks. This proactive approach helps to maintain stability and protect the bank's long-term sustainability.
Cyber Security …………………………………….. Given the increasing threats in the digital space, the bank prioritizes cyber security by adopting advanced technologies and protocols to protect customer data and financial transactions from cyber threats and fraud. This is strengthened through staff training as presented below.	**Sustainable Investments** ------------------------- The Bank focuses on responsible investment strategies that support sustainable projects, including those related to renewable energy, infrastructure, and community development. This aligns with their long-term vision of promoting economic growth and environmental stewardship.	**Resource Use efficiency** -------------------------- In 2024, the Bank Rwanda's head office received the prestigious EDGE Advanced Certification, recognizing its commitment to environmental sustainability and responsible business practices.

CSR - 2024

Education

EDIFIED GENERATION RWANDA

In March 2024, I&M Bank (Rwanda) Plc proudly supported Edified Generation Rwanda, a Non-Governmental Organization (NGO) dedicated to promoting education for underprivileged students. Founded with the core mission of providing financial support to high-achieving students from primary and secondary schools who lack the resources to pursue their academic aspirations, Edified Generation Rwanda plays a vital role in bridging the gap between potential and opportunity. Through this partnership, we reaffirm our commitment to investing in the future of Rwanda by empowering talented young individuals to achieve their educational goals and contribute to the nation's development.

AUTISME RWANDA

I&M Bank (Rwanda) Plc. is proud to have sponsored Autisme Rwanda, an organization dedicated to supporting children with autism, particularly those from vulnerable families, by ensuring they have access to education. Autisme Rwanda is the first institution in Rwanda focused on providing specialized education for children with autism. In addition to its educational efforts, the organization plays a crucial role in raising awareness about autism within Rwandan society and advocates for policies and programs that benefit autistic children and their families. Through our sponsorship, I&M Bank reinforces its commitment to promoting inclusive education and supporting initiatives that contribute to the well-being and empowerment of all children, regardless of their challenges.

KEPLER SCHOLARSHIPS

I&M Bank (Rwanda) Plc. collaborated with Kepler College to provide scholarships to students from vulnerable families, enabling them to pursue higher education. These students were selected based on their academic performance, despite facing financial barriers that prevented their families from affording tuition fees for further studies. Kepler College, known for its industry-aligned programs, offers practical and relevant education in fields such as project management. Through this partnership, I&M Bank reaffirms its commitment to promoting educational access and empowering the next generation of skilled professionals, contributing to the development of Rwanda's workforce.

Enabling Giving

KWIBUKA 30.

In April, I&M Bank (Rwanda) Plc commemorated the 25 former staff members of Banque Commerciale du Rwanda (BCR) who tragically lost their lives during the 1994 Genocide against the Tutsi. The commemoration ceremony included the laying of wreaths at the Monolith located at the 9 on the Avenue, followed by a tour of the memorial at the Kigali Genocide Memorial. The event culminated with the laying of wreaths at the burial site, honoring the victims.

Additionally, we were privileged to support and participate in the OURPAST initiative, an event dedicated to educating the youth about Rwanda's history and fostering a deeper understanding of the nation's journey.

Our Sustainability

This initiative aligns with our commitment to preserving the memory of the past and ensuring that future generations learn from it, contributing to national healing and unity.

KWIBUKA IN BWISHYURA SECTOR

I&M Bank (Rwanda) Plc. joined the community of Bwishyura sector, Karongi District to commemorate their families and loved ones who lost their lives during the 1994 Genocide against the Tutsi at the Gatwaro Genocide Memorial. Our participation in this event underscores our commitment to remembrance, national healing, and supporting the communities affected by the Genocide, as we continue to foster unity and reconciliation in Rwanda.

ROTARY CLUB 2024

In June 2024, I&M Bank (Rwanda) Plc. was honored to serve as a platinum sponsor and participate in the annual fundraising gala dinner. This prestigious event was organized to raise funds for critical humanitarian and social projects aimed at improving the lives of vulnerable populations. The proceeds from the gala are directed toward initiatives such as providing medical care, supporting literacy programs, and funding other essential services designed to enhance the well-being of communities both within Rwanda and in neighboring regions. Through our sponsorship and involvement, I&M Bank reaffirms its commitment to fostering social responsibility and contributing to sustainable development in the region.

UNITY CLUB

I&M Bank (Rwanda) Plc. proudly sponsored Unity Club Intwararumuri, a Non-Governmental Organization (NGO) dedicated to promoting unity and reconciliation among Rwandans affected by the 1994 Genocide against the Tutsi. Our sponsorship supported the construction of a Multipurpose Hall and Playground Courts in Huye District, Mukura Sector, as part of the Integrated Community Development Project (ICDP). This collaborative initiative aims to strengthen social cohesion and foster resilience within the community, providing a space for recreation, education, and community engagement. By contributing to this project, I&M Bank reinforces its commitment to supporting national unity and sustainable development, helping to build a more inclusive and resilient Rwanda.

Christmas with SOS Children.

In December, I&M Bank (Rwanda) Plc, in partnership with Kigali Serena Hotel, had the privilege of sharing the Christmas season with the children of SOS Children's Village in Kayonza District. This gesture was aimed at positively impacting the lives of these children, ensuring they experienced a sense of care, respect, and joy during the festive season. SOS Children's Village is a global non-profit organization committed to providing a safe and nurturing environment for children and youth who have either lost parental care or are at risk of losing it. Through this collaboration, I&M Bank continues to demonstrate its commitment to social responsibility and supporting vulnerable communities in Rwanda.

Health

SPONSORSHIP TO KING FAISAL FOUNDATION

I&M Bank (Rwanda) Plc. is honored to sponsor the King Faisal Foundation in supporting medical treatment for children suffering from heart diseases, particularly those from vulnerable families. Through this partnership, we are contributing to the provision of life-saving cardiac surgeries for young patients in need.

This initiative is not only vital in ensuring the immediate well-being of these children but also plays a crucial role in building a healthier and brighter future for Rwanda. By supporting the health of younger generations, we are investing in the long-term development and prosperity of the country.

I&M BANK FIGHT AGAINST MULNUTRITION IN NDERA SECTOR

As part of I&M Bank (Rwanda) Plc.'s ongoing efforts to combat malnutrition among children from vulnerable families, the women of I&M Bank donated funds to the Rubungo Health Malnutrition Centre in Ndera Sector, Gasabo District. These funds directly assisted 353 children, providing them with immediate nutritional support during the visit. This initiative reflects the Bank's commitment to advancing Nations Sustainable Development Goals (SDGs), specifically zero hunger and SDG good health and well-being. Through this contribution, I&M Bank continues to support critical health and well-being initiatives that aim to improve the lives of Rwanda's most vulnerable populations.

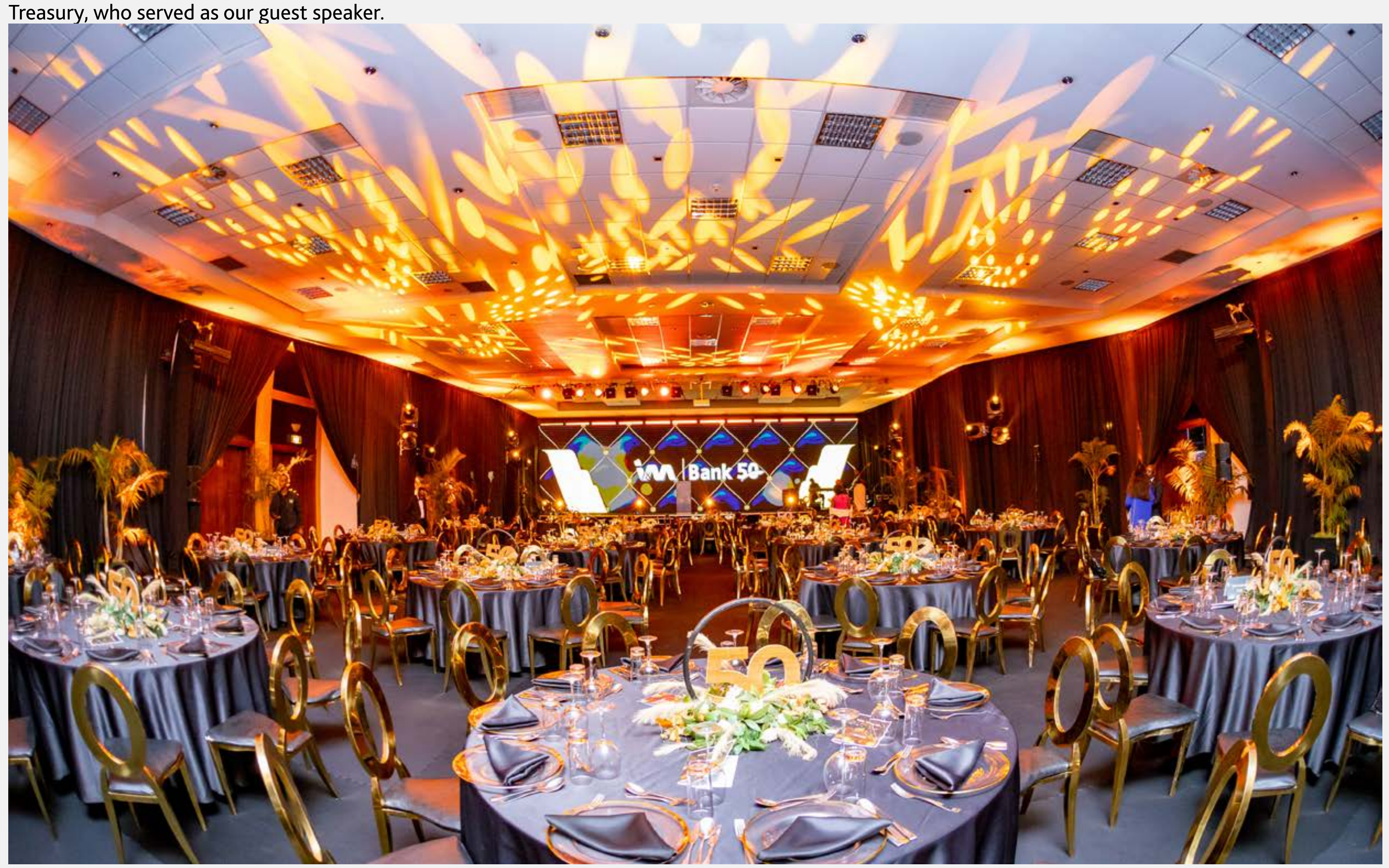
She Grows with I&M Bank.

I&M Bank (Rwanda) Plc. in collaboration with Le Village de la Femme, a social enterprise dedicated to empowering young African women through entrepreneurship, hosted a comprehensive workshop aimed at supporting women in business. This workshop was part of the Bank's ongoing efforts to foster gender equality and economic empowerment. It focused on equipping participants—primarily women from small and medium-sized enterprises (SMEs)—with essential skills in key areas such as business operations, financial management, and accessing available resources. Through this initiative, participants gained practical knowledge and tools to enhance their business capabilities, driving growth and sustainability within their enterprises.

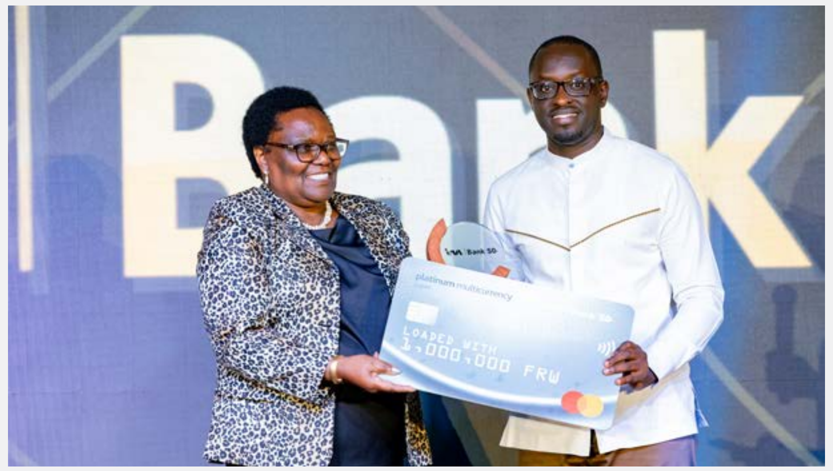
NEWS - 2024

JUBILEE CELEBRATIONS.

On June 13, 2024, I&M Bank (Rwanda) Plc. Remarkably celebrated its Golden Jubilee. We took the opportunity to acknowledge our employees, customers, and shareholders for their role in our success in Rwanda and throughout the East African region. We were privileged to be joined by our customers, group management, local banks, partners, and stakeholders. We were also honored to host Mr. Richard Tusabe, the Minister of State in charge of the National Treasury, who served as our guest speaker.



During the anniversary gala, we honored change-makers in our community. We recognized Mr. Bob Rugambwa, a fintech enthusiast; Mrs. Illumine Kabahizi, the CEO of Polybags; and Mr.Valentin Shami, our youngest customer who opened an account on the anniversary day.



We also acknowledged our long-serving customers by rewarding them. Notable examples include Bralirwa Plc, which opened its first account in 1963; Aloys Gatemberezi, who has been banking with us for over 50 years; Jeanne Nyiranzage,who has been with the bank for 40 years. #StrongFoundation #FutureFocus #IMFuture

Long serving customers photos

CORPORATE NEWS

I&M Bank Rwanda and BDF partnership.

In January 2024, I&M Bank (Rwanda) Plc signed a partnership agreement with the Business Development Fund (BDF) to support the growth of micro and small medium enterprises. This initiative aims to enhance access to guaranteed collateral for their loans, facilitating business expansion. The program will specifically support women and youth aged 18 to 30, individuals living with disabilities, and vulnerable survivors of the Genocide against the Tutsi.

Our Sustainability

SIDA Agreement.

In January 16, 2024, I&M Bank (Rwanda) Plc officially entered into a strategic partnership with the Embassy of Sweden in Kigali to enhance the growth and resilience of Micro, Small, and Medium Enterprises (MSMEs) in Rwanda. The agreement was signed by I&M Bank CEO Benjamin Mutimura, Head of Development Cooperation at the Embassy of Sweden Martina Fors Mohlin, and Access to Finance Rwanda (AFR) CEO Jean Bosco Iyacu. This partnership is expected to facilitate $5 million (over 6billion Frw) in lending to eligible customers and to help MSMEs overcome collateral requirements.

Partnership with USAID Rwanda

In January, a training session was organized in partnership with I&M Bank (Rwanda) Plc and USAID's Hanga Akazi project. This initiative, part of the Feed the Future program, aims to promote growth and foster inclusive job creation and entrepreneurship within Rwanda's agri-food system. The training equiped businesses with the knowledge needed to engage the bank effectively, understand agri-business opportunities and challenges, and ultimately assist in designing tailor-made products that meet the sector's needs.

I&M Bank's partnership with Network International (Network)

In March, I&M Bank (Rwanda) Plc. and Network International, a leading enabler of digital commerce in the Middle East and Africa, entered a strategic partnership to enhance digital payment solutions. This collaboration aimed to support the bank's efforts to improve financial inclusion in the country. Through this partnership, Network International provided I&M Bank (Rwanda) Plc. with advanced digital payment solutions, robust security protocols, and a sophisticated Application Programming Interface (API) gateway. The network also offered a various payment products and services, including credit and prepaid card hosting and processing. Additionally, the bank will gain access to several value-added services, such as card fraud prevention, 3D Secure authentication, and card control solutions.

Oklahoma Christian University Agreement

In May 2024, I&M Bank (Rwanda) Plc. signed a partnership agreement with Oklahoma Christian University as part of our innovative Edu Finance program. This initiative offered students discounted loans at a competitive interest rate of 14.5%. Under this partnership, students who present an admission letter from Oklahoma Christian University will receive assistance within 48 hours.

MIC Agreement.

In June 6, 2024, I&M Bank (Rwanda) Plc signed a partnership agreement with Muhima Investment Company (MIC) to offer financing solutions for businesses and individuals interested in purchasing properties within the MIC business complex. The Bank will cover up to 80% of the purchase price, with a repayment period of up to 10 years. This memorandum of understanding includes 240 premium properties in the business complex, making office ownership more accessible to a broader range of businesses across the country.

I&M Bank & Aceli Africa partnership.

In August, I&M Bank (Rwanda) Plc forged a strategic partnership with Aceli Africa aimed at enhancing financing options for Agriculture Small and Medium Enterprises (Agri-SMEs). This collaboration introduces innovative risk-sharing mechanisms designed to strengthen the financial capabilities of Agri-SMEs, enabling them to access much-needed capital. Through this partnership, loans ranging from Rwf 15 million to Rwf 1.7 billion will be made available, empowering Agri-SMEs to expand their operations, improve productivity, and contribute to the growth of the agricultural sector. This initiative underscores I&M Bank's commitment to supporting the agricultural value chain and fostering sustainable economic development in Rwanda.

I&M Bank Inter – Club Tennis Tournament.

In July, I&M Bank (Rwanda) Plc. hosted the I&M Bank Inter Club tennis tournament, a weeklong event that brought together Kigali's premier tennis clubs. The tournament featured special appearances by our CEO, Mr. Benjamin Mutimura and Theoneste Karenzi, the President of Rwanda Tennis Federation (RTF). Participating teams included Cercle Sportif Kigali (CSK), Kigali Combined (KC), Ecology Tennis Club (ETC), and Nyarutarama Tennis Club (NTC). Ultimately, Cercle Sportif Kigali emerged as the champions of the competition.

78th Indian Independence Day Celebrations.

In August, I&M Bank (Rwanda) Plc. proudly celebrated India's 78th Independence Day in collaboration with our partners at The Indian Association of Rwanda (INAR). This event marked not just a significant national milestone, but also the continuation of a partnership that has flourished since 2003. Together, we have achieved remarkable growth and shared successes over the past two decades, making this celebration more special.

Tapping into the Hospitality sector.

In August, I&M Bank (Rwanda) Plc.'s CEO, Mr. Benjamin Mutimura, the Management and Gicumbi District Officials, officially inaugurated the Nice Garden Hotel in Gicumbi district, a project developed in partnership with I&M Bank. This initiative represents a significant contribution to the growth of the tourism and hospitality sector in the Rwanda growing economy.

EXPO 2024

In July, I&M Bank (Rwanda) Plc participated in the annual trade fair/EXPO. The bank's presence was marked by a well-branded booth that included an ATM for cash withdrawals, a teller to assist with transactions, and a direct sales agent dedicated to onboarding new clients. This setup ensured a comprehensive service experience for attendees.

HR Masterclasses with I&M Bank.

In September, I&M Bank (Rwanda) Plc. hosted a Human Resource (HR) masterclass entitled "Elevate Your HR Expertise." This session brought together the HR teams from our partners and customers, focusing on modern employee engagement best practices. Additionally, it highlighted the Bank's significant contributions to enhancing employee satisfaction among our partners.

CNBC Africa Rwanda Golf Day.

In September, I&M Bank (Rwanda) Plc had the honor of serving as the premium sponsor of the CNBC Africa Rwanda Golf Day. This sponsorship underscored our commitment to building and fostering strategic partnerships within the business community. By supporting such high-profile events, we continue to strengthen our presence and engage with key stakeholders across various sectors, while promoting collaboration and networking opportunities. Our involvement in this event reflects I&M Bank's dedication to contributing to the growth and development of Rwanda's business and investment landscape.

I&M Bank Participation in the Muema Golf Challenge.

I&M Bank Group, under the leadership of Regional CEO Mr. Kihara Maina, proudly participated in the President's Cup and the Muema Golf Challenge. This involvement underscores our commitment to fostering the growth of golf in Rwanda and encouraging regional engagement in the sport. During the Muema Golf Challenge, I&M Bank introduced the newly launched Karame Retail Campaign to the participants. This campaign offers up to 50 million in unsecured loans with a swift 24-hour response time, as well as savings accounts featuring an attractive interest rate of up to 9.5%.

Dubbing into the Tourism sector.

In September, the team from I&M Bank (Rwanda) Plc, led by our Chief Commercial Officer (CCO), Mr. Daniel Musafiri, conducted a courtesy visit to the Rwanda Development Board (RDB). This visit was an important step in reinforcing our ongoing commitment to enhancing access to incentivized lending for Small and Medium Enterprises (SMEs) within the tourism sector. During the visit, discussions focused on exploring opportunities for collaboration that would make financing more accessible and affordable for tourism-based businesses, thereby supporting their growth and contributing to the broader development of Rwanda's tourism industry. This initiative aligns with the Bank's strategic goal of fostering economic growth and empowering key sectors in the country.

KATAZA na I&M Bank.

In September, I&M Bank (Rwanda) Plc. launched the KATAZA program in partnership with the Development Bank of Rwanda (BRD) and the Mastercard Foundation. This initiative was unveiled during the celebrations of World Tourism Day. The KATAZA program aims to empower young people and women working in the tourism sector by providing access to an affordable financing facility of up to 130millionFrw, which will support the growth of their businesses. The program particularly targets actors in the tourism industry who are based in rural areas and secondary cities, ensuring that they have the resources needed to thrive.

Rwanda-Europe Diaspora Retreat in Denmark

In October, I&M Bank (Rwanda) Plc. participated in the Rwanda – Europe Diaspora Retreat held in Copenhagen, Denmark. During the event, the Bank showcased its comprehensive Diaspora Banking services, specifically designed to facilitate investment opportunities and foster engagement with Rwanda's economy for Rwandans residing abroad. Among the offerings presented were Diaspora Accounts, savings accounts with competitive interest rates, and enhanced remittance solutions that ensure secure and seamless transactions to Rwanda. These services empower members of the Rwandan diaspora to contribute to the country's economic growth and development, without the need for physical presence.

I&M Bank & CODACE

In October, I&M Bank (Rwanda) Plc. handed over 12 new vehicles to the CODACE Cooperative as part of its ongoing commitment to supporting local enterprises. This initiative, which was made possible through the Bank's specialized asset financing campaign, "Agiserera na I&M Bank," underscores the Bank's dedication to strengthening the operational capacity of Rwandan businesses. The event, attended by CODACE Cooperative members and I&M Bank management, emphasized the significant role of collaboration in fostering local economic growth and development.

Celebrating Indian Diwali Festival.

In November, I&M Bank (Rwanda) Plc. had the privilege of celebrating Diwali, the Festival of Lights, with our esteemed Indian customers and staff. This celebration not only honored the rich cultural significance of Diwali but also provided an opportunity to deepen our relationships with the Indian community. By sharing in this joyous occasion, we reinforced our commitment to fostering diversity and inclusivity within our organization, while also highlighting the bright future we are building together. The event underscored the importance of collaboration and mutual growth as we continue to serve our diverse customer base.

Official opening of RK Industries - toothpaste manufacturer in Rwanda

November, I&M Bank (Rwanda) Plc. participated in the official opening of RK Industries Ltd., a venture financed by the Bank, marking the launch of Pro Smile toothpaste. During the event, the Bank's CEO Mr. Benjamin Mutimura, expressed the institution's enthusiasm and pride in supporting this significant milestone, particularly in the promotion of locally produced products under the "Made in Rwanda" initiative. The Bank's involvement underscores its commitment to fostering innovation and supporting the growth of Rwanda's manufacturing sector.

I&M Bank & Kaizenvest Partnership.

In November, I&M Bank (Rwanda) Plc. elevated its EduFinance Program through a strategic partnership with Kaizenvest, facilitated and funded by USAID. This collaboration offers schools and Technical and Vocational Education and Training (TVET) institutions access to affordable loans at a reduced interest rate of 12%, down from the previous rate of 17%. This initiative represents a significant step in enhancing Rwanda's education sector, ensuring greater financial accessibility for educational institutions and contributing to the overall development of the sector.

Under One roof EXPO.

I&M Bank (Rwanda) Plc. collaborated with Mr. Roof to participate in the Under One Roof Expo in December, bringing the Bank's services closer to customers' construction goals and plans while offering flexible financing solutions. As part of the event, Yves Kayihura, the Head of Retail Banking at I&M Bank, led a masterclass entitled "Smart Financing for Builders and Homeowners: Navigating Bank Solutions." The session provided valuable insights into tailored financial options available to industry stakeholders. Mr. Kayihura emphasized the Bank's commitment to aligning with the Government of Rwanda's vision, particularly in enhancing the accessibility of housing finance solutions.

Our Financials
Our Sustainability
Our Business
Our Governance

I&M Bank & UNDP Rwanda

I&M Bank (Rwanda) Plc.'s CEO, Mr. Benjamin Mutimura, attended the Development Partners Breakfast organized by UNDP Rwanda and the European Union Delegation to Rwanda. During the event, Mr. Mutimura contributed valuable insights into the strategic partnerships the Bank is actively leveraging to prioritize Micro, Small, and Medium Enterprises (MSMEs). He highlighted the Bank's role in supporting the achievement of the National Strategy for Transformation (NST2) through these collaborations, underscoring its commitment to driving sustainable economic growth and development in Rwanda.

AWARDS.

EDGE

In May, at the African CEO Forum, I&M Bank (Rwanda) Plc was honored with the prestigious EDGE Advanced certification for its iconic 9 on the Avenue green building, awarded by the International Finance Corporation (IFC). This recognition highlights the Bank's commitment to sustainability and environmental stewardship as well as dedication to promoting eco-friendly and energy-efficient building practices.

PRODUCT NEWS

New Product Launch

Ryoshya Iwawe with HOTPOINT Rwanda.

In May, I&M Bank (Rwanda) Plc. introduced Ryoshya Iwawe, designed to enhance accessibility to home appliances for individuals who may not have immediate cash available for purchase. This product enables customers to acquire home appliances valued at up to 5millionFrw with a repayment term of up to 6 months, all without incurring any interest charges. Ryoshya Iwawe offers an opportunity to improve the quality of life by making homeownership of essential appliances more attainable.

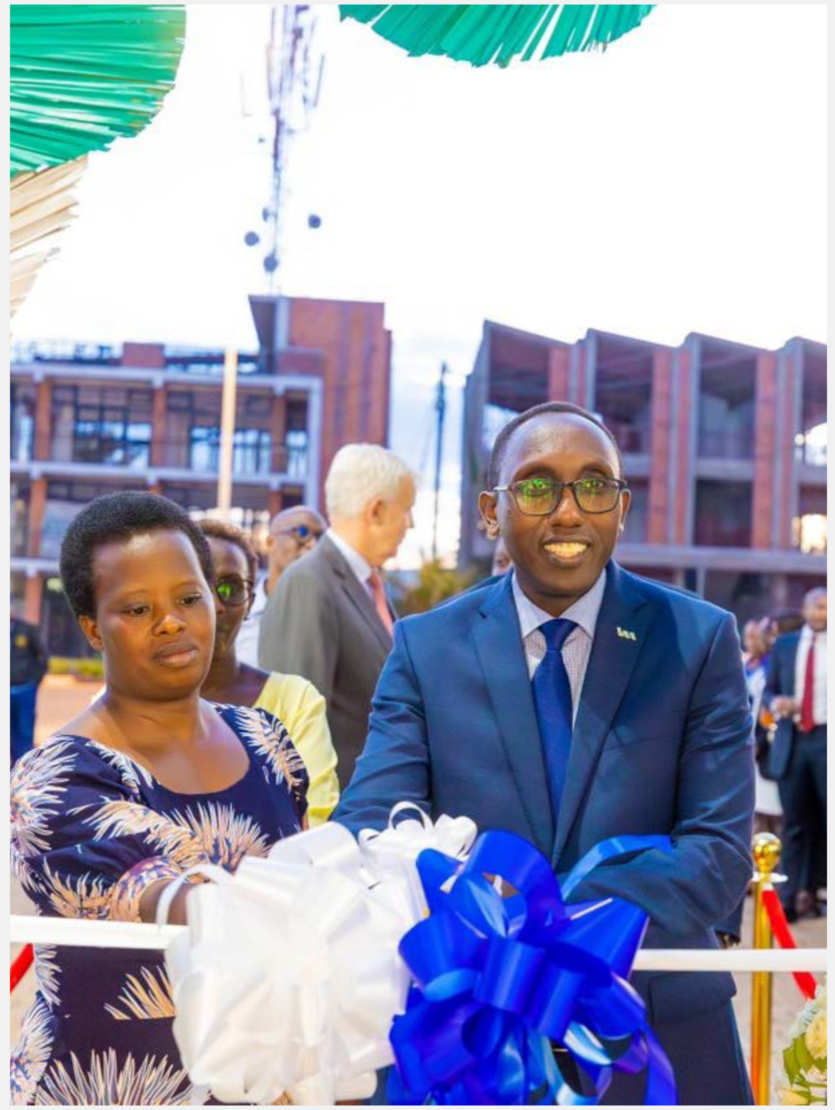
WhatsApp Banking 2.0

In August, I&M Bank (Rwanda) Plc. launched WhatsApp Banking 2.0. This enhanced version offers a secure and highly convenient way for customers to access banking services directly through the widely used messaging platform, WhatsApp. The upgraded service provides efficient and user-friendly banking experience, ensuring that customers can manage their financial transactions seamlessly and securely on their preferred platform.

KARAME Na I&M Bank Campaign Launch.

I&M Bank (Rwanda) Plc introduced a new retail campaign dubbed "Karame", a transformative initiative aimed at providing retail customers with seamless, around-the-clock banking solutions. With a commitment to a 24-hour response time for essential services, I&M Bank is making it easier for customers to access the banking solutions they need, ensuring convenience and efficiency. A key features of Karame Campaign is I&M Bank's quick-access loan, allowing customers to secure up to Rwf50 million without requiring collateral, For those pursuing homeownership, the Karame Campaign offers a mortgage product with a flexible repayment period of up to 30 years, the campaign also brings enhanced savings accounts with competitive interest rates of up to 9.5%, empowering customers to grow their wealth and reach their financial milestones.

As part of our continued efforts to expand our reach and enhance our impact nationwide, I&M Bank (Rwanda) Plc. officially opened Kicukiro Branch located along the Kicukiro Main Road KK 15 Rd. This new branch provides personalized banking services and innovative business solutions, bringing them directly to our valued customers in the region. With this expansion, we aim to further strengthen our commitment to delivering high-quality financial services that meet the evolving needs of the local community.



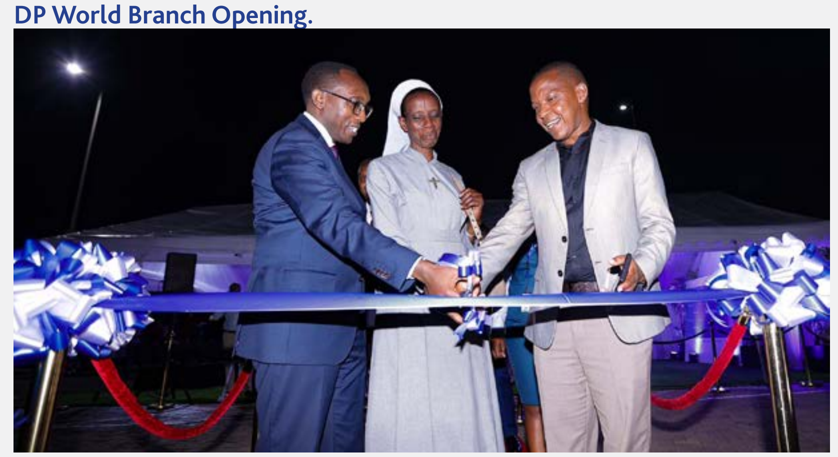
Kicukiro branch opening photos

I&M Bank (Rwanda) Plc. also opened new Branches at Gaculiro Simba Center known as the Gaculiro Digital Center and Remera Business Center located at Remera Corner just to bring reliable and convenient services closer to customers.

Gaculiro digital center

Remera business center

DP World Branch Opening.



I&M Bank (Rwanda) Plc. officially opened a new branch in Masaka Sector, Kicukiro District, situated within Dubai Ports World Rwanda, the country's largest inland cargo facility, established in 2019. This new branch aligns with the Bank's strategic expansion efforts and represents a significant milestone in enhancing accessibility to financial services in key regions. This expansion further strengthens the Bank's commitment to providing comprehensive banking solutions across Rwanda.

Passing on the Baton and new Board of Directors.

In July, I&M Bank (Rwanda) Plc. transitioned leadership with the appointment of Mr. Nikhil Rustam Hira as the new Board Chairman, effective 15^{th} July 2024, succeeding the retired Mr. Bonaventure Niyibizi. The Bank also welcomed two new members to its Board of Directors: Mr. Eric Rutabana and Mrs. Anitha Umulisa as Independent Non-Executive Directors. This leadership change marks an important step in the continued growth and strategic direction of the Bank and their extensive experience and expertise will play a crucial role in guiding the Bank as we explore new opportunities and continue our commitment to growth, innovation, and delivering exceptional value to our stakeholders.

Staff engagement activities.

Agiserera na I&M Car Free Day

In February, I&M Bank (Rwanda) Plc actively participated in the Car-Free Sports Day, an initiative aimed at promoting a healthier and more sustainable lifestyle. This event aligned with our ongoing Agiserera Campaign, which encourages physical activity and environmental consciousness within the community. Through this participation, I&M Bank reaffirmed its commitment to fostering well-being and social responsibility. #AgisereranaIMBank"

Transact with love.

February, the month traditionally associated with love, provided the perfect opportunity for I&M Bank (Rwanda) Plc to spread joy and excitement. Throughout the month, customers who engaged in digital transactions or made payments using their I&M Bank cards were entered into a competition to win an array of attractive prizes. These included a luxurious two-night stay for two at Kivu Cleo, a television, a gourmet dinner experience, fuel vouchers, and shopping vouchers. This initiative was designed to enhance customer experience while promoting the convenience and security of digital banking.

Valentines' Day celebrations.

In celebration of Valentine's Day on February 14th, I&M Bank (Rwanda) Plc embraced the continued spirit of love and appreciation. The occasion was marked by a vibrant and heartfelt celebration, where colleagues and customers exchanged thoughtful messages, received flowers and chocolates, and, most importantly, recognized the loyalty of our customers.

Women's Week Celebrated in style.

Throughout the week, I&M Bank (Rwanda) Plc hosted a series of remarkable and insightful activities dedicated to honoring our women colleagues and customers. The week commenced with special recognitions for our esteemed female authors, longest-serving staff members, and the strong leadership demonstrated by the heads of our Internal Control and Compliance, Risk, and Internal Audit units.

In line with our commitment to empowering women, the week also featured yoga sessions designed to foster serenity, strength, balance, and resilience, while promoting physical well-being.

Additionally, our staff participated in an inspiring evening of motivation and knowledge-sharing, where we had the honor of hearing from distinguished speakers, including our own Alice Nkulikiyinka, Iris Irumva, and CEO Mr. Benjamin Mutimura.

To culminate the celebration, on March 3^{rd}, International Women's Day, I&M Bank (Rwanda) Plc hosted a special event to recognize women in business at the I&M Way Customer Appreciation Breakfast, held at the Kigali Marriott Hotel. This gathering was a testament to our commitment to diversity, inclusion, and the empowerment of women in the business world.

Bundles of joy!

In April, I&M Bank (Rwanda) Plc had the honor of hosting the talented primary school choir from Green Hills Academy. The students delivered a captivating performance, showcasing their melodious voices and exceptional musical talent. Their performance created an uplifting atmosphere, filling the space with joy, emotion, and a sense of community. This visit was a memorable occasion, reinforcing our commitment to supporting local schools and fostering a vibrant cultural exchange.

Green hills academy choir

Labor Day celebrated in style.

In May, I&M Bank (Rwanda) Plc marked Labor Day with a special celebration to honor the unwavering dedication, hard work, and determination demonstrated by our employees. This event was a heartfelt acknowledgment of the continuous efforts each team member contributes toward the growth and success of the Bank. Through this celebration, we expressed our gratitude for their commitment and highlighted the importance of their contributions in shaping the future of the institution. It was an opportunity to celebrate not only their professional achievements but also the spirit of teamwork and excellence that defines I&M Bank.

Kids Party celebrated in style.

I&M Bank (Rwanda) Plc, hosted an unforgettable Kids Party at the Kigali Universe, dedicated to celebrating the joy and happiness of children. This special event brought together families for a day filled with engaging activities, delightful treats, and cherished moments that fostered a sense of community and togetherness. The atmosphere was vibrant with laughter and excitement, creating a memorable experience for all. The event was a testament to our commitment to supporting families and creating opportunities for shared joy.

Branches & leadership engagement.

In August, I&M Bank (Rwanda) Plc hosted an important engagement session for our Branch Managers and leadership team at the Marriott Hotel. The session focused on strategic discussions aimed at optimizing the Bank's structure, enhancing leadership capabilities, and improving overall operations. This gathering served as a pivotal step in our ongoing journey to becoming East Africa's leading financial partner for growth. By aligning our leadership team with the Bank's vision and objectives, we continue to strengthen our ability to deliver exceptional services and foster sustainable growth for our clients and communities.

Branches & leadership engagement

Management Retreat.

In September, the leadership team of I&M Bank (Rwanda) Plc participated in a strategic retreat aimed at re-evaluating and refining the Bank's overall strategy. The retreat focused on fostering a culture of innovation, strengthening internal collaboration, and enhancing the customer experience in line with the I&M way. This session was designed to ensure that the Bank continues to evolve and adapt to the dynamic financial landscape, while consistently delivering exceptional value and satisfaction to our customers.

Customer Service Week 2024.

In October, I&M Bank (Rwanda) Plc celebrated Customer Service Week with a special emphasis on the theme, 'Above and Beyond.' This week-long celebration underscored our commitment to not only meeting the needs of our customers but also fostering personalized relationships with each individual client. We prioritize delivering high-quality service that exceeds expectations, ensuring that every customer interaction reflects our dedication to excellence and customer satisfaction. Through this initiative, we reaffirmed our commitment to providing exceptional, tailored experiences that cater to the unique needs of each customer.

New Rides in the block.

I&M Bank (Rwanda) Plc's Managing Director officially handed over the latest model KIA vehicles to our Branch Managers as part of an initiative to enhance operational efficiency. These new vehicles are intended to support the Branch Managers in their day-to-day responsibilities, enabling them to carry out their duties more effectively and ensure seamless service delivery across all branches. This gesture underscores I&M Bank (Rwanda) Plc's commitment to providing the necessary resources to empower its leadership team and optimize the Bank's operations.

Birthday celebrations.

At I&M Bank (Rwanda) Plc, we take immense pride in fostering a culture that values every individual as an integral part of our family. We believe that each team member deserves recognition, appreciation, and motivation for their unwavering dedication and hard work. As part of this commitment, we celebrate the birthdays of our staff members every month to honor their contributions and dedication. These celebrations serve as a token of gratitude for their ongoing efforts in helping I&M Bank grow towards becoming East Africa's leading financial partner for growth.

SPORTS

I&M Bank (Rwanda) Plc proudly participated in the Rwanda Bankers' Association (RBA) Inter-Bank Sports Tournaments, where our teams demonstrated exceptional skill and teamwork. We are pleased to announce that we emerged victorious in several events, with our Basketball, Football, and Swimming teams securing impressive wins. This achievement highlights the dedication and perseverance of our athletes, and we extend our heartfelt congratulations to all team members for their outstanding performance. Your hard work and commitment to excellence are truly commendable.

Staff Party celebrated in style!

At the I&M Bank (Rwanda) Plc staff party, we celebrated a momentous occasion with an unforgettable event that highlighted the significant achievements of the year. The celebration served as a tribute to the retiring banking legends who have greatly contributed to the Bank's success, as well as a recognition of our outstanding colleagues for their exceptional dedication and performance. The atmosphere was filled with energy and enthusiasm, creating a vibrant and inspiring environment. The event was marked by elegance and style, truly reflecting the remarkable milestones we have reached as an organization and also set the stage for continued growth and success in the years ahead.

OUR FINANCIALS

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors have the pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of the I&M Bank (Rwanda) Plc (the "Bank").

Principal activities

The Bank is engaged in the business of banking and provision of related services. Banking is a business activity of accepting and securing money owned by individuals and enterprises and provides liquidity needs for businesses and families to invest for the future. The Bank also charges a certain amount of rate of interest on the amount sanctioned.

Results / Business review

Profit before income tax for the year was Frw 26.8 billion (2023: Frw 15.6 billion). Net interest income increased from to Frw 35 billion in 2023 to Frw 49 billion in 2024 in correlation to the increase in loans and advances to customers from Frw 313 billion to Frw 356 billion in 2024.

The Bank`s results for the year are as follows:

	2024 Frw'000	2023 Frw'000
Profit before income tax	26,814,264	15,575,180
Income tax expense	(8,205,570)	(4,885,157)
Net profit for the year	**18,608,694**	**10,690,023**

The detailed results of the Bank for the year are set out on ***pages 108 to 194***.

The Bank has progressed on its strategic effort to create long-term value for stakeholders, through continued investments in Environmental, Social and Governance initiatives as a means to building resilience as well as to mitigate against emergent operational, cyber and credit risk.

Dividends

The Directors have recommended payment of dividend with respect of the year ended 31 December 2024 of Frw 3,721,000,000 (2023: Frw 2,138,000,000).

Directors

The Directors who served during the year and up to the date of this report are set out on **page 15**. The Bank provides professional indemnity for all the Directors as set out on **page 25**.

Auditor

KPMG Rwanda Limited was appointed as Auditor of the Bank commencing 2020 in accordance with regulation No 14/2017 of 23/11/2017 and an extension of two years was granted by National Bank of Rwanda as per regulation No 44/2022 of 02/06/2022 determining requirements and other conditions for accreditation of external auditors for regulated institutions.

Relevant audit information

The directors in office at the date of this report confirm that:

(i) There is no relevant audit information of which the Bank's auditor is unaware; and

(ii) Each Director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors .

BY ORDER OF THE BOARD
Company secretary
Date: 27th March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors are responsible for the preparation of financial statements that give a true and fair view of I&M Bank (Rwanda) Plc, as set out on ***pages 108 to 194*** which comprise the statement of profit or loss and other comprehensive income and the statement of financial position as at 31 December 2024, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of material accounting policies and other explanatory notes, 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 (The Rwandan companies Act) as amended by Law No 019/2023 of 30/03/2023 and Regulation No. 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks.

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

The Directors have made an assessment of the Bank ability to continue as a going concern and have no reason to believe the Bank will not be a going concern for at least the next twelve months from the date of this statement.

The independent auditor is responsible for reporting on whether, based on their audit, the annual financial statements give a true and fair view in accordance with the International Financial Reporting Standards and the Law No. 007/2021 of 05/02/2021 Governing Companies (The Rwandan companies Act), as amended by Law No 019/2023 of 30/03/2023 and Regulation No. 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks.

Approval of the financial statements.

The financial statements of I&M Bank (Rwanda) Plc were approved and authorised for issue by the Board of Directors on 17th **February 2025.**

Director

Director

Date: 27th March 2025

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Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of I&M Bank (Rwanda) Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of I&M Bank (Rwanda) Plc ("the Bank"), set out on ***pages 108 to 194***, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 2024, 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 as amended by Law No. 019/2023 of 30/03/2023 (the Rwandan Companies Act) 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.

Key audit matters

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

Key audit matter	How the matter was addressed in our audit
Impairment loss allowance on loans and advances to customers **Refer to notes 5.14, 5.18, 6.1, 21 and 38.1 to the financial statements**	

INDEPENDENT AUDITOR'S REPORT

To the members of I&M Bank (Rwanda) PLC.

Measurement of the impairment loss allowance based on expected credit losses ("ECL") on loans and advances to customers involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank's determination of expected credit losses on loans and advances to customers are:

- Economic scenarios – IFRS 9 Financial Instruments (IFRS 9) requires the Bank to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. Significant management judgment is applied in determining and forecasting the economic scenarios used and the probability weightings applied to them.
- Significant increase in credit risk ("SICR") –, the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12 month or lifetime allowance is recorded.
- The Bank assesses SICR by considering all accounts with arrears above 30 days and incorporating all relevant, reasonable and supportable information, including forward-looking information of the customer's 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' 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 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

Our audit procedures in this area included:

- Obtaining an understanding of the credit management processes and the key systems, applications and controls used in the determination of ECL and evaluating 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 Financial risk management specialists to independently recompute probability of default modelling based on historical days past due reports and tested the forward-looking information used to adjust the probability of default by assessing the model governance and documentation, assessed the consistency of the macro-economic data, assessed the macroeconomic variable selection process where correlation analysis was determined, performance of correlation and regression analyses and assessment of performance of macroeconomic variable, Non-Performing Loans (NPL) forecasting and scenario analysis
- We assessed the reasonableness of loss given default 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.
- We assessed the inputs in Exposure at Default which included outstanding balances and assessed the mathematical accuracy of the computation of exposure at default.

Key audit matter	How the matter was addressed in our audit
Impairment loss allowance on loans and advances to customers **Refer to notes 5.14, 5.18, 6.1, 21 and 38.1 to the financial statements**	
• Qualitative adjustments or overlays – adjustments to the model driven ECL results are raised by management to address 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, • We determined the impairment loss allowance on loans and advances to customers to be a key audit matter due to the high degree of estimation uncertainty and significant judgement applied by management in the determination of the ECL.	• Involving our own financial risk management specialists to assess the appropriateness of the Bank's methodology for determining the economic scenarios and other management overlays by assessing key economic variables as well as the overall reasonableness of the economic forecasts by comparing the Bank's forecasts to its historical and the overall market growth, as well as externally available information. Challenging the accuracy of key inputs like days in arrears and assumptions into the ECL models by: • Evaluating the whether the Bank's SICR determination is in line with IFRS 9 by assessing the qualitative and quantitative factors used by management in their evaluation of the staging criteria. This included re-aging of loans on a sample basis for quantitative factors and inspecting a sample of credit files to assess if there are any qualitative aspects that indicated that there was any SICR; and • 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 back 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. This includes tracing of disclosures to supporting schedules and workings and assessing the disclosure in financial statements are in line with the minimal requirements using a checklist.

INDEPENDENT AUDITOR'S REPORT

To the members of I&M Bank (Rwanda) PLC.

Other information

The directors are responsible for the other information. The other information comprises the information included in the I&M Bank (Rwanda) Plc annual report and financial statements for the year ended 31 December 2024 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 Directors 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 as amended by Law No. 019/2023 of 30/03/2023 (the Rwandan Companies Act) 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 scepticism throughout the audit. We also:

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

Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

To the members of I&M Bank (Rwanda) PLC.

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 as amended by Law No. 019/2023 of 30/03/2023 (the Rwandan Companies Act) and Regulation No. 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks, we report to you based on our audit, that:

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

Proper accounting records have been kept by the Bank, so far as appears from our examination.

We have no relationship, interest, or debt with the Bank. 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 company, the annual accounts comply with Article 123 and Article 125 of Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023 (the Rwandan Companies Act).

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: 28th March 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Frw'000	2023 Frw'000
Interest income calculated using the effective interest method	8	73,501,660	55,817,926
Other interest and similar income*	8	668,623	284,592
Interest expense calculated using the effective interest method	9	(22,381,854)	(19,846,675)
Other interest and similar expense*	9	(2,439,604)	(925,791)
Net interest income		**49,348,825**	**35,330,052**
Fee and commission income	10 (i)	8,689,071	6,198,237
Fee and commission expense	10 (ii)	(4,312,291)	(3,841,152)
Net fee and commission income		**4,376,780**	**2,357,085**
Revenue		**53,725,605**	**37,687,137**
Net trading income	11	10,778,117	8,994,974
Other operating income	12	3,298,510	1,923,065
Net operating income before change in expected credit losses and other credit impairment charges		**67,802,232**	**48,605,176**
Net impairment charge on loans and advances	21(ii)	(6,572,290)	(2,803,467)
Net operating income		**61,229,942**	**45,801,709**
Employee benefits	13(i)	(14,812,242)	(12,011,898)
Other operating expenses	13(ii)	(15,111,113)	(13,683,544)
Depreciation and amortisation	13(iii)	(4,492,323)	(4,531,087)
Operating expenses		**(34,415,678)**	**(30,226,529)**
Profit before income tax		**26,814,264**	**15,575,180**
Income tax expense	14(i)	(8,205,570)	(4,885,157)
Net profit for the year after tax		**18,608,694**	**10,690,023**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of land and building	24	6,343,565	-
Deferred tax on revaluation*	29	(1,737,204)	16,604
		4,606,361	16,604
Items that are or may be reclassified to profit or loss:			
Fair Value through the Other Comprehensive Income (FVOCI) - Debt instruments	33(iv)	339,316	(832,304)
Deferred tax – FVOCI-Debts instruments	33(iv)	(95,008)	247,289
		244,308	(585,015)
Total other comprehensive income for the year		**4,850,669**	**(568,411)**
Total comprehensive income for the year		**23,459,363**	**10,121,612**
Basic and diluted earnings per share - (Frw)	14	**12.28**	**7.06**

The notes set out on ***pages 113 to 194*** form an integral part of these financial statements.
*Other interest and similar income" has been reclassified out of Interest income calculated using the effective interest method for better presentation of the financial statements.
*Interest expense calculated using the effective interest method" and "Other interest and similar expenses" has been reclassified from Interest expense for better presentation of the financial statements.
*Revaluations of land and buildings has been included in items that will not be reclassified for better presentation of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024 Frw'000	2023 Frw'000
ASSETS			
Cash and balances with National Bank of Rwanda	17	52,252,663	85,543,980
Due from banks	18	155,067,078	74,462,501
Due from group companies	19(i)	7,884,573	9,745,444
Financial assets measured at fair value through other comprehensive income	20(i)	72,788,288	58,893,631
Financial assets at fair value through profit or loss	20(ii)	2,274,180	1,872,070
Financial assets at amortised cost	20(iii)	119,507,317	85,391,887
Loans and advances to customers	21(i)	356,291,981	313,892,313
Other assets	22	4,978,404	11,182,507
Intangible assets	23	3,148,659	2,985,829
Property and equipment and right of use assets	24	28,405,332	21,215,402
Investment Property	25	15,274,137	13,588,671
TOTAL ASSETS		**817,872,612**	**678,774,235**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	26	98,301,292	162,522,953
Deposits from customers	27	561,122,983	376,545,358
Current income tax	14(ii)	2,050,387	1,180,051
Other liabilities	28	14,208,362	13,737,015
Long term debt	30	38,306,418	44,380,776
Deferred income tax	29	3,912,462	1,758,737
		717,901,904	**600,124,890**
Shareholders' equity			
Share capital	33(i)	15,150,000	15,150,000
Share premium	33(i)	6,249,832	6,249,832
Retained earnings	33(ii)	72,041,558	55,570,864
Revaluation reserves	33(iii)	6,568,867	1,962,506
Fair value reserve	33(iv)	(39,549)	(283,857)
		99,970,708	**78,649,345**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**817,872,612**	**678,774,235**

The financial statements on ***pages 108 to 194*** were approved and authorized for issue by the Board of Directors on **17th February 2025** and were signed on their behalf by:

Chief Executive Officer

Chairperson of the Board Audit Committee

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

2024:	Note	Share capital Frw'000	Share premium Frw'000	Revaluation reserves Frw'000	Retained earnings Frw'000	Fair value reserve Frw'000	Total Frw'000
At 1 January 2024		15,150,000	6,249,832	1,962,506	55,570,864	(283,857)	78,649,345
Total comprehensive income for the year							
Net Profit after income tax		-	-	-	18,608,694	-	18,608,694
		-	-	-	18,608,694	-	18,608,694
Other comprehensive income							
Revaluation surplus on Land and building	33(iii)	-	-	6,343,565	-	-	6,343,565
Deferred tax on revaluation of land and building	33(iii)	-	-	(1,737,204)	-	-	(1,737,204)
Net change in fair value through the other comprehensive income	33(iv)	-	-	-	-	244,308	244,308
Total other comprehensive income		-	-	4,606,361	-	244,308	4,850,669
Total comprehensive income		-	-	4,606,361	18,608,694	244,308	23,459,363
Transactions with owners recorded directly in equity							
Dividend declared and paid	33(ii)	-	-	-	(2,138,000)	-	(2,138,000)
Total transactions with owners for the year		-	-	-	(2,138,000)	-	(2,138,000)
Balance as at 31 December 2024		15,150,000	6,249,832	6,568,867	72,041,558	(39,549)	99,970,708

The notes set out on ***pages 113 to 194*** form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital Frw'000	Share premium Frw'000	Revaluation reserves Frw'000	Retained earnings Frw'000	Fair value reserve Frw'000	Total Frw'000
At 1 January 2023		15,150,000	6,249,832	1,945,902	47,674,841	301,158	71,321,733
Total comprehensive income for the year							
Net Profit after income tax		-	-	-	10,690,023	-	10,690,023
		-	-	-	10,690,023	-	10,690,023
Other comprehensive income							
Effect of change in corporate tax rate on deferred tax of land and building	33(iii)	-	-	16,604	-	-	16,604
Net change in fair value through the other comprehensive income	33(iv)	-	-	-	-	(585,015)	(585,015)
Total other comprehensive income		-	-	16,604	-	(585,015)	(568,411)
Total comprehensive income		-	-	16,604	10,690,023	(585,015)	10,121,612
Dividend declared and paid	33(ii)	-	-	-	(2,794,000)	-	(2,794,000)
Total transactions with owners for the year		-	-	-	(2,794,000)	-	(2,794,000)
Balance as at 31 December 2023		15,150,000	6,249,832	1,962,506	55,570,864	(283,857)	78,649,345

The notes set out on ***pages 113 to 194*** form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Frw'000	2023 Frw'000 Restated
Cash flows generated from (used in) / operating activities	34(i)	15,577,059	72,411,737
Interest received*		72,606,119	55,097,939
Interest paid*		(25,564,163)	(20,780,461)
Tax paid*	14(ii)	(5,984,111)	(6,534,722)
Net cash flows generated from (used in) / operating activities		**56,634,904**	**100,194,493**
Cash flows from investing activities			
Purchase of property and equipment	24	(3,881,399)	(2,519,298)
Purchase of intangible assets	23	(1,353,352)	(1,514,847)
Proceeds from disposal of property and equipment		22,600	-
Net cash used in investing activities		**(5,212,151)**	**(4,034,145)**
Cash flows from financing activities			
Dividend paid	33(ii)	(2,138,000)	(2,794,000)
Repayments of lease liabilities	32	(997,030)	(845,140)
Proceeds from long term debt	30	1,300,000	11,659,000
Principal repayment on long term debt	30&31	(9,035,808)	(20,961,082)
Net cash inflows/(outflows) from financing activities		**(10,870,838)**	**(12,941,222)**
Net increase / (decrease) in cash and cash equivalents	34(ii)	**40,551,915**	**83,219,126**
Cash and cash equivalents at start of the year	34(ii)	**152,316,678**	**73,395,731**
Effect of exchange rate fluctuations on cash and cash equivalents held**		(39,345)	(4,298,179)
Cash and cash equivalents at end of the year	34(ii)	192,829,248	152,316,678

The notes set out on ***pages 113 to 194*** form an integral part of these financial statements.

*The prior year comparative balances for interest received which was Frw 55,097,939,000, interest paid which was Frw 20,780,462,000 and tax paid which was Frw 6,534,722,000 for the year ended 31 December 2023 have been presented separately on the Statement of Cash Flows instead of disclosing it as part of operating cash flows in the notes.

**The statement of cash flows for the comparative period has been restated by presenting the Effect of exchange rate fluctuations on cash and cash equivalents held as a separate reconciling item between opening and closing cash and cash equivalents, instead of disclosing it as part of operating cash flows. The effect of the correction is an increase in operating cash flows of 4,298,179 and presenting this number as a separate reconciling item in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information

I&M Bank (Rwanda) Plc (the "Bank") is a public financial institution licensed to provide corporate and retail banking services to corporate, small and medium size enterprises and retail customers in various parts of Rwanda. The Bank is a public listed company incorporated and domiciled in Rwanda. The ultimate parent of the Bank is I&M Holdings PLC, a limited liability company registered and domiciled in Kenya. The address of its registered office is as follows:

I&M Bank (Rwanda) Plc
KN 3 AV/9
PO Box 354
Kigali
Rwanda

2. Basis of preparation

The Bank's financial statements for the year 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards) as issued by the International Accounting Standards Board (IASB), in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No 019/2023 of 30/03/2023 (The Rwandan companies Act) and Regulation No. 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks.

Additional information required by the regulatory bodies is included where appropriate. The regulatory requirements do not any way deviate from IFRS® Accounting Standards.

These financial statements are prepared on a going concern basis, as management is satisfied that the Bank has adequate resources to continue as going concern of the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Bank.

3. Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. 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 current/non-current distinction disclosure (*Note 35*).

These financial statements are presented in Rwanda Francs (Frw), which is also the functional currency and presentation currency and all values are rounded to the nearest thousand (Frw'000) except where otherwise stated.
The financial statements for the year ended 31 December 2024 were approved and authorised for issue in accordance with a resolution of the Directors on **17th February 2025**.

4. Use of judgments and estimates

In preparing these financial statements, management has made judgements, 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 on-going basis. Revisions to estimates are recognised prospectively.

The Bank has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2024 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates. The underlying assumptions are also subject to uncertainties which are often outside the control of the Bank. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and the assessment of the recoverable amount of non-financial assets.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in ***Note 6***.

5. Summary of material accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.1. Foreign currency translation

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

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss.

5.2. Income sources and classification

Income is derived substantially from banking business and related activities and comprises net interest income and net fee and commission income and expense.

Gains and losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss, as well as any interest receivable or payable, are included in profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of debts instruments at FVOCI, other than foreign exchange gains or losses from monetary items, are recognised directly in other comprehensive income.

For purposes of cashflow, the bank has elected to classify cashflows from interest paid, interest received and dividends received as operating activities, and cash flows from dividends paid as financing activities. Interest paid includes the interest portion of the lease liabilities.

5.2.1. Effective interest method and amortised cost

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

5.2.2. Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, when a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis prospectively.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in other Interest and similar income and other Interest and similar expense.

5.3. Net fee and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.3. Net fee and commission income(Continued)

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract.

When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or service provided over time unless otherwise specified. The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

The Bank's revenue contracts do not include multiple performance obligations, as explained further in *Notes 5.3.1* and *5.3.2* below

5.3.1. Fees and commission income from services where performance obligations are satisfied over time.

Performance obligations satisfied over time include asset management, custody and other services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

The Bank's fee and commission income from services where performance obligations are satisfied over time include the following:

Custody fees: The Bank earns a fixed annual fee for providing its customers with custody services, which include the safekeeping of purchased securities and processing of any dividend income and interest payments. As the benefit to the customer of the services is transferred evenly over the service period, these fees are recognised as revenue evenly over the period, based on time-elapsed. Payment of these fees is due and received quarterly in arrears. Custody fees are included in the commission on service charge. Refer to *Note 10(i)*.

Loan commitment fees: These are fixed annual fees paid by customers for loan and other credit facilities with the Bank, but where it is unlikely that a specific lending arrangement will be entered into with the customer and the loan commitment is not measured at fair value. The Bank promises to provide a loan facility for a specified period. As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognised as revenue on a straight-line basis. Payment of the fees is due and received monthly in arrears. Loan commitment fees are included in interest income from loans and advances to customers as loan related fees. Refer to *Note 8*.

Interchange fees: The Bank provides its customers with credit card processing services (i.e., authorisation and settlement of transactions executed with the Bank's credit cards) where it is entitled to an interchange fee for each transaction (i.e., when a credit cardholder purchases goods and services from merchants using the Bank's credit card). The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. The variable interchange fees are allocated to each distinct day, based on the number and value of transactions processed that day, and the allocated revenue is recognised as the entity performs. Interchange fees are included in the commission on service charge. Refer to *Note 10(i)*.

5.3.2. Fees and commission income from providing services where performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees. The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

Brokerage fees: The Bank buys and sells securities on behalf of its customers and receives a fixed commission for each transaction. The Bank's performance obligation is to execute the trade on behalf of the customer and revenue is recognised once each trade has been executed (i.e., on the trade date). Payment of the commission is typically due on the trade date.

The Bank pays certain sales commission to agents for each contract that they obtain for some of its brokerage services. The Bank has elected to apply the optional practical expedient for costs to obtain a contract which allows it to immediately expense such sales commission because the amortisation period of the asset that it otherwise would have used is one year or less. Brokerage fees are included in the commission on service charge. Refer to *Note 10(i)*.

Fee and commission income that are integral to the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission expenses relate mainly to transaction and service fees are expensed as the services are received.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.3. Net fee and commission income(Continued)

5.3.3. Contract balances

The following are recognised in the statement of financial position arising from revenue from contracts with customers:

- Unearned fees and commissions included under 'Other liabilities', which represent the Bank's obligation to transfer services to a customer for which the Bank has received consideration (or an amount of consideration is due) from the customer. A liability for unearned fees and commissions is recognised when the payment is made, or the payment is due (whichever is earlier). Unearned fees and commissions are recognised as revenue when (or as) the bank performs services.
- No Fees and commission receivables have been recognised in other assets as all fees are paid upfront by customers and recognised as unearned fees.

5.4. Net trading income

'Net trading income and net income on financial assets at fair value through profit or loss' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

5.5. Net loss on derecognition of financial assets measured at amortised cost or FVOCI

Gains and losses arising from changes in the fair value of debts instruments at fair value through other comprehensive income, other than foreign exchange gains or losses from monetary items, are recognised directly in other comprehensive income.

For financial assets measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue under the effective interest method
- ECL and reversals; and
- Foreign exchange gains and losses

When financial assets measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Net loss on derecognition of financial assets measured at amortised cost includes loss (or income) recognised on sale or derecognition of financial assets measured at amortised costs calculated as the difference between the book value (including impairment) and the proceeds received.

Interest income and expense on fair value through other comprehensive income and financial assets or liabilities held at amortised cost is recognised in profit or loss using the effective interest method.

5.6. Income tax expense

Income tax expense comprises current tax and change in deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

- Temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination, and which affects neither accounting nor taxable profit.
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

A deferred income tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.6. Income tax expense (Continued)

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

5.7. Financial instruments- Initial Recognition

5.7.1. Date of recognition

The Bank initially recognises loans and advances, deposits and Due from Banks, financial assets at fair value through other comprehensive income and financial assets at amortised costs on the date at which they are originated. All other financial assets and liabilities (including assets designated at fair value through profit or loss) are initially recognised on the trade date on which the Bank becomes a party to the contractual provision of the instrument.

5.7.2. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. A financial asset or liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

5.7.3. Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. On initial recognition, a financial asset is measured at either:

- amortised cost as explained in *Note 5.10.1*
- FVOCI as explained in *Note 5.10.3*
- FVTPL as explained in *Note 5.10.2*

The Bank classifies and measures its derivative and trading portfolio at FVTPL, as explained in Notes 5.10.2. The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 5.10.5.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL or derivative instruments and measured at fair value through profit or loss, as explained in Note 5.10.5.

5.8. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, and defer the difference between the fair value at initial recognition and the transaction price.

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

If an asset or liability measure at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolio of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.8. Determination of fair value (Continued)

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:
Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
Level 2: inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Bank periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Bank's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, the Bank applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. The Bank estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

Detailed quantitative disclosures of the financial assets allocated in each level are further explained in *Note 38.(i)*.

5.9. Financial assets and liabilities per financial statement line

5.9.1. Cash and balances with central bank, Due from Banks, due group companies, loans and advances to customers, financial assets at amortised cost.

The Bank measures Cash and Balances with central bank, Due from banks, due from group companies, loans and advances to customers and other financial assets at amortised cost only if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

5.9.1.2. Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Bank's business segments comprise primarily loans to customers that are held for collecting contractual cash flows. Certain debt securities are held by the Bank's central treasury in a separate portfolio for long term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objectives is to hold assets to collect cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.9. Financial assets and liabilities per financial statement line (Continued)

5.9.1.2. Business model assessment (Continued)

Certain other debt securities are held by the Bank central treasury in separate portfolio to meet everyday liquidity needs. The Bank central treasury seeks to minimize the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Bank considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that are 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.

5.9.1.3. Solely Payments of Principal and Interest (SPPI Test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:
- contingent events that would change the amount and timing of cash flows; Contingent events are conditions or occurrences that could affect the timing or amount of cash flows. When assessing SPPI, the presence of contingent events raises concerns about whether the cash flows are solely determined by the contractual terms. If contingent events could result in cash flows that are not consistent with principal and interest payments, the SPPI condition may not be met.
- leverage features; Leverage features, such as options, guarantees, or embedded derivatives, introduce complexity into the cash flow structure of financial instruments. These features may lead to cash flows that are not solely representative of principal and interest. For example, guarantees or options that result in additional payments beyond principal and interest could fail the SPPI test as they introduce variability in cash flows that is not consistent with SPPI.
- prepayment and extension terms; Prepayment and extension terms allow borrowers to adjust the timing and amount of payments. While standard prepayment options like deferrals are generally consistent with SPPI criteria, more complex prepayment or extension features may introduce variability that goes beyond what is considered SPPI. For instance, prepayment penalties or extension options with significant fees could lead to cash flows that fail the SPPI test.
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements) Non-recourse asset arrangements limit the lender's claim to specific assets or collateral. If the terms of the arrangement restrict the lender's recourse to only certain assets, it may affect the certainty and timing of cash flows. This can raise questions about whether the cash flows represent solely principal and interest payments or if they are contingent on the performance of specific assets; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates. Features that modify the consideration of the time value of money, such as periodic reset of interest rates, can impact the SPPI assessment. While periodic reset features are common in variable-rate instruments, they must be structured in a way that maintains the SPPI nature of the cash flows. If the reset mechanism introduces variability beyond what is consistent with SPPI, it could impact the classification of the instrument.

The Bank holds a portfolio of long-term fixed rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty.

The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

5.9.2. Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates financial liabilities instrument at FVTPL upon initial recognition when one of the following criteria are met;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.9. Financial assets and liabilities per financial statement line (Continued)

5.9.2. Financial assets and financial liabilities at fair value through profit or loss (Continued)

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

Or

- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Or

- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value.
Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in OCI and do not get reclassified to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate, as explained in *Note 5.2.2*.

The Bank classifies financial assets or financial liabilities at FVTPL when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Those Financial assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in profit or loss. Interest and dividend income or expense is recorded in profit or loss according to the terms of the contract, or when the right to payment has been established. Included in this classification are financial assets, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

The Bank entered into swap derivative transactions with central bank. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivatives are settled net in cash on a regular basis through a central clearing house and are only recognised to the extent of the overnight outstanding balance. The notional amount and fair value of such derivatives are disclosed separately in ***Note 20(ii)***. Changes in the fair value of Swap derivatives are included in net trading income and no hedge accounting has been applied to those transactions.

5.9.3. Financial assets at FVOCI
The Bank classifies financial assets at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in *Note 5.2.1*. The ECL calculation for financial assets at FVOCI is explained in *Note 5.14.3*. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

5.9.4. Long term debt and subordinated debt
After initial measurement, long term debt and subordinated debt are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

5.9.5. Financial guarantees, letters of credit and undrawn loan commitments
Financial guarantees are initially recognised in the financial statements (within off statement of financial position) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15, and an ECL allowance as set out in *Note 38*.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)
5.9. Financial assets and liabilities per financial statement line (Continued)

5.9.5. Financial guarantees, letters of credit and undrawn loan commitments (Continued)
The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee. Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECL are disclosed in *Note 38.1*.

The Bank occasionally issues loan commitments at below market interest rates. Such commitments are subsequently measured at the higher of the amount of the ECL allowance and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

5.10. Reclassifications of financial assets and liabilities
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets that results in a change in how assets are managed and their resulting cash flow characteristics. Such changes are determined by the Bank's senior management as a result of external or internal changes and must be significant to the Bank's operations and demonstrable to external parties. Accordingly, a change in the Bank's business model will occur only when an entity either begins or ceases to perform an activity that is significant to its operations Financial liabilities are never reclassified. This reclassification is rare.

5.11. Derecognition of financial assets and liabilities

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

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

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

For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

5.11.2. Derecognition other than for substantial modification
If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial assets, this assessment is based on qualitative factors. The Bank's accounting policy in respect of forborne and modified loans is set out in *Note 5.18*.

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

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

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.11. Derecognition of financial assets and liabilities (Continued)

5.11.2. Derecognition other than for substantial modification (Continued)

5.11.2.1. Financial assets (Continued)

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

5.11.2.1. Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.
The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

5.12. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. There were no offsetting transactions during the period.

Master netting arrangement

Financial assets and financial liabilities are generally reported gross in the statement of financial position except when the IFRS netting criteria is met. Transactions that are settled net are disclosed in Note 28 of the financial statements as "Items in the course of collection". Those products include: Items in the course of collection and Fx swaps cleared through the central Bank clearing House.

Income and expenses are presented on a net basis only when permitted under IFRS accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activities.

Below is a table of the financial instruments subject to master netting arrangements and similar agreements.

31 December 2024	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Type of Financial assets	Frw'000	Frw'000	Frw'000
Derivative financial instruments	45,977,830	43,703,650	2,274,180

31 December 2024	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Type of Financial Liabilities	Frw'000	Frw'000	Frw'000
Other liabilities:- Items in the course of collection	822,248	324,865	497,383

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.12. Offsetting of financial assets and financial liabilities (Continued)

Master netting arrangement (Continued)

31 December 2023	Gross amounts of recognized financial assets	Gross Amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Type of Financial assets	Frw'000	Frw'000	Frw'000
Derivative financial instruments	16,856,482	14,984,411	1,872,070

31 December 2023	Gross amounts of recognized financial liabilities	Gross Amounts of recognized financial assets offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Type of Financial Liabilities	Frw'000	Frw'000	Frw'000
Other liabilities:- Items in the course of collection	6,209,829	42,584	6,167,245

5.13. Impairment of financial assets

5.13.1. Overview of the ECL principles

The Bank records an allowance for expected credit loss for all loans and other financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section, all referred to as 'financial assets'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL) as outlined in **Note 38.1. (iii)**.

The Bank's policies for determining if there has been a significant increase in credit risk are set out in **Note 38.1. (iii)**.
The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in **Note 38.1. (iii)**.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in 38.1. (iii).

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI) as described below:

- **Stage 1:** When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** Loans considered credit-impaired (as outlined in ***Note 38.1.(iii)***). The Bank records an allowance for the LTECL.
- **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

5.13.2. Calculation of ECL

The Bank calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the effective interest rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.13. Impairment of financial assets (Continued)

5.13.2. Calculation of ECL (Continued)

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

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in *Note 3.1. (iii)*.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in *Note 38.1. (iii)*.

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD. The LGD is further explained in **Note 38.1. (iii)**.

When estimating the ECL, the Bank considers three scenarios (a base case, an upside, and a downside. Each of these is associated with different PDs, EADs and LGDs, as set out in **Note 38.1. (iii)**. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out in Note 38.1. (iii), the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

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

Provisions for ECL for undrawn loan commitments are assessed as set out in *Note 38.1. (iii)*. The calculation of ECL (including the ECL related to the undrawn element) of revolving facilities such as credit cards is explained in *Note 38.1. (iii)*.

The mechanics of the ECL method are summarised below:

- **Stage 1:** The 12mECL on Loans exposures in stage 1 are calculated by multiplying the 12-month PD by LGD and EAD, this calculation is made for each of the three scenarios, as explained above. The methodology of estimating PDs is disclosed in *Note 38.1.(iii)*.
- The 12mECL on other financial instruments is calculated as the portion of LTECL that represent the ECL that result from default events on other financial instruments that are possible within the 12 months after the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by original EIR.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted to the original EIR.
- **Stage 3:** For loans considered credit-impaired as defined in Note 38.1. (iii). the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.
- **Loan commitments and letters of credit:** When estimating LTECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at EIR on the loan. 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 recognised within other liabilities.
- **Financial guarantee contract:** The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised 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. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECL related to financial guarantee contracts are recognised within other liabilities.

5.13.3. Financial assets measured at fair value through OCI

The ECL for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is reclassified to the profit or loss upon derecognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)
5.13. Impairment of financial assets (Continued)

5.13.4. Purchased or originated credit impaired financial assets (POCI)

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

5.13.5. Credit cards and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Bank measures ECL over a period longer than the maximum contractual period, the likelihood of default and its future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Bank's expectations, the period over which the Bank calculates ECL for these products, is twelve months for corporate and for retail products.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, as explained in Note 38.1. (iii), but greater emphasis is also given to qualitative factors such as changes in usage.

The interest rate used to discount the ECL for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently not charged interest.

The calculation of ECL, including the estimation of the expected period of exposure and discount rate is made, as explained in **Note 38.1. (iii)**, on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

5.13.6. Forward-looking information

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

1. Repo rate	6. Inflation rates	10. GDP
2. Reverse repo rate	7. Crude oil prices	11. Currency exchange rate
3. Interbank rate	8. Deposit rates	12. Public debt
4. Treasury bills rate	9. Lending rates	13. GDP ratio
5. Central bank rate		

5.13.7. Judgemental Adjustments

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Overlays are adjustments to the ECL model outputs that have been made outside the detailed ECL calculation and reporting process. These are not calculated at a granular level through modelled analysis.

The Bank has internal governance frameworks and controls in place to assess the appropriateness of all judgemental adjustments. The aim of the Bank is to incorporate these adjustments into the ECL models, where possible, as part of the periodic recalibration and model assessment procedures. Total judgmental adjustments as at 31 December 2024 increased the loss allowance by FRW 349million (2023: FRW 1.66billion) and are aggregated to overall ECL of the Bank. Detailed information about these inputs and sensitivity analysis are provided in *Note 38.1. (iii)*.

As at 31 December	2024 Frw"000"	2023 Frw"000"
Loss allowance before judgmental adjustments	**19,264,870**	**9,926,597**
Adjustment (overlays)	348,646	1,661,497
Loss allowance after adjustments	**19,613,516**	**11,588,094**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.14. Credit enhancements: collateral valuation and financial guarantees
To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS Accounting Standards and which are considered integral to the contractual terms of a financial assets which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL.

Collateral is generally assessed, at a minimum, at inception and re-assessed at least every three years. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Bank's various credit enhancements are disclosed in **Note 38.1. (iii)**.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Guarantees held are included in the measurement of loan ECL when either they are specified in the contractual terms of the loan or else are integral to the loan, in that they formed part of the basis on which the loan was extended. Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL. Credit default swaps are not considered to be integral to a loan's contractual terms and are accounted as derivative financial instruments, as set out in **Note 38.1. (iii)**.

5.15. Collateral repossessed
The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to property and equipment under their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

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 residential properties under legal repossession processes are not recorded in the statement of financial position until all legal repossession process is completed.

5.16. Write-off
Financial assets at both amortised and FVOCI are written off (either partially or in full) when there is 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.

This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Any subsequent recoveries are credited to credit loss expense.

The Bank had contractual amount outstanding on financial assets amounting to Frw 1,801,882,896 (2023: Frw 2,385,510,646) that were written off during the reporting period and which are still subject to enforcement activity.

5.17. Forborne and modified loans
The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

If modifications are substantial, the loan is derecognised, as explained in *Note 38.1. (iii)*. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original EIR as calculated before the modification of terms. The Bank also reassesses whether there has been a significant increase in credit risk, as set out in *Note 38.1. (iii)* and whether the assets should be classified as Stage 3. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.17. Forborne and modified loans (Continued)
Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:
- All of its facilities have to be considered performing
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contracts that are more than 30 days past due. Details of forborne assets are disclosed in Note 38.1. (iii).

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

Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower;
- A breach of contract such as a default or past-due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, any loan that is overdue for 90 days or more is considered credit-impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.
- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms.

5.18. Repurchase and reverse repurchase agreements
Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership.

The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under an agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

5.19. Cash and cash equivalents
For the purpose of presentation in the statement of cash flows in the financial statements, cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.20. Property and equipment and Investment property

Items of property and equipment are measured initially at cost. Subsequently items of property and equipment are measured at cost (computer equipment, furniture, fittings and fixtures, equipment and motor vehicles) or revalued amounts (for Land and Buildings) less accumulated depreciation and accumulated impairment losses. Refer to note 5.24 for the accounting policy on impairment of non-financial assets. Cost includes expenditure that is directly attributable to the asset. Though initially recognised at cost, for purposes of revaluation, land & buildings must be professionally valued every 5 years. The fair value should be determined based on the market comparable approach that reflects recent transaction prices for similar properties.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation reserve.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

The fair value of the land and buildings has been determined on a market value basis in accordance with the RICS Valuation Professional Standards (January 2014) (''Standards'') which comply with the International Valuation Standards. The valuations were performed by Sanko & Partners Limited, an accredited independent valuer with a recognised and relevant professional qualification with recent experience in the category of the property plant and equipment being valued in 2024. A net additional gain from the revaluation of the Land and building of FRW 4,606,361,000 in 2024 was recognised in other comprehensive income. Fair value measurement disclosures for revalued land and buildings are provided in Note 24 and 25. None of property and equipment has been pledged as security over borrowings. Subsequent expenditure is capitalised only when it is probable that future economic benefits of the expenditure will flow to the Bank. On-going repairs and maintenance are expensed as incurred.

The land is not depreciated, on remaining asset depreciation is charged on a straight-line basis to allocate the cost of each asset, to its residual value over its estimated useful life as follows:

Buildings	2% -5%
Computer equipment	33%
Furniture, fittings and fixtures	15%
Equipment	15%
Motor vehicles	25%

Depreciation is recognised in profit or loss. The assets' residual values and useful lives are reviewed and adjusted as appropriate, at each reporting date. The carrying amount of an item of property, plant and equipment shall be derecognised:
(a) on disposal; or
(b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised (unless IFRS 16 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.

In 2021, the Bank completed the construction of its unique and iconic new head office on its property located at KN3 Av/9 situate in the central business of Kigali. 55% of the total cost of the new building is being let out and therefore classified as an investment property. Investment property class is depreciated using straight line method with useful life of 50 years.

On initial recognition the investment property was measured at cost and in the year 2024, the Bank changed subsequent measurement to fair value from cost model. Fair value gain from the revaluation of investment property is Frw 1,970,045,983 (2023:Nil). The fair value of the investment property is approximated to Frw 15,274,137,079 (2023: Frw 14,172,797,851). These values are as per the independent valuation report by Sanko & Partners Limited.

The reason of the change in policy is to reflect the better presentation of fair value of investment property on statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.20. Property and equipment and Investment property (Continued)

The following table shows the valuation technique used in measuring fair value of property and equipment and investment property, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Level 3 (000' Frw)	Inter-relationship between significant unobservable inputs and fair value measurement
Property and Equipment - Land and Buildings and Investment properties	Market comparison approach	Price per square Metre • Price per sqm • Expected market rental growth • Vacant Factor	28,405,332 (2023: 21,215,402) 15,274,137 (2023: 13,588,671)	**31 December 2024** **Office Properties** • Estimated Rental Value (per sq mtr): FRW 15,791 – FRW 22,509 • Vacancy Factor: 2% - 3% (2.5%) **Land** • Price per Square Meter: FRW 350,000 **31 December 2023** **Office Properties** • Estimated Rental Value (per sq mtr): FRW 15,001.45 – FRW 21,384 • Vacancy Factor: 3% - 5% (4%) **Land** • Price per Square Meter: FRW 250,000 The estimated fair value would increase (decrease) if: • Expected market rental growth was higher (lower); • The occupancy rate was higher (lower);

5.21. Intangible assets

(i). Computer software

The costs incurred to acquire and bring to use specific computer software licences are capitalised. Software is measure at cost less accumulated amortisation and accumulated impairment (Refer to note 5.24 for the accounting policy on impairment for non-financial assets). The costs are amortised on a straight-line basis over the expected useful lives, from the date it is available for use, not exceeding five years. Costs associated with maintaining software are recognised as an expense as incurred. Amortisation is calculated using the straight-line method to write down the cost of software over their estimated useful lives between 3 and 5 years.

Internally generated software, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Amortisation methods, residual values and useful lives are reviewed and adjusted as appropriate, at each reporting date and all additions are being done by an external party.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised unless IFRS 16 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue

(ii). Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Bank can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. amortisation of the asset begins when development is complete, and the asset is available for use. it is amortised over the period of expected future benefit. amortisation is recorded in cost of sales. during the period of development, the asset is tested for impairment annually.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.22. Leases

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

Bank acting as a lessee:

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses (Refer to note 5.24 for the accounting policy on impairment for non-financial assets), if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

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

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

5.22.1. Right-of-use assets

Right-of-use assets relate to leased branch, ATMs location spaces, office premises and vehicles that are presented within property and equipment (see *Note 24*) and lease liabilities in 'other liabilities' (see note 28) in the statement of financial position.

	2024	2023
	Frw'000	Frw'000
Balance at January	1,567,599	847,997
Additions	1,681,010	1,413,578
Depreciation charge for the year	(828,433)	(693,976)
Balance at 31 December	**2,420,176**	**1,567,599**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.22. Leases (Continued)

5.22.2. Amounts recognised in profit or loss

	2024	2023
	Frw'000	Frw'000
Interest on lease liabilities	107,141	118,255
Expenses relating to short-term leases	165,305	128,870
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	173,747	141,584
Lease depreciation charge	828,433	693,976
	1,274,626	**1,082,685**

5.22.3. Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5.22.4. Amounts recognised in statement of cash flows

	2024	2023
	Frw'000	Frw'000
Total cash outflow for leases payments	**(997,030)**	**(845,139)**

5.22.5. Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the contract. The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease). The weighted average lessee's incremental borrowing rate is 8% based on a loan obtained from local Bank.

5.22.6. Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Bank acting as a lessor

The Bank acts as lessor of buildings, that is at former Head Quarter and one of Head office wings held as investment property. These leases have an average life of between one year and five years with renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is a operating lease. As part of the assessment, the Bank considers certain indicators such as whether the lease is for major part of economic life of the asset. Currently the Bank does not have any Finance lease, it only has an operating lease.

Rental income recognised by the Bank during the year is FRW 993 million (2023: FRW 938 million).

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.22. Leases (Continued)

5.22.6. Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee) (Continued)

Future minimum lease payments under non–cancellable operating leases as at 31 December were, as follows:

	2024 Frw'000	2023 Frw'000
Within one year	1,001,567	851,908
After one year but not more than five years	1,879,386	1,073,787
	2,880,953	**1,925,695**

5.23. Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists or when annual impairment testing for an asset is done, The Bank estimates the asset's recoverable amount.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and group. Impairment losses are recognised in profit or loss; an impairment loss for a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset such an impairment loss on a revalued asset reduces the revaluation surplus for the asset.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Bank shall assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Bank shall estimate the recoverable amount of that asset.

An impairment loss recognised in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss for an asset other than goodwill shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with IFRS 16. Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase in accordance with that other IFRS.

5.24. Employee benefits

(i). Defined contribution plan

The Bank contributes to a statutory defined contribution pension scheme, the Rwanda Social Security Board (RSSB). Contributions are determined by local statute and are currently limited to 5.3% of an employee's gross salary. The Bank's RSSB contributions are charged to profit or loss in the period to which they relate.

(ii). Leave accrual

The monetary value of the unutilised leave by staff as at year end is recognised within accruals and the movement in the year is recognised to the profit or loss. The leave accrual is recognised under other liabilities in the statement of financial position and are set out in note 28. No accrued leave allowance that was pending as at end December 2024.

(iii). Employee Share Ownership Plan (ESOP)

In 2016, the Bank offered 1% of the existing shares capital of its shares as ESOP shares subscribed to by the eligible employees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.24. Employee benefits (Continued)

(iii). Employee Share Ownership Plan (ESOP) (Continued)

Each Beneficiary was entitled to purchase from the Trustee, not earlier than the first anniversary of the IPO Closing Date (the "Vesting Date"), and not later than the fifth anniversary of the IPO Closing date newly issued Share of the Bank payable in full at the time of the purchase at the price equal to the Offer Price per share.

The eligibility was that employees were to continue to serve as Employees of the Bank for a period of thirty six (36) months from the date of allotment, had permanent contracts and with minimum total service time of one year as at 31st December 2016.

The objectives of the ESOP are as follows:

- To enhance employee loyalty and retention.
- To have employee participation in the shareholding of the Bank thereby promoting their economic interest in its success.
- To enhance employee motivation and productivity.

Share-based compensation benefits are provided to employees via the Employee Stock Plan.

5.25. Share capital and share issue costs

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of an equity instrument are deducted from initial measurement of the equity instruments.

5.26. Earnings per share

Basic earnings per share are calculated based on the profit attributable to owners of the Bank divided by the number of ordinary shares. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential ordinary shares outstanding during the year.

5.27. Contingent liabilities

Letters of credit, acceptances and guarantees are not recognised and are disclosed as contingent liabilities. Estimates of the outcome and the financial effect of contingent liabilities is made by management based on the information available up to the date the financial statements are approved for issue by the directors. Any expected loss is charged to profit or loss.

5.28. Provisions

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. A constructive obligation arises from the entity's actions, through which it has indicated to others that it will accept certain responsibilities, and as a result has created an expectation that it will discharge those responsibilities.

5.29. Non-current assets held for sale

The Bank classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets classified as held for sale are presented in *Note 22*.

5.30. Taxes

5.30.1. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Detailed disclosures are provided in *Note 14*.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.30. Taxes (Continued)

5.30.2. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of financial assets at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.

These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.
The Bank only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Bank's intention to settle on a net basis.

5.31. Fiduciary assets

The Bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless the recognition criteria are met, are not reported in the financial statements, as they are not assets of the Bank.

The bank charges Frw 6,000 for retail customers and Frw 60,000 for corporate customers on T-Bills/Bonds submissions. During the period, the Bank collected Frw 750,000 (2023: Frw 1,656,000) as income generated from fiduciary services.

5.32 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Bank.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

5.33. New standards, amendments and interpretations

5.33.1. New and revised IFRS effective for the current the year

The following new or amended standards and interpretations have become effective for financial year beginning on or after 1 January 2024:

Standard/Interpretation		Effective date Periods beginning on or after
Amendment to IAS 1	Non-current liabilities with Covenants-(Amendment to IAS 1) and classification of liabilities as Current and Non-current – (Amendment IAS).	1 January 2024
Amendment to IAS 7 and IFRS 7	Supplier Finance Arrangement- Amendment to IAS 7 and IFRS 7	1 January 2024
Amendment IFRS 16	Lease liabilities in a sale leaseback- Amendment IFRS 16	1 January 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)

5.33. New standards, amendments and interpretations (Continued)

5.33.1. New and revised IFRS effective for the current the yea (Continued)

Except for the standards below, there were no other new standards or amendments to standards that had an effect on these financial statements.

Non-current liabilities with Covenants and classification of liabilities as Current and Non-current – (Amendment to IAS 1).

On 31 October 2022 the IASB ('the Board') issued amendments 'Non-current liabilities with covenants' to IAS 1, 'Presentation of financial statements'. These amendments were in response to concerns raised on applying previous amendments to the classification of liabilities as current or non-current that would have become effective for reporting periods beginning on or after 2023.

The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

The amendments did not have an impact on the Bank's statement of financial position, which is presented in order of liquidity.

Supplier Finance Arrangement- Amendment to IAS 7 and IFRS 7

In response to investors' calls for more transparency of supplier finance arrangements' impacts on the financial statements, the International Accounting Standards Board (IASB) has amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements1 that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendments did not have an impact in the Bank's financial statements.

Lease liabilities in a sale leaseback- Amendment IFRS 16

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following.

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments did not have an impact in the Bank's financial statements.

5.33.2. New standards, amendments and interpretations not yet effective during the year

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2024 and have not been applied in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

5. Summary of material accounting policies (Continued)

5.33. New standards, amendments and interpretations (Continued)

5.33.2. New standards, amendments and interpretations not yet effective during the year (Continued)

Standard/Interpretation		Effective date Periods beginning on or after
Amendment to IAS 21	Lack of Exchangeability- Amendment IAS 21	January 2025
Amendment to IFRS 9 and IFRS 7	Classification and measurement of financial instruments – Amendment to IFRS 9 and IFRS 7	1 January 2026
	Annual Improvements to IFRS accounting standards-Volume 11	1 January 2026
IFRS 18	IFRS 18 Presentation and Disclosure in Financial statements	1 January 2027
IFRS 19	IFRS 19 subsidiaries without public accountability: Disclosure	1 January 2027

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and measurement of Financial Instruments which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to;

- Settling financial liabilities using electronic payments system; and
- Assessing contractual cashflow characteristics of financial assets, including those with sustainability-linked features.

The Bank is in the process of assessing the impact of the new amendments.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements;

Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing and discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. **Entities' net profit will not change.**

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cashflows when presenting operating cash flows under the indirect method.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

Lack of Exchangeability- Amendment IAS 21

In August 2023 the International Accounting Standards Board (IASB) issued Lack of Exchangeability, which amended IAS 21 The Effects of Changes in Foreign Exchange Rates. The "Lack of Exchangeability" amendments to IAS 21 are effective for annual reporting periods beginning on or after January 1, 2025.

The key objectives of the "Lack of Exchangeability" amendments to IAS 21 are:

- Define exchangeability – Establish clear criteria for determining when a currency is not exchangeable.
- Provide guidance on estimating exchange rates – Ensure a consistent approach to determining an appropriate exchange rate when official rates are unavailable or unreliable.
- Enhance disclosure requirements – Improve transparency by requiring entities to disclose the nature, cause, and financial impact of currency exchangeability issues.

The Bank is currently assessing the potential impact of the "Lack of Exchangeability" amendments to IAS 21, which become effective for annual reporting periods beginning on or after January 1, 2025. The amendments provide guidance on determining when a currency is not exchangeable and how to estimate an appropriate exchange rate. The Bank is reviewing its foreign currency transactions and financial reporting processes to determine the extent of any changes required. At this stage, the financial impact, if any, has not been fully quantified. Further disclosures will be provided in future reporting periods as the assessment progresses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
5. Summary of material accounting policies (Continued)
5.33. New standards, amendments and interpretations (Continued)
5.33.2. New standards, amendments and interpretations not yet effective during the year (Continued)

Other accounting standards

IFRS 19 subsidiaries without public accountability is not expected to have a significant impact on the Bank's financial statements.

5.34. Government grant

The Bank participates in the Economic recovery fund which is a fund that was established by the Government of Rwanda to support the recovery of businesses hardest hit by COVID-19 so that they can survive, resume operations and safeguard employment, thereby cushioning the economic effects of the pandemic. National Bank of Rwanda was appointed as the Fund Manager.

The condition of this funding is for the Bank to provide onward lending to qualifying customers in sectors including but not limited to Tourism, Manufacturing (including Agri-processing), Transport and Logistics and SMEs linked to domestic and global supply chain. All conditions have been fulfilled by the bank in the current financial year.

Under this fund, the National Bank of Rwanda extends loans to the bank at a low interest rate and in return the Bank lent out the amounts at below its standard market rate or reduced the interest rate of the existing loans.

The Bank concluded that the funding contains a significant benefit due to the low interest rate relative to market pricing. The financial liability for the funding is initially recognised under IFRS 9 at fair value considering market rates for similar borrowings and the difference between the net funds received/ contractual amount and this fair value would be treated as a government grant under IAS 20.

The benefit of a government grant is recognised in profit or loss on a systematic basis as the Bank recognises as expenses the related costs for which the grant is intended to compensate.

6. Significant accounting judgements, estimates and assumptions

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

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

6.1. Expected credit losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. Refer ***Note 38.1***.(iii) for probability weightings.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary. This analysis is provided in **Note 38.1**.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
6. Significant accounting judgements, estimates and assumptions (Continued)

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

6.3. Fair value of financial instruments
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. This analysis is provided in *Note 38*.

6.4. Income taxes
Significant estimates are required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax balances and deferred tax liability in the period in which such determination is made.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Although the Bank can utilise tax losses indefinitely, judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies (see *Note 14*).

6.5. Provisions and other contingent liabilities
The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings both in Rwanda and in other jurisdictions, arising in the ordinary course of the Bank's business.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosers in its financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates. For further details on provisions and other contingencies see **Notes 36**.

6.6. Impact of climate risk on accounting judgments and estimates
The Bank and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally longer than the maturity of most of the outstanding exposures.

- Expected credit losses (ECL): Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness, which has an impact on ECL. An analysis was performed of the exposure of counterparties to climate risk, which determined that, on the whole, counterparties are not expected to be materially impacted by physical or transition risks associated with climate change. For example, the majority of the counterparties are not employed, or do not operate, in high-risk sectors, nor are they located in high-risk geographical areas. A detailed analysis of the exposure to climate risk also indicated that for a significant part of the portfolio the time horizon for any physical impact of climate risk is longer than the maturity of most of the assets. Refer to note 38.2. where this is evidenced in the analysis of the contractual maturities. Where the maturity of the exposures is longer than the estimated time horizon for climate risk impact, for example, for those assets with a longer maturity, such as the mortgage book, the nature of the counterparties was assessed. This assessment showed that for these assets, the nature of the counterparties as described above would limit any material impact. Refer to note 38.1.(iii) where credit risk per industry segment is disclosed. As a result of the factors outlined here, it was assessed that the magnitude of any impact of climate risk would not be material in the current reporting period.
- Fair value measurement: The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement. Where prices are observable, it is assumed that the fair value already incorporates market's participants view of climate risk variables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
7. Segmental reporting

The Bank has three main segments:
Corporate & Institutional Banking: the segment services medium sized to large corporates and non-borrowing institutions in various sectors.

Business Banking (BB): in charge of mainly SMEs that are relatively smaller customers with a key man playing a predominant role. Most of sole proprietor companies and family businesses will fall into this segment; and
Retail Banking: manages banking requirements of individuals and salary earning customers e.g. current accounts, savings, credit and debit cards, consumer loans and home loans (Construction and Mortgages)

Majority of the Bank revenues are derived from interest income and the executive committee relies primarily on net interest revenue to assess the performance of the segments, the total interest income and expense for all reportable segments is presented on a net basis. There were no changes in the reportable segments during the year. There were no intersegment transfers.

Management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the executive committee. Segment assets and liabilities comprise operating assets and liabilities.
Non-current asset additions are included in *Notes 23 and 24*.

The Bank does not suffer concentration risk and there is no single customer who contributes more than 15% of the revenue. All the segments are within Rwanda and there are no inter-segment transfers and all central costs are allocated to those three segments.

The Bank's internal measures are consistent with IFRS Accounting Standards. Therefore, the reconciling items are limited to items that are not allocated to reportable segments, as opposed to a difference in the basis of preparation of the information.

An analysis of the Bank's profit or loss, total assets and liabilities are, as follows:
Statement of profit or loss

2024:	Corporate and institutional Banking	Business Banking	Retail Banking	Total
	Frw'000	Frw'000	Frw'000	Frw'000
Interest income calculated using the effective interest method	35,042,081	16,179,068	22,280,511	73,501,660
Other interest and similar income	668,623	-	-	668,623
Interest expense calculated using the effective interest method	(13,506,301)	(3,550,886)	(5,324,667)	(22,381,854)
Other interest and similar expense	(2,439,604)	-	-	(2,439,604)
Net fees and commissions	2,107,285	954,725	1,314,770	4,376,780
Net foreign exchange income	6,924,123	1,541,886	2,312,108	10,778,117
Other operating income	1,760,783	471,765	1,065,962	3,298,510
Operating income	**30,556,990**	**15,596,558**	**21,648,684**	**67,802,232**
Impairment of financial assets	(3,508,365)	(939,993)	(2,123,932)	(6,572,290)
Employee benefit	(7,906,947)	(2,118,501)	(4,786,794)	(14,812,242)
Depreciation of property & equipment	(2,398,054)	(642,509)	(1,451,760)	(4,492,323)
Other operating expenses	(8,066,488)	(2,161,247)	(4,883,378)	(15,111,113)
Total operating expenses	**(18,371,489)**	**(4,922,257)**	**(11,121,932)**	**(34,415,678)**
Profit before income tax	**8,677,136**	**9,734,308**	**8,402,820**	**26,814,264**
Income tax expense	(2,655,334)	(2,978,846)	(2,571,390)	(8,205,570)
Net profit after tax	**6,021,802**	**6,755,462**	**5,831,430**	**18,608,694**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

7. Segmental reporting (Continued)

2023:	Corporate and institutional Banking	Business Banking	Retail Banking	Total
	Frw'000	Frw'000	Frw'000	Frw'000
Interest income calculated using the effective interest method	33,377,767	7,895,131	14,545,028	55,817,926
Other interest and similar income	284,592	-	-	284,592
Interest expense calculated using the effective interest method	(11,773,383)	(3,189,040)	(4,884,252)	(19,846,675)
Other interest and similar expense	(925,791)	-	-	(925,791)
Net fees and commissions	1,414,286	331,705	611,094	2,357,085
Net foreign exchange income	5,499,046	1,380,930	2,114,998	8,994,974
Other operating income	1,026,554	275,044	621,467	1,923,065
Operating income	**28,903,071**	**6,693,770**	**13,008,335**	**48,605,176**
Impairment of financial assets	(1,496,523)	(400,962)	(905,982)	(2,803,467)
Employee benefit	(6,412,091)	(1,717,986)	(3,881,821)	(12,011,898)
Depreciation of property & equipment	(2,418,747)	(648,053)	(1,464,287)	(4,531,087)
Other operating expenses	(7,304,435)	(1,957,071)	(4,422,038)	(13,683,544)
Total operating expenses	**(16,135,273)**	**(4,323,110)**	**(9,768,146)**	**(30,226,529)**
Profit before income tax	**11,271,275**	**1,969,698**	**2,334,207**	**15,575,180**
Income tax expense	(3,535,237)	(617,796)	(732,124)	(4,885,157)
Net profit after tax	**7,736,038**	**1,351,902**	**1,602,083**	**10,690,023**

Statement of financial position

2024:	Corporate and institutional banking	Business banking	Retail Banking	Total
	Frw'000	Frw'000	Frw'000	Frw'000
ASSETS				
Loans and advances to customers	173,146,210	78,445,509	104,700,262	356,291,981
LIABILITIES				
Customer deposits	360,476,294	80,272,045	120,374,644	561,122,983
Deposits from banks	98,301,292	-	-	98,301,292
2023:				
ASSETS				
Loans and advances to customers	189,620,917	44,473,472	79,797,924	313,892,313
LIABILITIES				
Customer deposits	230,199,673	57,808,174	88,537,511	376,545,358
Deposits from banks	162,522,953	-	-	162,522,953

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

8. Interest income calculated using effective interest rate

	2024	2023
	Frw '000	Frw '000
Financial assets measured at amortised cost		
Loans and advances to customers	51,238,728	38,827,288
Loans and advances to banks	5,691,653	2,009,000
Government investment securities	9,396,397	8,423,586
Financial assets measured at FVOCI		
Government investment securities	7,174,882	6,558,052
Total interest calculated under the effective interest rate method	**73,501,660**	**55,817,926**

All interest income has been calculated using the effective interest method.

Other interests and similar income		
Swaps derivatives	668,623	284,592

9. Interest and similar expense

	2024	2023
	Frw '000	Frw '000
Deposits from customers	11,346,559	10,079,868
Deposits from banks	8,103,199	5,173,879
Long term debt	2,824,955	3,266,159
Subordinated debt	-	1,208,514
Lease liabilities (Note 32)	107,141	118,255
	22,381,854	19,846,675
Other interests and similar expenses		
Swaps derivatives	2,439,604	925,791

The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and financial liabilities.

	2024	2023
	Frw'000	Frw'000
Financial assets measured at amortised cost	66,326,778	49,544,466
Financial assets measured at FVOCI	7,174,882	6,558,052
Total	**73,501,660**	**56,102,518**
Financial liabilities measured at amortised cost	**24,821,458**	**20,772,466**

10. Net fee and commission income

In the following table, fee and commission 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 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 fee and commission income and expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
10. Net fee and commission income (Continued)

	2024 Frw '000	2023 Frw '000
(i) Major service lines		
Commission on services charge	4,680,264	3,265,812
Commission on guarantee issued	1,985,201	1,395,601
Current account ledger fees	1,487,894	1,125,699
Service fees on transfers	84,053	75,671
Other commissions	451,659	335,454
	8,689,071	**6,198,237**
(ii) Fees and commission expense		
Interbank transaction fees	(389,041)	(227,674)
Other fees expense*	(3,923,250)	(3,613,478)
	(4,312,291)	(3,841,152)
Net fee and commission income	**4,376,780**	**2,357,085**

* Other fees expense comprises of the licences, hosting fees, processing fees, secure code expenses card service providers.

(iii) Contract balances

The following table provides information about contract liabilities from contracts with customers.

	2024 Frw'000	2023 Frw'000
Contract liabilities, which are included in 'other liabilities'	**121,327**	**104,012**

The contract liabilities primarily relate to the non-refundable up-front fees received from customers on opening letter of credits. This is recognised as revenue over the period of contracts. The weighted-average expected period is one year.

11. Net trading income

	2024 Frw '000	2023 Frw '000
Foreign exchange	10,817,462	13,293,153
Revaluation loss	(39,345)	(4,298,179)
Net Trading Income	**10,778,117**	**8,994,974**

The foreign exchange is trading related income from foreign currencies from customers and revaluation loss is related to translation of foreign currencies in local currencies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
12. Other operating income

	2024 Frw '000	2023 Frw '000
Profit on sale of property and equipment	19,153	-
Bad debt recoveries	601,383	459,869
Other income	16,788	30,657
Revaluation Gain from investment property	1,970,046	-
Rental Income	992,920	938,398
Modification (loss) / Gain*	(301,780)	494,141
	3,298,510	**1,923,065**

*Bad debt recoveries relate mainly to recoveries on loans previously written off.

*Modification gain or loss arises as the difference between the present value of the modified cash flows discounted using the original effective interest rate and the present value of the original cash flows from accounts whose terms and conditions have been modified.

13. Operating expenses

(i) Employee benefits	2024 Frw '000	2023 Frw '000
Salaries and wages	11,295,464	9,361,501
Medical expenses	492,918	485,667
Statutory contribution	536,767	441,555
Mileage expenses	672,308	507,928
Training expenses	413,023	386,350
Staff leave allowance	717,841	545,986
Notional Benefits	294,524	209,171
Other staff costs	389,397	73,740
	14,812,242	**12,011,898**

(ii) Other operating expenses	2024 Frw'000	2023 Frw'000
Consultancy fees	3,297,099	2,562,398
Administrative expenses	1,500,089	1,251,225
Other general expenses*	3,430,162	4,042,085
Repairs & maintenance	1,693,228	2,116,607
Marketing & publicity	1,025,150	599,196
Board expenses	749,454	770,400
Security	707,706	581,259
Utilities	763,849	694,143
Statutory fees	528,051	368,282
Communications expenses	297,729	210,560
Insurance	425,566	396,105
Donations and Membership fees	693,030	91,284
	15,111,113	**13,683,544**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

13. Operating expenses (Continued)

* Other general expenses relate mainly to the provision for other financial assets and local taxes.

(iii) Depreciation and Amortisation	2024 Frw '000	2023 Frw'000
Depreciation on property and equipment (Note 24)	2,197,072	2,021,962
Depreciation of investment property (Note 25)	284,579	285,951
Amortisation of intangible assets (Note 23)	1,182,239	1,529,198
Depreciation of Right of use asset (Note 24)	828,433	693,976
	4,492,323	**4,531,087**

14. Income tax

The components of income tax expense is as follows:

	2024 Frw'000	2023 Frw'000
(i) Amount recognized in profit or loss		
Income tax expense		
Current year charge	7,891,890	5,988,834
Deferred tax expense		
Origination and reversal of temporary differences	313,680	(1,103,677)
	(313,680)	(1,103,677)
Income tax expense	**8,205,570**	**4,885,157**

Reconciliation of effective tax rate

The tax charge shown in the income statement differs from the tax charge that would apply if all profits had been charged at corporate rate. A reconciliation between the tax expense and the accounting profit multiplied by domestic tax rate for the years ended 31 December 2024 and 2023 is, as follows:

	2024		2023	
	Effective tax rate	Frw'000	Effective tax rate	Frw'000
Accounting profit before tax		**26,814,264**		**15,575,180**
Computed tax using the applicable corporation tax rate at 28% (2023:(29.4%))	28.0%	7,507,994	29.4%	4,579,530
Non-deductibles	2.73%	732,655	0.84%	131,242
Effect of change in tax rate	(0.19%)	(50,551)	(0.30%)	(47,485)
Prior year overprovision	0.06%	15,472	1.42%	221,870
	30.6%	**8,205,570**	**31.4%**	**4,885,157**

In 14th September 2023, new income tax law was enacted in Rwanda. Consequently, effecting 14th September corporate tax rate was enacted from 30% to 28%. This implied that 2023 annual average corporate tax rate was 29.4%. In 2024, new corporate tax rate was used for the whole year which implied that the tax rate was updated from 29.4% to 28%. The non-deductible expenses increased due to tax health assessment expense and group recharge expenses which were incurred in 2024.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

14. Income tax (Continued)

(ii) Tax Payable	2024 Frw'000	2023 Frw'000
At 1 January	1,180,051	1,725,939
Income tax expense (Note 14)	7,891,890	5,988,834
Tax paid (Note 34(i))	(5,984,111)	(6,534,722)
Credit note utilization	(1,037,443)	-
At 31 December	**2,050,387**	**1,180,051**

15. Basic and diluted earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by the profit or loss attributable to ordinary shareholders and adjusting weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

The Bank's basic and diluted EPS are the same since no potential ordinary shares and calculation has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2024 Frw'000	2023 Frw'000
Net profit after tax attributable to owners of the Bank (Frw '000')	**18,608,694**	**10,690,023**
Weighted average number of ordinary shares in issue during the year ('000)	**1,515,000**	**1,515,000**
Earnings per share (Frw)	**12.28**	**7.06**

16. Dividends per share

	2024 Frw'000	2023 Frw'000
The calculation of dividend per share is based on:		
Final dividend proposed during the year (Frw'000)	3,721,000	2,138,000
Weighted average number of ordinary shares in issue during the year ('000)	1,515,000	1,515,000
Final dividend per share (Frw.)	**2.46**	**1.41**

*After the reporting date, the dividends were proposed by the Board of Directors and are subject to approval at the annual general meeting. The dividends have not been recognised as liabilities and there are no tax consequences.

17. Cash and balances with Central Bank

	2024 Frw'000	2023 Frw'000
Cash on hand	14,912,611	8,887,784
Balances with National Bank of Rwanda:		
• Unrestricted balances	10,633,393	58,328,891
• Restricted balances (Cash reserve ratio)	26,706,659	18,327,305
	52,252,663	**85,543,980**

The Bank holds cash and balances with Central Bank that are considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months' expected losses which was immaterial to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
17. Cash and balances with Central Bank (Continued)

Analysis of cash and cash equivalents

Cash and balances with Central Bank included in the statement of cash flow comprise the following.

	2024 Frw'000	2023 Frw'000
Cash on hand	14,912,611	8,887,784
Balances with National Bank of Rwanda:		
• Unrestricted balances	10,633,393	58,328,891
	25,546,004	67,216,675

The Bank's Cash Reserve Ratio is non-interest earning based on a requirement to maintain a prescribed minimum cash balances with the National Bank of Rwanda that is not available to finance day to day activities and is excluded from the computation. The amount is determined as a percentage of the average outstanding customer deposits over a cash reserve cycle period of one month. At 31 December 2024, the cash ratio requirement was 5% (2023: 5%). Unrestricted balances refer to remaining balances above the restricted amount with central Bank.

The allowance for ECL relating to Cash and balances with Central Bank is presented below:

31 December 2024 Internal rating grade	PD range 12-month	Stage 1 Frw'000	Stage 2 Frw'000	Stage 3 Frw'000	Total Frw'000
Performing					
High grade	0.00%-1.68%	1,824	-	-	1,824

31 December 2023 Internal rating grade	PD range 12-month	Stage 1 Frw'000	Stage 2 Frw'000	Stage 3 Frw'000	Total Frw'000
Performing					
High grade	0.00%-1.68%	1,824	-	-	1,824

18. Due from Banks

	2024 Frw'000	2023 Frw'000
Placement with banking institutions	126,500,197	42,615,633
Balance with banking institutions	28,566,881	31,846,868
Due within 90 Days	155,067,078	74,462,501

The weighted average effective interest rate on placements and balances with other banks at 31 December 2024 was 3.5% (2023: 5.81%).
Expected credit loss on dues from Banks

Due from Banks relate to nostro balances with Banks abroad. The table below shows the expected credit loss based on the Bank's internal credit rating system, 12- month Basel PD range and year-end stage classification. The movement in expected credit loss during the year is disclosed in **Note 38.1(iii)**.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
18. Due from Banks (Continued)

31 December 2024 Internal rating grade	PD range 12-month	Stage 1 Frw'000	Stage 2 Frw'000	Stage 3 Frw'000	Total Frw'000
Performing					
High grade	0.00%-2.99%	1,959	-	-	1,959
31 December 2023 Internal rating grade	**PD range 12-month**	**Stage 1 Frw'000**	**Stage 2 Frw'000**	**Stage 3 Frw'000**	**Total Frw'000**
Performing					
High grade	0.00%-2.99%	2,979	-	-	2,979

19. Due from group companies

	2024 Frw'000	2023 Frw'000
I&M Bank (Kenya) Limited	1,055,639	6,622,280
I&M Bank (Tanzania) Limited	1,263,698	733,320
Bank One Limited	5,544,857	2,389,844
I&M Bank (Uganda) Limited	20,379	-
	7,884,573	9,745,444

The nature of related parties balances are nostros balances dues from banks that are under I&M Holding. The amount due to related parties is included in other liabilities (Refer to *Note 28*).

Expected credit loss on due from group companies

Due from group companies relate to nostro balances with related Banks abroad. The table below shows the expected credit loss based on the Bank's internal credit rating system, 12-month Basel PD range and year-end stage classification. The movement in expected credit loss during the year is disclosed in ***Note 38.1(iii)***.

31 December 2024 Internal rating grade	PD range 12-month	Stage 1 Frw'000	Stage 2 Frw'000	Stage 3 Frw'000	Total Frw'000
Performing					
High grade	0.00%-5.89%	507	-	-	507
31 December 2023 Internal rating grade	**PD range 12-month**	**Stage 1 Frw'000**	**Stage 2 Frw'000**	**Stage 3 Frw'000**	**Total Frw'000**
Performing					
High grade	0.00%-5.89%	47	-	-	47

20. Financial assets

(i) Financial assets measured at fair value through other comprehensive income (FVOCI)

	2024 Frw'000	2023 Frw'000
Treasury Bonds	69,986,113	56,166,994
Sustainability corporate Bonds	2,841,238	2,743,161
ECL provisions	(39,063)	(16,524)
	72,788,288	58,893,631

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

20. Financial assets (Continued)

The Bank hold financial securities at FVOCI that are considered to have low credit risk as the government securities, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management consider 'low credit risk for these financial assets as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The PD rate assigned to these has been 0.00% to 0.50% which is the probability of default assigned to a B+ sovereign rating for Rwanda and investment grade by Standard & Poor rating agency with Loss given default of 30%. The table below shows the expected credit loss on financial assets at FVOCI.

31 December 2024	PD range	Stage 1	Stage 2	Stage 3	Total
Grading: Performing	12-month	Frw'000	Frw'000	Frw'000	Frw'000
Investment grade	0.00%-0.50%	39,063	-	-	39,063
31 December 2023	**PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grading: Performing	12-month	Frw'000	Frw'000	Frw'000	Frw'000
Investment grade	0.00%-0.50%	16,523	-	-	16,523

(ii) Financial assets at fair value through profit or loss (FVTPL)

2024	Carrying value assets Frw'000	Notional amount Frw'000
Foreign exchange contracts	2,274,180	45,361,984
2023	**Carrying value assets Frw'000**	**Notional amount Frw'000**
Foreign exchange contracts	1,872,070	12,892,095

The Bank entered into Swaps with National Bank of Rwanda at different fixed exchange rate for risk management purposes. The Bank will receive interest of 2% and will pay interest of 8% to the National Bank of Rwanda to be settled semi-annually. The Bank does not use hedge accounting, the derivatives are recognised as fair value through profit or loss. As at 31 December 2024, the fair value of the derivative financial instrument (swap) was a net asset of Frw 2,274,180,103 (2023: Frw 1,872,070,306). The Bank's Financial assets mandatorily measured at fair value through profit or loss are mainly comprised of derivatives.

The movement in the derivative instruments including interest accruals is as below;

	2024 Frw'000	2023 Frw'000
Balance as at 1 January	1,872,070	1,685,336
Disposals and maturities	(1,124,164)	(845,862)
Fair value	1,192,916	1,032,596
	2,274,180	**1,872,070**

(iii) Debt securities at amortised cost

Government securities	2024 Frw'000	2023 Frw'000
Treasury Bonds	49,937,833	47,945,349
Treasury Bills	36,490,682	20,633,168
Eurobonds	14,702,454	16,857,812
Corporate Bonds	19,598,426	-
ECL Provisions	(1,222,078)	(44,442)
	119,507,317	**85,391,887**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

20. Financial assets (Continued)

The weighted average effective interest rate on investments securities as at 31 December 2024 was 11.54% (2023: 10.99%)
The table below shows the expected credit loss on debt securities at amortized cost;

31 December 2024	PD range	Stage 1	Stage 2	Stage 3	Total
Grading: Performing	12-month	Frw'000	Frw'000	Frw'000	Frw'000
Investment grade	0.00%-0.50%	1,222,078	-	-	1,222,078
31 December 2023	**PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grading: Performing	12-month	Frw'000	Frw'000	Frw'000	Frw'000
Investment grade	0.00%-0.50%	44,442	-	-	44,442

21. Loans and advances to customers

(i) Classification

	2024 Frw'000	2023 Frw'000
Mortgage loans	57,484,662	37,592,221
Equipment loans	116,003,235	101,612,993
Consumer loans	136,639,040	119,304,222
Overdrafts	65,778,560	66,855,742
Gross loans and advances	**375,905,497**	**325,365,178**
Less: Impairment losses on loans and advances (Note 38.1(iii)	(19,613,516)	(11,472,865)
Net loans and advances	356,291,981	313,892,313

(ii) Impairment loss allowance for the year

2024:	Loans and advances to Customers at amortised cost Frw'000	Loan commitments and financial guarantee contracts Frw'000	Total Frw'000
Net remeasurement of loss allowance	8,743,323	(58,754)	8,684,569
New financial assets originated or purchased	1,094,514	46,318	1,140,832
	9,837,837	(12,436)	9,825,401
Recoveries of loans and advances derecognised	(1,697,186)	(25,897)	(1,723,083)
Amounts directly written off during the year	(1,530,028)	-	(1,530,028)
	6,610,623	**(38,333)**	**6,572,290**

2023:	Loans and advances to Customers at amortised cost Frw'000	Loan commitments and financial guarantee contracts Frw'000	Total Frw'000
Net remeasurement of loss allowance	4,883,878	(186,991)	4,696,887
New financial assets originated or purchased	601,355	26,912	628,267
	5,485,233	**(160,079)**	**5,325,154**
Recoveries of loans and advances derecognised	(3,593,711)	(12,370)	(3,606,081)
Amounts directly written off during the year	1,084,394	-	1,084,394
	2,975,916	**(172,449)**	**2,803,467**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
21. Loans and advances to customers (Continued)

Movements in the ECL loss allowance is disclosed on *Note 38.1.(iii)*.

	2024	2023
	Frw'000	Frw'000
Interest on impaired loans and advances which has not yet received in cash	5,642,249	3,167,278

(iii) Loans and advances concentration by sector

	2024		2023	
	Frw '000	%	Frw '000	%
Personal/Household	114,390,985	30%	83,336,929	26%
Wholesale and retail trade	75,173,094	20%	55,898,715	17%
Manufacturing	56,119,058	15%	59,528,095	18%
Transport and communication	42,533,987	11%	42,694,385	13%
Agriculture	33,324,991	9%	41,811,344	13%
Building and construction	26,050,099	7%	29,836,814	9%
Others	15,809,896	4%	1,638,756	1%
Tourism,Restaurant and Hotels	9,450,174	3%	6,043,601	2%
Real estate	3,053,213	1%	4,576,539	1%
	375,905,497	**100%**	**325,365,178**	**100%**

The weighted average effective interest rate on loans and advances as at 31 December 2024 was 17.09% (2023: 16.50%).

22. Other assets

Prepayments	1,327,917	1,879,415
Staff Notional Benefit	3,265,482	2,134,587
Other receivables*	63,755	6,872,002
Rent receivable	**321,250**	**296,503**
	4,978,404	11,182,507

* Other receivables mainly relate to pending cards settlements and remittances services.
The Bank has assessed ECL impairment for other receivables and rental receivables which is immaterial to the financial statements.

23. Intangible assets

2024:	Computer Software	Capital work in progress	Total
Cost	Frw'000	Frw'000	Frw'000
At 1 January	11,149,694	1,325,693	12,475,387
Additions	435,334	918,018	1,353,352
Write offs	-	(8,283)	(8,283)
At 31 December 2024	**11,585,028**	**2,235,428**	**13,820,456**
Amortisation			
At 1 January	9,489,558	-	9,489,558
Amortisation for the year	1,182,239	-	1,182,239
At 31 December	10,671,797	-	10,671,797
Carrying amount at 31 December 2024	**913,231**	**2,235,428**	**3,148,659**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
23. Intangible assets (Continued)

2023:	Computer Software	Capital work in progress	Total
Cost	Frw'000	Frw'000	Frw'000
At 1 January	10,101,782	1,039,754	11,141,536
Additions	1,047,912	466,935	1,514,847
Write offs	-	(180,996)	(180,996)
At 31 December	**11,149,694**	**1,325,693**	**12,475,387**
Amortisation			
At 1 January	7,960,360	-	7,960,360
Amortisation for the year	1,529,198	-	1,529,198
At 31 December	**9,489,558**	**-**	**9,489,558**
Carrying amount at 31 December 2023	**1,660,136**	**1,325,693**	**2,985,829**

Capital work in progress is mainly software projects under development and all additions are being done by an external party.

24. Property, equipment and right of use assets

2024:	Land and Buildings	Furniture, fittings, fixtures and office equipment	Computers	Motor Vehicles	Capital work in progress	Right of use assets: Branches & ATMs locations	Right of use assets: Motor vehicles	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Cost/ Valuation								
At 1 January	17,458,986	6,228,515	4,902,830	371,191	753,275	3,611,285	1,075,057	34,401,139
Additions	1,276,005	354,765	772,591	219,000	(421,972)	244,993	1,436,017	3,881,399
Disposals	-	(16,155)	(610)	(55,748)	-	-	-	(72,513)
Write offs	(6,743)	-	-	-	(2,595)	-	-	(9,338)
Surplus on revaluation	5,265,107	-	-	-	-	-	-	5,265,107
At 31 December	**23,993,355**	**6,567,125**	**5,674,811**	**534,443**	**328,708**	**3,856,278**	**2,511,074**	**43,465,794**
Depreciation								
At 1 January	2,504,669	3,604,645	3,600,156	357,524	-	2,311,210	807,533	13,185,737
Charge for the year	566,926	661,330	935,754	33,062	-	566,743	261,690	3,025,505
On disposals	-	(15,965)	(610)	(55,748)	-	-	-	(72,323)
Elimination on revaluation	(1,078,457)	-	-	-	-	-		(1,078,457)
At 31 December	**1,993,138**	**4,250,010**	**4,535,300**	**334,838**	**-**	**2,877,953**	**1,069,223**	**15,060,462**
Net book value at 31 December 2024	**22,000,217**	**2,317,115**	**1,139,511**	**199,605**	**328,708**	**978,325**	**1,441,851**	**28,405,332**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

24. Property, equipment and right of use assets (Continued)

						Right of use assets		
2023:	Land and Buildings	Furniture, fittings, fixtures and office equipment	Computers	Motor Vehicles	Capital work in progress	Branches & ATMs locations	Motor vehicles	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Cost/ Valuation								
At 1 January	17,436,935	5,941,027	4,677,317	371,191	330,522	2,620,163	652,601	32,029,756
Additions	22,051	287,488	225,513	-	570,668	991,122	422,456	2,519,298
Write offs	-	-		-		(147,915)	-	(147,915)
At 31 December	**17,458,986**	**6,228,515**	**4,902,830**	**371,191**	**753,275**	**3,611,285**	**1,075,057**	**34,401,139**
Depreciation								
At 1 January	1,954,513	2,962,120	2,796,232	332,167	-	1,798,271	626,496	10,469,799
Charge for the year	550,156	642,525	803,924	25,357	-	512,939	181,037	2,715,938
At 31 December	**2,504,669**	**3,604,645**	**3,600,156**	**357,524**	-	**2,311,210**	**807,533**	**13,185,737**
Net book value at 31 December 2023	**14,954,317**	**2,623,870**	**1,302,674**	**13,667**	**753,275**	**1,300,075**	**267,524**	**21,215,402**

Revaluation of Land and Buildings

Management determined that the land and buildings constitute a separate class of property and equipment, based on the nature, characteristics and risks of the property. The fair value of the land and buildings has been determined on a market value basis in accordance with the RICS Valuation Professional Standards (January 2014) (''Standards'') which comply with the International Valuation Standards. The valuations were performed by Sanko & Partners Limited, an accredited independent valuer with a recognised and relevant professional qualification with recent experience in the category of the property plant and equipment being valued in 2024 with effective date of 31 December 2024. A net additional gain from the revaluation of the Land and building of Frw 4,606,361,000 in 2024 was recognised in other comprehensive income. Fair value measurement disclosures for revalued land and buildings are provided in **Note 5.21**. None of property and equipment has been pledged as security over borrowings. If the land and buildings was not revalued in 2024, its value would have been FRW 15,656,651,337

25. Investment property

	2024	2023
	Frw'000	Frw'000
Cost/Valuation		
At 1 January	14,228,974	14,228,974
Revaluation surplus during the period	1,045,163	-
At 31 December	**15,274,137**	**14,228,974**
Depreciation		
At 1 January	354,352	354,352
Depreciation for the year	284,580	285,951
Elimination on revaluation during the period	(924,883)	-
At 31 December	**-**	**640,303**
Net book value at 31 December	**15,274,137**	**13,588,671**

Investment property is 55% of the total cost of the Head office building. Investment property class is depreciated using straight line method with useful life of 50 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

25. Investment property (Continued)

The rental income from investment property income is FRW 993Million (2023: 938Million). The fair value of investment property is approximated to FRW 15,274,137,079 (2023: FRW 14,172,797,851). These values are as per the independent valuation report by Sanko & Partners Ltd.

Upon initial recognition and subsequent measurement, the Bank applied the cost model for the investment property up to 30 December 2024. On 31 December 2024, management changed the accounting policy from Cost model to Fair value model and a fair value gain of Frw 1.97 billion was recognized under profit or loss. No changes or restatement were made to opening balances because the amount involved was immaterial.

26. Deposits from banks

	2024	2023
	Frw'000	Frw'000
Current and demand deposits	78,035,906	89,987,861
Saving deposits	2,677,393	1,002,738
Term deposits	17,587,993	71,532,354
	98,301,292	**162,522,953**

(i). Securities lending and repurchase agreements and assets held or pledged as collaterals.

The following table summarises the assets sold/lent and considered as pledged financial assets as the counterparty has the right to sell or re-pledge the securities:

Asset type	2024	2023
	Frw'000	Frw'000
Assets pledged as collateral under securities borrowing and reverse repo agreements	17,500,000	40,550,000
Customer deposits held as collateral for irrevocable commitments under import letters of credit	6,749,760	822,976
	24,249,760	**41,372,976**

Financial assets are pledged as collateral as part of sales and repurchases, securities borrowing and securitisation transactions under terms that are usual and customary for such activities. In addition, as part of these transactions, the Bank has received collateral that it is permitted to sell or repledge in the absence of default.

27. Deposits from customers

Current and demand deposits	457,163,717	296,224,100
Saving deposits	43,570,010	40,838,615
Term deposits	60,389,256	39,482,643
	561,122,983	**376,545,358**

As at December 2024, Term deposits and savings constituted 7.8% (2023: 10.8%) and 10.8% (2023: 10.4%) to total deposits respectively. The average cost of deposits as at 31 December 2024 was 3.17% (2023: 4.87%).

28. Other liabilities

Accruals	5,856,866	4,604,080
Provisions for loan commitments* (Note 38.1.(iii))	76,895	115,228
Provisions	-	62,568
Lease liabilities (Note 32)	2,058,891	1,323,027
Other accounts payables*	2,713,874	1,428,125
Dividend payable	52,111	36,742
Items in the course of collection*	3,449,725	6,167,245
	14,208,362	**13,737,015**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

28. Other liabilities (Continued)

* Provision for loan commitments, represents expected credit loss allowance for loan commitments, financial guarantees and letter of credit contracts.
* Items in the course of collection consist of central Bank clearing suspense accounts as well as card settlements. The offset.
* Other accounts payables relate to received projects funds as technical assistance to support businesses in tourist and hospitality and its value chain.

(i) Provisions movement during the period
Below is a reconciliation movement for provisions balances **(note 28)**;

	2024 Frw'000	2023 Frw'000
At 1 January	62,568	13,782
Movement during the year	-	62,568
Utilized during the period	(62,568)	(13,782)
Balances as at 31 December	**-**	**62,568**

29. Deferred tax

2024:	Balance at 1 January Frw'000	Recognised in OCI Frw'000	Recognized in profit or loss Frw'000	Balance at 31 December Frw'000
Deferred income tax asset				
Other provisions	2,569,325	-	(608,139)	1,961,186
Lease liability	389,005	-	187,483	576,488
	2,958,330	**-**	**(420,656)**	**2,537,674**
Deferred income tax liability				
Property and equipment and right of use assets	4,835,288	1,737,204	(106,976)	6,465,516
Financial asset at fair value through OCI	(118,221)	102,841		(15,380)
	4,717,067	**1,840,045**	**(106,976)**	**6,450,136**
Deferred income tax asset/(liability)	**1,758,737**	**1,840,045**	**313,680**	**3,912,462**

2023:	Balance at 1 January Frw'000	Recognised in OCI Frw'000	Recognized in profit or loss Frw'000	Balance at 31 December Frw'000
Deferred income tax asset				
Other provisions	1,529,036	-	1,040,289	2,569,325
Lease liability	231,339	-	157,666	389,005
	1,760,375	**-**	**1,197,955**	**2,958,330**
Deferred income tax liability				
Property and equipment	4,757,614	(16,604)	94,278	4,835,288
Financial asset at fair value through OCI	129,068	(247,289)		(118,221)
	4,886,682	**(263,893)**	**94,278**	**4,717,067**
Deferred income tax asset/(liability)	**3,126,307**	**(263,893)**	**(1,103,677)**	**1,758,737**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

30. Long Term Debt

	2024 Frw'000	2023 Frw'000
Less than one year	2,730,163	2,335,342
One to five years	35,576,255	42,045,434
	38,306,418	**44,380,776**
Loan movement schedule		
At 1 January	44,380,776	36,698,561
Funds received	1,300,000	11,659,000
Fair value Adjustment	-	749,732
Interest payable	2,587,554	2,326,229
Principal repayments	(8,874,114)	(8,261,081)
Interest repayment	(2,868,886)	(2,733,310)
Translation differences	1,781,088	3,941,645
At 31 December	**38,306,418**	**44,380,776**

	2024 Frw'000	2023 Frw'000
European Investment Bank (EIB)	1,384,551	3,161,178
Rwanda Development Bank (BRD)	16,012,815	15,441,799
National Bank of Rwanda (Economic Recovery Fund)	1,218,577	1,701,658
Entrepreneurial Development Bank (FMO)	19,690,475	24,076,141
	38,306,418	**44,380,776**

Long term debt constituted the following:
(a). National Bank of Rwanda (Economic Recovery Fund facility)
The Bank received economic recovery fund facility at maximum of 2% to establish the framework where the Bank will extend loans to business hardly affected by post-COVID-19 impact and economic distress with maturity up to October 16, 2035.
The Bank has accounted the portion related to Government Grant in accordance IAS 20 Accounting for Government Grants and Disclosure of Government Assistance amounting to Frw 634 Million (2023: Frw 634 Million) is disclosed in note 38.1.(iii). The bank lends to its customers at average rate of 7%.

(b). European Investment Bank
Long term loan from EIB of Frw 14.1 billion were received in years of 2014, 2015, 2016 and 2019 at average rate of 9.22% with tenor period of less than 7 years for which its repayment amounts are fixed in Rwandan Francs. The outstanding exposure is Frw 1.3 billion (2023: Frw 3.1 billion). This is unsecured loan.

(c). Rwanda Development Bank (BRD)
During the year, the Bank received new loan from BRD of Frw 1.3billion at average rate of 4.5% and 3.5% for access to finance for Recovery and resilience project. The loan is not secured with maturity up to May 31, 2035.

(d). Entrepreneurial Development Bank (FMO)
The Bank has a senior unsecured debt from FMO of USD 25 Million at 6.46% per annum with maturity up to July 10, 2027.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

31. Subordinated debt

	2024	2023
	Frw'000	Frw'000
Less than one year	-	-
One to five years	-	-
	-	-
Loan movement schedule		
At 1 January	-	10,762,769
Principal repayments	-	(12,700,001)
Interest repayment	-	(1,264,160)
Interest during the period	-	1,208,514
Translation differences	-	1,992,877
At 31 December	-	-

The subordinated debt was fully repaid in 2023.

32. Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under 'other liabilities' in note 28) and the movements during the period:

	2024	2023
Balance as at 1 January	1,323,027	771,131
Additional during the period	1,625,753	1,278,781
Repayments settlements during the period	(997,030)	(845,140)
Interest expense during the period	107,141	118,255
Balance as at 31 December	**2,058,891**	**1,323,027**

Undiscounted Maturity analysis

	2024	2023
Less than one year	1,081,692	851,908
One to five years	1,141,910	1,045,197
Over five years	-	1,540
	2,223,602	**1,898,645**

33. Share capital and reserves

(i). Issue capital and share premium

Ordinal share capital

	31 December 2024		31 December 2023	
Authorised	No. Shares	Frw'000	No. Shares	Frw'000
Ordinary shares of Frw 10 each	2,500,000,000	25,000,000	2,500,000,000	25,000,000

Issued and fully paid share capital

2024:	Issued & fully paid shares	Share capital	Share premium	Total
		Frw'000	Frw'000	Frw'000
At 01 January 2024	1,515,000,000	15,150,000	6,249,832	21,399,832
At 31 December 2024	**1,515,000,000**	**15,150,000**	**6,249,832**	**21,399,832**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

33.Share capital and reserves (Continued)

(i). Issued capital and share premium (Continued)

2023:	Issued & fully paid shares	Share capital	Share premium	Total
		Frw'000	Frw'000	Frw'000
At 01 January 2023	1,515,000,000	15,150,000	6,249,832	21,399,832
At 31 December 2023	1,515,000,000	15,150,000	6,249,832	21,399,832

Share premium comprises of additional paid-in capital in excess of the nominal (par) value. This reserve is not ordinarily available for distribution.
Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

(ii). Retained earnings

These comprise prior year profits, less any dividends, less appropriations to credit risk and current year profit;

	2024	2023
	Frw'000	Frw'000
As at 1 January	55,570,864	47,674,841
Profit for the year	18,608,694	10,690,023
Paid dividends during the year	(2,138,000)	(2,794,000)
As at 31 December	**72,041,558**	**55,570,864**

(iii). Revaluation reserve

The revaluation reserve arises on revaluation of buildings. When revalued property is disposed, the portion of the revaluation reserve that relates to that asset is transferred to retained earnings;

	2024	2023
As at 1 January	1,962,506	1,945,902
Revaluation surplus on Land and building	6,343,565	-
Deferred tax on revaluation of Land and building	(1,737,204)	16,604
As at 31 December	**6,568,867**	**1,962,506**

(iv). Fair value reserve

The reserve is attributable to changes in fair value of debt instruments classified under the fair value through other comprehensive income category. This is shown on the statement of comprehensive income and is reclassified to profit or loss when the asset is impaired or disposed.

	2024	2023
As at 1 January	(283,857)	301,158
Change in financial assets measured at FVOCI	339,316	(832,304)
Deferred tax on financial assets measured at FVOCI	(95,008)	247,289
	244,308	**(585,015)**
As at 31 December	**(39,549)**	**(283,857)**

(v). Statutory credit risk reserve

Where impairment losses required by legislation or regulations exceed those computed under IFRS Accounting Standards, the excess is recognised as a statutory reserve and accounted for as an appropriation of retained profits and the reverse for reductions. These reserves are not distributable. As result, the excess credit reserve for financial assets has been recycled to retained earnings.

During the year, there was no excess regulatory provision, the IFRS 9 provisions were higher than the regulatory provisions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

34. Notes to the statement of cash flows

(i). Reconciliation of profit before income tax

	Note	2024 Frw'000	2023 Frw'000
Cash flows from operating activities			
Profit for the year		**18,608,694**	**10,690,023**
Adjustments for:			
Depreciation on property and equipment	24	3,025,505	2,715,938
Depreciation on investment property	25	284,580	285,951
Amortisation of intangible asset	23	1,182,239	1,529,198
Gain on disposal of property and equipment		(19,153)	-
Fair value gain on investment property		(1,970,046)	-
Impairment charge in loans and advances	21(ii)	6,572,290	2,803,467
Impairment allowance - Other financial securities		1,196,009	-
Interest income earned	8	(74,170,283)	(56,102,518)
Interest expense incurred	9	24,821,459	20,772,467
Income tax expense	14(i)	8,205,570	4,885,157
		(12,263,136)	**(12,420,317)**
Changes in operating assets			
Movement in loans and advances to customers	21(i)	(42,399,668)	(82,172,506)
Movement in financial assets measured at (FVOCI)	20(i)	(13,894,657)	(5,158,511)
Movement in financial assets at fair value through profit or loss (FVTPL)	20(ii)	(402,110)	(186,734)
Movement in financial assets at amortised cost	20(iii)	(34,115,430)	(3,889,680)
Cash and balances with National Bank of Rwanda:	17	(8,379,354)	(7,601,783)
Other assets	22	6,204,103	(1,265,201)
		(92,987,116)	**(100,274,415)**
Changes in operating liabilities			
Customer deposits	27	184,577,625	81,305,407
Deposits from banks	26	(64,221,661)	100,340,181
Other payables	28	471,347	3,460,881
		120,827,311	**185,106,469**

(ii) Analysis of cash and cash equivalents

	Note	2024 Frw'000	2023 Frw'000	Change Frw'000
		a	b	c =(a – b)
Cash and balances with National Bank of Rwanda	17	25,546,004	67,216,675	(41,670,671)
Investment securities		4,331,593	892,058	3,439,535
Due from banks	18	155,067,078	74,462,501	80,604,577
Due from group companies	19(i)	7,884,573	9,745,444	(1,860,871)
		192,829,248	**152,316,678**	**40,512,570**

- Due from Banks: Refer to our nostros balances with other banks
- Due from group Companies: Refer to nostros balances with related Banks.
- Investment securities: Refer to securities that can be easily liquidated and that carry low risk of loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

35. Current/non-current distinction

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. Trading assets and liabilities including derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Bank uses the same basis of expected repayment behaviour that was used for estimating the effective Interest rate. Issued debt reflects the contractual coupon amortization.

As at 31 December 2024	Within 12 months Frw'000	After 12 months Frw'000
ASSETS		
Cash and balances with National Bank of Rwanda	52,252,663	-
Due from banks	155,067,078	-
Due from group companies	7,884,573	-
Financial assets measured at fair value through other comprehensive income	75,699,820	-
Financial assets at fair value through profit or loss	2,342,405	-
Financial assets at amortised cost	46,955,328	73,774,068
Loans and advances to customers	106,744,341	284,997,999
Other assets	4,978,404	-
Intangible assets	-	3,148,659
Property and equipment and right of use assets	-	28,405,332
Investment Property	-	15,274,137
TOTAL ASSETS	**451,924,612**	**405,600,195**
Liabilities		
Deposits from banks	47,020,311	55,209,849
Deposits from customers	282,839,270	303,909,748
Current income tax	2,050,387	-
Other liabilities	-	-
Deferred income tax	-	3,912,462
Long term debt	1,980,421	38,978,457
Subordinated debt	-	-
	333,890,390	**402,010,515**
Net	**118,034,222**	**3,589,680**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

35. Current/non-current distinction (Continued)

As at 31 December 2023	Within 12 months Frw'000	After 12 months Frw'000
ASSETS		
Cash and balances with National Bank of Rwanda	85,543,980	-
Due from banks	74,462,501	-
Due from group companies	9,745,444	-
Financial assets measured at fair value through other comprehensive income	58,910,155	-
Financial assets at fair value through profit or loss	1,872,070	-
Financial assets at amortised cost	28,579,153	56,857,176
Loans and advances to customers	120,339,782	193,552,531
Other assets	10,921,541	-
Intangible assets	-	2,985,829
Property and equipment and right of use assets	-	21,215,402
Investment Property	-	13,588,671
TOTAL ASSETS	**390,374,626**	**288,199,609**
Liabilities		
Deposits from banks	104,268,630	58,254,323
Deposits from customers	178,300,916	198,244,442
Current income tax	1,180,051	-
Other liabilities	-	-
Deferred income tax	-	1,758,737
Long term debt	1,807,701	42,045,435
Subordinated debt	-	-
	285,557,298	**300,302,937**
Net	**105,017,328**	**(12,103,328)**

36. Off balance sheet contingent liabilities and commitments

Contractual off-balance sheet financial liabilities

In the ordinary course of business, banking entities in the Bank conduct business involving guarantees, acceptances and letters of credit. These facilities are offset by corresponding obligations of third parties. At the period end, the contingent liabilities were as follows:

	2024 Frw'000	2023 Frw'000
Contingencies related to:		
Letters of credit	29,034,485	28,458,781
Guarantees	63,817,083	59,060,375
	92,851,568	**87,519,156**
Commitments related to:		
Outstanding commitments related to utilized overdrafts and credit cards	5,292,345	8,114,464
	98,143,913	**95,633,620**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

36. Off balance sheet contingent liabilities and commitments (Continued)

Contractual off-balance sheet financial liabilities (Continued)

Nature of contingent liabilities

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.

Letters of credit commit a bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.
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 almost immediate.

Forward contracts are arrangements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate. The fair values of the respective currency forwards are carried on the face of the statement of financial position.

37. Related parties' transactions

I&M (Rwanda) Bank Plc's immediate parent is BCR Investment Company incorporated in Republic of Mauritius. The ultimate parent is I&M Holding PLC incorporated in Kenya. All entities within I&M Holding Group are related parties.

In the normal course of business, the Bank enters into transactions with related parties. All the loans and advances and deposits are issued or received from the related parties are at market interest rates. There provisions held towards impairment of any of the advances to related parties is disclosed under **Note 18**.

		2024	2023
(a)	Transactions with directors/shareholders	Frw'000	Frw'000
(i)	Loans to directors/shareholders	-	3,616
(ii)	Interest income from Loans to directors/shareholders	-	-
(iii)	The Directors remunerations	676,185	599,196
	The non-executive directors do not receive pension entitlements from the Bank.		
(b)	Transactions with related companies		
(i)	Loans to related companies	7,794	3,545,463
(ii)	Interest income	1,326	1,362,637
(c)	Transactions with key management personnel		
	Key Management personnel loans	770,709	809,821
	Interest Income	46,835	53,255
	Staff loans	10,283,678	6,985,406
(d)	Shared service cost	-	-
	Balances		
(iii)	Due from group companies	7,884,573	9,745,444
	Due to group companies	-	-

Key management personnel compensation

Key management personnel compensation is comprised the followings.

Short term employee benefits	2,571,061	1,674,664
Other Long-term benefits	844,007	890,159
Share based payments	-	39,848
	3,415,068	**2,604,671**

Compensation to the Bank's key management personnel includes salaries, non-cash benefits and contributions to the post employment contribution plan. Executive offices also participate in the Bank's share option scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management

A. Accounting classifications at carrying amounts and fair values

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.
The following table sets out the fair values of financial instruments measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

	Carrying amounts			Fair value			
At 31 December 2024	Financial assets at FVOCI	Financial assets at FVTPL	Total	Level 1	Level 2	Level 3	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Financial assets							
Financial assets at fair value through profit or loss	-	2,274,180	2,274,180		2,274,180	-	**2,274,180**
Financial assets measured at fair value through other comprehensive income	72,788,288	-	72,788,288		72,788,288	-	**72,788,288**
	72,788,288	**2,274,180**	**75,062,468**		**75,062,468**	**-**	**75,062,468**

	Carrying amounts			Fair value			
At 31 December 2023	Financial assets at FVOCI	Financial assets at FVTPL	Total	Level 1	Level 2	Level 3	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Financial assets							
Financial assets at fair value through profit or loss	-	1,872,070	1,872,070		1,872,070	-	**1,872,070**
Financial assets measured at fair value through other comprehensive income	58,910,155	-	58,910,155		58,910,155	-	**58,910,155**
	58,910,155	**1,872,070**	**60,782,225**		**60,782,225**	**-**	**60,782,225**

For level 2 financial instruments, The Bank perform interpolation of yield on government securities in comparison to the yields of Bank's financial assets at FVOCI and the results are converted into clean prices of the bonds to determine the basis of the fair valuation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)

B. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

	Total	Total Fair value			
At 31 December 2024	Carrying amounts	Level 1	Level 2	Level 3	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Financial assets					
Balances with Central Bank of Rwanda	52,252,663	-	52,252,663		52,252,663
Other financial assets at amortised cost	119,507,317	-	158,624,058	-	158,624,058
Dues from Banks	155,067,078	-	155,067,078	-	155,067,078
Loans and advances to customers	356,291,981	-	674,981,671	-	674,981,671
Due from group companies	7,884,573	-	7,884,573	-	7,884,573
Other assets	3,650,487	-	3,650,487	-	3,650,487
	694,654,099	**-**	**1,052,460,530**	**-**	**1,052,460,530**
Financial liabilities					
Deposits from banks	98,301,292	-	98,319,716	-	98,319,716
Deposits from customers	561,122,983	-	653,618,690	-	653,618,690
Long term borrowings	38,306,418	-	41,164,513	-	41,164,513
Other liabilities	6,292,604	-	6,292,604	-	6,292,604
	704,023,297	**-**	**799,395,523**	**-**	**799,395,523**

	Total	Total Fair value			
At 31 December 2023	Carrying amounts	Level 1	Level 2	Level 3	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Financial assets					
Balances with Central Bank of Rwanda	85,543,980	-	85,543,980	-	85,543,980
Other financial assets at amortised cost	85,436,329	-	116,235,752	-	116,235,752
Dues from Banks	74,462,501	-	74,508,546	-	74,508,546
Loans and advances to customers	313,892,313	-	562,742,530	-	562,742,530
Due from group companies	9,745,444	-	9,745,444	-	9,745,444
Other assets	9,242,126	-	9,242,126	-	9,242,126
	578,322,693	**-**	**858,018,378**	**-**	**858,018,378**
Financial liabilities					
Deposits from banks	162,522,953	-	162,533,405	-	162,533,405
Deposits from customers	376,545,358	-	437,641,337	-	437,641,337
Long term borrowings	44,380,776	-	47,294,469	-	47,294,469
Other liabilities	7,747,341	-	7,747,341	-	7,747,341
	591,196,428	**-**	**655,216,552**	**-**	**655,216,552**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
B. Financial instruments not measured at fair value (Continued)

Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow technique. Input into the models may include data from traded securities on secondary market. The fair value of deposits from banks and customers is estimated using discounted cashflow techniques, applying the rates that are offered from deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

C. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The followings tables show the type of financial assets, valuation techniques, significant unobservable inputs and any inter-relationship between significant unobservable inputs and fair value measurement.

Valuation technique includes comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include benchmark, interest rates used in estimating discount rates, bond prices and foreign exchange rates.

The bank uses widely used valuation models to determine the fair value of common simple financial instruments such as currency swaps that only use observable market data and require little management judgements and estimation. observable prices inputs are usually available in the market for listed debt securities and exchange traded derivatives and simple OTC derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The table that shows the valuation techniques used in measuring Level 3 fair values for non-financial instruments in the statement of financial position as well as the significant unobservable inputs used is under 5.21. The disclosures for Level 2 fair value financial instruments is under 38.a.

C. Financial risk management

This section provides details of the Bank's exposure to risk and describes the methods used by management to control risk.

The more significant types of risk to which the Bank is exposed are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk and interest rate risk.

38.1. Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and other banks and treasury bills. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives, the Bank is also exposed to or protected from the risk of default of the underlying entity referenced by the derivative. With gross-settled derivatives, the Bank is also exposed to a settlement risk, being the risk that the Bank honours its obligation, but the counterparty fails to deliver the counter-value.

Credit-related commitment risks

The Bank makes available to its customers guarantees which may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

The Board of Directors is responsible for management and periodically reviewing the credit risk of the Bank and monitors concentrations of credit risk by sector. Analysis of gross portfolio concentrations of credit risk as at 31 December is shown below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)

Loans and advances concentration by sector

	2024		2023	
	Frw '000	%	Frw '000	%
Manufacturing	56,119,058	15%	59,528,095	18%
Wholesale and retail trade	75,173,094	20%	55,898,715	17%
Building and construction	29,103,312	8%	34,413,353	11%
Agriculture	33,324,991	9%	41,811,344	13%
Transport and communication	51,984,161	14%	42,694,385	13%
Others	130,200,879	35%	91,019,286	28%
	375,905,495	**100%**	**325,365,178**	**100%**

	2024		2023	
Off Balance sheet items exposure	Frw'000'	%	Frw'000'	%
Acceptances and Letters of Credit Issued	29,034,485	30%	28,458,781	30%
Guarantees commitments given	63,817,083	65%	59,060,375	62%
Undrawn commitments	5,292,345	5%	8,114,464	8%
	98,143,913	**100%**	**95,633,620**	**100%**

A Board Credit Committee, reporting to Board of Directors is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to various Credit committees as stipulated in the Bank's Credit Charter.
- Reviewing and assessing credit risk. The Bank Credit risk management Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band, market liquidity and country (for financial assets).
- Developing and maintaining the Bank's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures as follows:
  - The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the Banks's Credit Risk department.
  - Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Bank Credit on the credit quality of local portfolios and appropriate corrective action is taken.
  - Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.
- Each business unit is required to implement the Bank credit policies and procedures, with credit approval authorities delegated from the Bank's Credit Committee. Each business unit has a Head of department who reports on all credit-related matters to local management and the Bank Credit risk management Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to Central Bank's approval. Regular audits of business units and Bank Credit processes are undertaken by Internal Audit.

The Bank offers various types of Credit Facilities in form of distinctive products. Each product feature is well documented and reviewed from time to time. The product mix varies from time to time as new products are introduced and existing products undergo changes or are withdrawn.

The Bank offers both fund-based and non-fund based facilities. The Bank's Credit Policy recognizes the dynamic nature of risk weight of various credit assets and hence limits have been prescribed for the Bank's exposure to single borrower, group of borrowers, specific industry / sector etc. to avoid large concentrations and achieve an optimal spread of the portfolio.

The Bank's Credit Policy also adopts the terminologies of a "Person"1 and "Associate" as defined in the Prudential Guidelines issued by BNR and the Banking Law for the purposes of determining an exposure to a borrower, single obligor, or group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)

Determination of Sector Exposure Limits

While the Banking Law and Prudential Guidelines issued by the BNR for mitigating concentration risk serve as a broad indicator, the Bank shall continuously evaluate other elements to assess the transaction risk intrinsic in a group of borrowers /segment of industry, as well as in sector exposures and to formulate short term exposure restrictions. Besides, the strength of management of a particular unit in an industry shall also be a determining factor for fixing exposure level to that particular unit.

The following risk elements will be taken into consideration by The Bank for deciding limits on sector exposures from time to time:

Magnitude, trends, and volatility in financial performance, liquidity, leverage trends as available in the financial statements of individual entities or industry.

Degree of threats in the market and market conditions. Continuing competitiveness, stage of product life cycle, obsolescence factor, availability of alternatives, technological advancements etc.

Economic indicators or factors like recession, interest rates, inflation and capability of the industry to withstand them.

Regulatory factors as revealed in the government policies, barriers to entry, tariffs, quotas, & legal system/framework, etc.
Environment and natural factors like natural deposit of raw materials, local culture, and pollution control requirements, etc.

Market for securities for a particular type of industry.
Ease of conversion and exit, carrying costs, etc. in the industry.

Credit risk grading

Other than for due from banks and financial assets where the Bank relies on internal credit rating models, the Bank relies substantially on the prudential guidelines applicable for credit risk grading that reflect its assessment of the probability of default of individual counterparties.

In addition, the prudential guidelines are supplemented;
by Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures

External data such as credit bureau scoring information on individual borrowers.

Expert judgement from the Credit Risk Officer to be fed into the final credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.
The following are additional considerations for each type of portfolio held by the Bank:

Customer loans and advances

After the date of initial recognition, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. A relationship manager will also incorporate any updated or new information/credit assessments into the credit system on an ongoing basis.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for loans and advances to customers. The Bank collects performance and default information about its credit risk exposures analysed by country and borrower as well as by credit risk grading.

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

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g; forbearance experience) on the risk of default. For most exposures, key macro-economic indicators as highlighted in **Note 5.14.6**.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)

Generating the term structure of PD (Continued)

Based on advice from the Risk Committees and economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Bank then uses these forecasts to adjust its estimates of PDs.

The Bank has applied ECL methodology (lifetime ECL), Probability of default using S&P credit ratings and loss given default as % based on discounted expected cash flows post default for its other exposures in other financial instruments such as Balances with Central Bank and other Banks, Financials assets measured at FVOCI, Financial assets at amortized costs, Dues from Group companies with exception of loans and commitments.

Internal rating grades and prudential rating grades

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

Prudential rating grades	IFRS 9 rating gradings
Grade 1: Normal	Stage 1
Grade 2: Watch	Stage 2
Grade 3: Substandard	Stage 3
Grade 4: Doubtful	
Grade 5: Loss	

(i). Credit Quality analysis

The following table sets out information about the credit quality of financial assets subject to ECL. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

2024: Risk classification	12 month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total 31 December 2024
	Frw'000	Frw'000	Frw'000	Frw'000
Loans and advances to Customers at amortised cost				
Normal	348,319,121	-	-	348,319,121
Watch	-	5,094,365	-	5,094,365
Non-Performing loans	-	-	22,492,011	22,492,011
Gross carrying amount	**348,319,121**	**5,094,365**	**22,492,011**	**375,905,497**
Loss allowance	(2,643,717)	(512,608)	(16,457,191)	(19,613,516)
Carrying amount	**345,675,404**	**4,581,757**	**6,034,820**	**356,291,981**
Loan commitments and financial guarantee contracts				
Normal	98,165,395	-	-	98,165,395
Watch	-	(21,481)	-	(21,481)
Non-Performing loans	-	-	-	-
Gross carrying amount	**98,165,395**	**(21,481)**	**-**	**98,143,914**
Loss allowance	(75,897)	(1,304)	-	(77,201)
Carrying amount	**98,089,498**	**(22,785)**	**-**	**98,066,713**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(i). Credit Quality analysis (Continued)

2023: Risk classification	12 month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total 31 December 2023
	Frw'000	Frw'000	Frw'000	Frw'000
Loans and advances to Customers at amortised cost				
Normal	296,954,452	-	-	296,954,452
Watch	-	18,497,675	-	18,497,675
Non-Performing loans	-	-	9,913,051	9,913,051
Gross carrying amount	**296,954,452**	**18,497,675**	**9,913,051**	**325,365,178**
Loss allowance	(3,471,969)	(972,659)	(7,028,237)	(11,472,865)
Carrying amount	**293,482,483**	**17,525,016**	**2,884,814**	**313,892,313**
Loan commitments and financial guarantee contracts				
Normal	95,602,269	-	-	95,602,269
Watch	-	31,351	-	31,351
Non-Performing loans	-	-	-	-
Gross carrying amount	**95,602,269**	**31,351**	**-**	**95,633,620**
Loss allowance	(113,841)	(1,694)	-	(115,535)
Carrying amount	**95,488,428**	**29,657**	**-**	**95,518,085**

The Bank has estimated the ECL for the following financial assets and are disclosed in note 17 to 20. These financial assets have been assessed to be in Stage 1 (Normal).

	Classification	2024 Frw'000	2023 Frw'000
Cash and balances with central banks	Normal	52,252,663	85,543,980
Dues from banks	Normal	155,067,078	74,462,501
Financial assets at fair value through other comprehensive income	Normal	72,827,350	58,910,155
Other financial assets at amortised cost		120,729,395	85,436,329
Due from group companies	Normal	7,884,573	9,745,444
		408,761,059	**314,098,409**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(i). Credit Quality analysis (Continued)

The following shows the grading of loans and advances to customers in line with local prudential guidelines

Loans and advances to customers	2024 Frw'000	2023 Frw'000
Credit impaired :		
Grade 3: Substandard	1,405,053	738,872
Grade 4: Doubtful	14,642,490	3,181,876
Grade 5: Loss	6,444,468	5,992,303
	22,492,011	**9,913,051**
Specific allowance for impairment	(16,457,192)	(7,028,237)
Carrying amounts	**6,034,819**	**2,884,814**
Performing & underperforming:		
Grade 2: Watch	4,303,001	18,497,675
Grade 1: Normal	349,110,485	296,954,452
	353,413,486	**315,452,127**
Portfolio impairment provision	(3,156,324)	(4,444,628)
Carrying amounts	**350,257,162**	**311,007,499**
Total carrying amounts	**356,291,981**	**313,892,313**
Loans and advances		

Credit impaired :	Gross Frw'000	Net Frw'000
31 December 2024		
Grade 3: Substandard	1,405,053	709,638
Grade 4: Doubtful	14,642,490	4,505,402
Grade 5: Loss	6,444,468	819,780
	22,492,011	**6,034,820**
31 December 2023		
Grade 3: Substandard	738,872	310,659
Grade 4: Doubtful	3,181,876	1,672,992
Grade 5: Loss	5,992,303	901,163
	9,913,051	**2,884,814**

Performing & underperforming:	Gross Frw'000	Net Frw'000
31 December 2024		
Grade 1: Normal	349,110,485	345,675,403
Grade 2: Watch	4,303,001	4,581,759
	353,413,486	**350,257,162**
31 December 2023		
Grade 1: Normal	296,954,452	293,482,483
Grade 2: Watch	18,497,675	17,525,018
	315,452,127	**311,007,501**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(i). Credit Quality analysis (Continued)
Credit impaired
Impaired loans and securities are loans for which the lifetime ECL are recognized and that are credit-impaired. The Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s). These loans are graded 3 (Substandard) to 5 (Loss) in the Bank's internal credit risk and grading system. Loans classified as non-performing loans (NPLs) namely, "Substandard", "Doubtful" and "Loss" either as per the regulator's classification or days past due whichever is more aggressive.

Stage 1
The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed with reference to the Bank's internal rating system. All such loans must be performing in accordance with the contractual terms and are expected to continue doing so. Loans in this category are fully protected by their current sound net worth and paying capacity of the borrower. These loans and advances are categorised as normal in line with National Bank of Rwanda prudential guidelines.

Stage 2
These are loans where contractual interest or principal payments are past due but that are not credit impaired, they have experience a significant increase in credit risk since initial recognition but are not credit impaired. These loans are Grade 2 (Watch) in the Bank's internal credit risk and grading system. Loans classified as "Watch" either as per the regulator's classification or days past due whichever is more aggressive are considered stage 2 accounts.

(ii). Collateral held and other security enhancements
The Bank holds collaterals against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimate of fair value are based on the value of collateral assessed at the time of borrowing, and are updated at least every 3 years and regularly when individually assessed as impaired.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	2024 Frw'000	2023 Frw'000
Fair value of collateral held – against impaired loans	**19,674,108**	**11,977,617**

The Bank has an obligation to return the collateral upon full re-payment of loans by the customers. The customer continues to utilise the collateral until when the Bank repossesses the collateral.

The following table sets out the principal types of collateral held against different types of financial assets.

2024	Percentage of exposure that is subject to collateral requirement		
	31 December 2024	31 December 2023	Principal type of collateral held
Loans and advances to Retail Customers			
Mortgage Loans	4%	9%	Residential properties
Personal loans	7%	17%	Movable assets
Overdrafts	0%	0%	N/A
Credit Cards	0%	0%	N/A
Loans and advances to corporate customers			
Corporate loans	56%	60%	Assets debentures, Commercial properties, Cash cover, standby Letter of Credit, Movable assets and insurance guarantees
Loans and advances to business banking customers			
Business Banking loans	33%	14%	Movable assets, Cash collaterals, Commercial properties, Guarantee

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL
Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information an analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information. As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default.
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Our impairment models have been calibrated to capture changes in probabilities of defaults (PDs) and forward-looking information in the estimation of expected credit losses (ECL).

Management has considered below parameters in arriving at its full year ECL in order to reflect impact due to Russia-Ukraine war and global climate changes;
- For Stages 1 & 2: The December 2024 macro-adjusted PDs has been used, 10% floor rate (which is the minimum LGD of 10% for fully secured loans recommended by the Basel framework); and
- For Stage 3: Revision has been made in the estimation of the minimum collateral realisation from a period of 1 year to 3 years as per the Central Bank regulation.

PDs were modelled at a portfolio (Sector) level comprising 11 key sectors.

Credit risk grading
Other than for due from banks and financial assets where the Bank relies on internal credit rating models, the Bank relies substantially on credit rating agencies like Moody's and Fitch for credit risk grading that reflect its assessment of the probability of default of individual counterparties.

In addition, the prudential guidelines are supplemented.
- by Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures, and turnover and industry type for wholesale exposures.
- External data such as credit bureau scoring information on individual borrowers.
- Expert judgement from the Credit Risk Officer to be fed into the final credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.
The following are additional considerations for each type of portfolio held by the Bank:

Customer loans and advances
After the date of initial recognition, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. A relationship manager will also incorporate any updated or new information/credit assessments into the credit system on an ongoing basis.

Generating the term structure of PD
Credit risk grades are a primary input into the determination of the term structure of PD for loans and advances to costumers. The Bank collects performance and default information about its credit risk exposures analysed by country and borrower as well as by credit risk grading.

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

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include:
- Public debt to GDP,
- Ninety one Treasury Bills and
- Reverse repo

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL (Continued)
Generating the term structure of PD (Continued)

Based on advice from the Risk Committees and economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Bank then uses these forecasts to adjust its estimates of PDs.

The Bank has applied ECL methodology for its other exposures including lease receivables and trade receivables, Dues from Banks, dues from group companies, Debts securities at amortized cost and balances with central Bank.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in note 5.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.
Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired /in default. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

This assessment considers both changes in cash flows arising from the modified terms as well as changes in the overall instrument risk profile; for example, changes in the principal (credit limit), term, or type of underlying collateral.

The loan repayment deferral package is considered to be a loan modification under IFRS 9. This either results in the loan being derecognised and replaced with a new loan (substantial modification) or the existing loan continuing to be recognised (non-substantial modification). From a risk management point of view, once an asset is forborne or modified due to financial difficulties of the borrower, the Bank's business departments for distressed assets continues to monitor the exposure until it is completely and ultimately derecognised.

The following table provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime ECL and for which the loss allowance has changed during the reporting period to an amount equal to 12-month expected credit losses.

	2024 Frw'000	2023 Frw'000
Financial assets modified during the period		
Amortised cost before modification	81,399	772,689
Net modification gain	2,444	39,411
Total Restructured loans as at 31 December	30,073,765	39,844,144
Number of borrowers	666	910
Restructured loans as % of gross loans	6.4%	9.7%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL (Continued)
Modified financial assets (Continued)

The table below provides modified assets with assistance package category per segment:

	2024 Frw'000	2023 Frw'000
Assistance package category		
Principal Moratorium		
Seg: Corporate & Institutional Banking	-	-
Seg: Business Banking	-	-
Interest only		
Seg: Corporate Institutional Banking	-	-
Term extensions		
Seg: Corporate Institutional Banking	16,628,968	22,105,644
Seg: Business Banking	4,372,569	6,263,518
Seg: Personal Banking	9,072,228	11,474,982
Total		
Seg: Corporate Institutional Banking	**16,628,968**	**22,105,644**
Seg: Business Banking	**4,372,569**	**6,263,518**
Seg: Personal Banking	**9,072,228**	**11,474,982**
	30,073,765	**39,844,144**

Guaranteed loans and other customer support

Regulators and governments have implemented a broad range of measures to promote financial stability in response to economical problems due to post COVID-19 and Russia-Ukraine war and global climate changes. Those measures implemented by governments and regulators in Rwanda include financial assistance packages through economic recovery fund at average rate of 2% to the Bank and the Bank lends to its customers at an average rate of 7%. The following table presents fair value measurement under government support schemes as at 31 December 2024:

	2024 Frw'000	2023 Frw'000
Disbursed amount under Economic Recovery Fund scheme	2,755,885	3,573,331
Loan from Central Bank through Economic Recovery Fund scheme	1,218,577	1,701,659
Outstanding Government grant	634,233	634,233
Fair value measurement of loans to customers	2,155,727	1,854,190
Interest expense for the year	67,312	67,564
Unwinding the discounting impact for the year	124,040	114,747

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL (Continued)
Guaranteed loans and other customer support (Continued)
The following table presents the number of customer accounts and associated loan values of customers under government grant and bank specific schemes as at 31 December;

2024	Corporate Banking	Business Banking
Number of approved accounts	4	20
Loan value of customers under the scheme	951,194	1,804,691
% of portfolio	0.3%	0.8%
2023		
Number of approved accounts	4	25
Loan value of customers under the scheme	1,120,856	2,452,476
% of portfolio	0.3%	0.8%

The Bank has accounted the portion related to government grant in accordance IAS 20 Accounting for Government Grants and Disclosure of Government Assistance amounting to Frw 634 Million (2023: Frw 634 Million). Refer note 30.

Fair value measurement of loans provided under economic recovery scheme is included in other assets and the impact is unwound through profit or loss and included under interest income and interest expenses.

Definition of default
The Bank considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Bank considers indicators that are:
- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

Incorporation of forward-looking information
The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Assets and Liabilities Committee (ALCO) and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the International Monetary Fund (IMF), World Bank and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL (Continued)
Incorporation of forward-looking information (Continued)
In 2024, the likelihood of different economic scenarios was adjusted to reflect changing circumstances. A moderate economic outcome (base case) was assigned a 54.17% chance, with a stronger economic performance (upside case) at 29.17% and a weaker performance (downside case) at 16.67%. This differed slightly from 2022's weighting, which placed more emphasis on the base case (62.5%).

To predict how these scenarios might impact investments, analysts examined historical data (3-5 years) on key economic indicators and their relationship to defaults and losses across various financial assets.

As of December 31st, 2024, the base case assumptions were re-evaluated to account for recent developments. This included factors like the lingering effects of the war in Ukraine's economic impact, and global climate change. Additionally, the analysis considered how central banks, governments, businesses, and institutions (e.g., through repayment deferrals) are responding to these events. These factors will influence the severity and duration of the predicted economic downturn. The forecast period is 12 months.

The economic scenarios used as at 31 December included the following ranges of key indicators:
Incorporation of forward-looking information

	2024		
Macro-Economic variable	Base	Upside	Downside
	%	%	%
Weighting	**54.17%**	**29.17%**	**16.67%**
Public debt to GDP	78.0%	79.0%	77.0%
T-Bills 91 days	8.7%	9.1%	8.2%
Reverse REPO	7.0%	7.3%	6.8%
	2023		
Macro-Economic variable	Base	Upside	Downside
	%	%	%
Weighting	**54.17%**	**29.17%**	**16.67%**
Public debt to GDP	78.0%	79.0%	77.0%
T-Bills 91 days	8.7%	9.1%	8.2%
Reverse REPO	7.0%	7.3%	6.8%

Backward elimination is a technique used in multiple regression to identify the most important variables that influence the outcome you're trying to predict the backward elimination multiple regression model led to the following macro-economic factors per sector for the year ended 31 December 2024;

2024					
i)	Build & Construction	ii)	Personal & Household	iii)	Social, Community and Personal
•	Public debt to GDP	•	Ninety-One Day T-Bills.	•	Reverse REPO
iv)	Tourism, Restaurants & Hotels	v)	Trade		
•	Reverse REPO	•	Reverse REPO.		
		•	Public debt to GDP		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL (Continued)
Incorporation of forward-looking information (Continued)

2023					
vi)	Build & Construction	vii)	Personal & Household	viii)	Social, Community and Personal
·	Public debt to GDP	·	Ninety-One Day T-Bills.	·	Reverse REPO
ix)	Tourism, Restaurants & Hotels	x)	Trade		
·	Reverse REPO	·	Reverse REPO		
		·	Public debt to GDP		

Management obtained forecasts for the macro-economic factors over the period January 2024 to December 2024. As per IFRS 9. B5.5.51 an entity need not undertake an exhaustive search for information but shall consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses.

For sectors with 0% historical PDs, the BASEL minimum PD of 0.05% was applied. This included sectors where most of the data of NPL ratios was 0% hence not possible to correlate with Macroeconomic factors. (E.g., Agriculture (Watch), Manufacturing (Normal) Mining & Quarrying, Financial Services).

Measurement of ECL
The key inputs into the measurement of ECL are the term structure of the following variables:
- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above. PDs are estimates at a certain date, which are calculated based on statistical models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for due from banks and financial assets.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based mainly on the counterparties' collateral and also on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. 10% floor rate (which is the minimum LGD of 10% for fully secured loans recommended by the Basel framework

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

ECL - Sensitivity analysis
Given current economic uncertainties and the judgment applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Bank should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining it as at 31 December 2024:

	December 2024		December 2023	
	ECL	Impact	ECL	Impact
	Frw'000	Frw'000	Frw'000	Frw'000
If 1% of stage 1 facilities were included in Stage 2	2,271,138	322,700	2,865,256	169,872
If 1% of stage 2 facilities were included in Stage 1	2,802,885	(4,795)	2,685,192	(10,191)
If all Stage 1 facilities become stage 2	76,083,974	73,388,590	19,682,597	16,987,213

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL (Continued)
Expected credit loss allowance
The significant changes in the gross carrying amount in three corporate customers together with increase significant risk during the period contributed to changes in loss allowance by 86% of the total expected credit risk.

The following tables show reconciliations from the opening to the closing balance of the expected credit losses for the loans and advances and loan commitments and financial guarantee contracts;

	Provisions (ECL allowance)				Exposure (Gross balance)			
2024:	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Balance at 1 January	**3,471,970**	**972,659**	**7,028,237**	**11,472,866**	**296,954,452**	**18,497,675**	**9,913,051**	**325,365,178**
Transfer from 12 months ECL (Stage 1)	(52,249)	32,932	19,317	-	(5,967,154)	4,124,901	1,842,253	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	235,789	(799,741)	563,952	-	1,334,557	(14,375,762)	13,041,205	-
Transfer from Lifetime ECL credit impaired (Stage 3)	44,386	78,636	(123,022)	-	66,245	236,487	(302,732)	-
Net remeasurement of loss allowance	(1,606,485)	242,853	10,106,954	**8,743,322**	(20,155,519)	(1,549,603)	(933,656)	**(22,638,778)**
New financial assets originated or purchased	615,866	48,711	429,937	**1,094,514**	85,822,298	755,154	682,111	**87,259,563**
Financial assets derecognised	(65,560)	(63,443)	233,700	**104,697**	(9,735,760)	(2,594,487)	51,662	**(12,278,585)**
Write offs	-	-	(1,801,883)	**(1,801,883)**	-	-	(1,801,883)	**(1,801,883)**
Balance at 31 December	**2,643,717**	**512,607**	**16,457,192**	**19,613,516**	**348,319,119**	**5,094,365**	**22,492,011**	**375,905,495**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL (Continued)
Expected credit loss allowance (Continued)

2023:	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Balance at 1 January	**1,443,491**	**1,188,825**	**6,949,028**	**9,581,344**	**197,604,132**	**30,498,686**	**13,198,333**	**241,301,151**
Transfer from 12 months ECL (Stage 1)	(54,721)	34,970	19,751	-	(4,000,754)	2,674,590	1,326,164	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	394,305	(1,184,338)	790,033	-	10,984,459	(13,214,194)	2,229,735	-
Transfer from Lifetime ECL credit impaired (Stage 3)	134,406	21,070	(155,476)	-	211,327	51,895	(263,222)	-
Net remeasurement of loss allowance	1,038,803	916,386	2,928,688	4,883,877	23,739,469	(1,356,322)	(527,063)	21,856,084
New financial assets originated or purchased	545,651	10,505	45,199	601,355	74,068,316	57,408	53,151	74,178,875
Financial assets derecognised	(29,965)	(14,760)	(1,163,475)	(1,208,200)	(5,652,497)	(214,388)	(3,718,536)	(9,585,421)
Write offs			(2,385,511)	(2,385,511)			(2,385,511)	(2,385,511)
Balance at 31 December	**3,471,970**	**972,658**	**7,028,237**	**11,472,865**	**296,954,452**	**18,497,675**	**9,913,051**	**325,365,178**

2024:	Provisions (ECL allowance)				Exposure			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Balance at 1 January	**113,842**	**1,386**	**-**	**115,228**	**95,602,269**	**31,351**	**-**	**95,633,620**
Transfer from 12 months ECL (Stage 1)	(36)	36	-	-	-	(8,859)	8,859	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	625	(625)	-	-	-	11,149	(11,149)	-
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(59,517)	763	-	(58,754)	21,697,480	34	-	21,697,514
New financial assets originated or purchased	46,195	123	-	46,318	7,444,834	5,802	-	7,450,636
Financial assets derecognised	(25,211)	(686)	-	(25,897)	(26,576,901)	(60,956)	-	(26,637,857)
Balance at 31 December	**75,898**	**997**	**-**	**76,895**	**98,167,682**	**(21,479)**	**(2,290)**	**98,143,913**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL (Continued)
Expected credit loss allowance (Continued)

2023	Provisions (ECL allowance)				Exposure			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Balance at 1 January	**47,298**	**240,379**	**-**	**287,677**	**89,361,596**	**3,764,017**	**-**	**93,125,613**
Transfer from 12 months ECL (Stage 1)	(73)	73	-	-	(20,265)	20,265	-	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	239,283	(239,283)	-	-	3,697,811	(3,697,811)	-	-
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(187,796)	805	-	(186,991)	21,695,194	34	-	21,695,228
New financial assets originated or purchased	26,547	365	-	26,912	7,444,834	5,802	-	7,450,636
Financial assets derecognised	(11,417)	(953)	-	(12,370)	(26,576,901)	(60,956)	-	(26,637,857)
Balance at 31 December	**113,842**	**1,386**	**-**	**115,228**	**95,602,269**	**31,351**	**-**	**95,633,620**

Prior year disclosure related to ECL for loan commitments and financial guarantee contracts has been updated to reflect the derecognition of gross exposure in stage 3.

Credit risk analysis on the maximum exposure by Sector and segment

An analysis of risk concentration in gross carrying amounts and corresponding ECL in the loans portfolio by type of lending(Segment) and sector is presented in the below tables;

2024	Gross carrying amount (Frw"000"				Allowance for ECL (Frw"000")				ECL Coverage %		
	Stage 1	Stage 2	Stage 3	Total Exposure	Stage 1	Stage 2	Stage 3	Total ECL	Stage 2 %	Stage 3 %	Total %
Segments											
Business	88,576,457	1,984,157	3,423,240	93,983,854	251,956	23,936	2,096,076	2,371,968	1.2%	61.2%	2.5%
Corporate	154,281,096	-	14,049,393	168,330,489	403,010	-	10,140,511	10,543,521	-	72.2%	6.3%
Retail	105,398,467	3,173,308	5,019,377	113,591,152	1,988,750	488,672	4,220,605	6,698,027	15.4%	84.1%	5.9%
Total	**348,256,020**	**5,157,465**	**22,492,010**	**375,905,495**	**2,643,716**	**512,608**	**16,457,192**	**19,613,516**	**9.9%**	**73.2%**	**5.2%**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

38. Financial Instruments – Fair values and risk management (Continued)

38.1. Credit risk (Continued)

(iii). Amounts arising from ECL (Continued)

Credit risk analysis on the maximum exposure by Sector and segment (Continued)

	Gross carrying amount (Frw"000"				Allowance for ECL (Frw"000")				ECL Coverage %			
2024	Stage 1	Stage 2	Stage 3	Total Exposure	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
Sector												
Constructions	16,156,832	-	296,354	16,453,186	88,915	-	62,571	151,486	1%	-	21%	0.9%
Wholesale	72,428,464	1,159,121	2,929,195	76,516,780	94,330	17,336	1,899,277	2,010,943	0%	1%	65%	2.6%
Transport and communication	48,271,488	607,068	63,462	48,942,018	341,261	4,672	-	345,933	1%	1%	0%	0.7%
Agriculture	27,204,773	-	-	27,204,773	9,738	-	-	9,738	0%	-	-	0.0%
Manufacturing	40,608,007	215,425	14,183,622	55,007,054	497	-	10,274,739	10,275,236	0%	0%	72%	18.7%
Others	143,586,456	3,175,851	5,019,377	151,781,684	2,108,975	490,600	4,220,605	6,820,180	1%	15%	84%	4.5%
Total	**348,256,020**	**5,157,465**	**22,492,010**	**375,905,495**	**2,643,716**	**512,608**	**16,457,192**	**19,613,516**	**0.8%**	**9.9%**	**73.2%**	**5.2%**

	Gross carrying amount (Frw"000")				Allowance for ECL (Frw"000")				ECL Coverage %			
2023	Stage 1	Stage 2	Stage 3	Total Exposure	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1 %	Stage 2 %	Stage 3 %	Total %
Segments												
Business	42,805,584	951,224	674,271	44,431,079	1,771,652	13,435	1,721,286	3,506,373	4.1%	181.0%	255.3%	7.9%
Corporate	178,636,429	15,131,483	1,676,851	195,444,763	1,343,090	951,287	860,933	3,155,310	0.8%	5.7%	51.3%	1.6%
Retail	79,797,887	3,460,846	2,230,603	85,489,336	357,228	7,936	4,446,018	4,811,182	0.4%	128.5%	199.3%	5.6%
Total	**301,239,900**	**19,543,553**	**4,581,725**	**325,365,178**	**3,471,970**	**972,658**	**7,028,237**	**11,472,865**	**1.2%**	**5.0%**	**153.4%**	**3.5%**

	Gross carrying amount (Frw"000"				Allowance for ECL (Frw"000")				ECL Coverage %			
2023	Stage 1	Stage 2	Stage 3	Total Exposure	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
Sector												
Constructions	9,116,405	2,118,753	-	11,235,158	2,944	-	-	2,944	0%	2%	70%	0.0%
Wholesale	60,345,766	589,762	674,271	61,609,799	1,207,251	13,436	488,253	1,708,940	1%	2%	55%	2.8%
Transport and communication	46,738,732	-	-	46,738,732	301,575	-	-	301,575	1%	2%	54%	0.6%
Agriculture	35,201,899	63,173	-	35,265,072	4,258	-	-	4,258	0%	0%	0%	0.0%
Manufacturing	45,370,743	13,311,019	-	58,681,762	1,780,737	438,295	-	2,219,032	0%	0%	41%	3.8%
Others	104,466,355	3,460,846	3,907,454	111,834,65	175,205	520,927	6,539,984	7,236,116	2%	20%	76%	6.5%
Total	**301,239,900**	**19,543,553**	**4,581,725**	**325,365,178**	**3,471,970**	**972,658**	**7,028,237**	**11,472,865**	**1.2%**	**36.0%**	**153.4%**	**3.5%**

The following table provides an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in loss allowance.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.1. Credit risk (Continued)
(iii). Amounts arising from ECL (Continued)

	Impact: Increase/(Decrease)		
2024	Stage 1	Stage 2	Stage 3
Loans and advances to customers at amortised cost			
Increase in loans portfolio from Corporate and institutional Banking by 48% from New and existing customers	2,850,976	(6,198)	786,986
Stage 3 exposure decrease in corporate banking segment			(1,779,590)
2023	Stage 1	Stage 2	Stage 3
Loans and advances to customers at amortised cost			
Increase in loans portfolio from Corporate and institutional Banking by 48% from New and existing customers	2,850,976	(6,198)	786,986
Stage 3 exposure decrease in corporate banking segment			(1,779,590)

The following table provides a reconciliation between the opening and closing balances of loss allowance per class of financial instrument.

(i) Cash and balances with Central Bank	2024 Frw'000	2023 Frw'000
Balance at 1 January	1,824	223
Net remeasurement of loss allowance	(1,485)	1,601
New financial assets originated or purchased	-	-
Financial assets that have been derecognised	-	-
	339	**1,824**
(ii) Dues from Banks		
Balance at 1 January	2,979	57
Net remeasurement of loss allowance	(1,020)	212
New financial assets originated or purchased	-	2,716
Financial assets that have been derecognised	-	(6)
	1,959	**2,979**
(iii) Dues from group companies		
Balance at 1 January	47	137
Net remeasurement of loss allowance	460	(90)
	507	**47**
(iv) Financial assets measured at fair value through other comprehensive income (FVOCI)		
Balance at 1 January	16,524	12,550
Net remeasurement of loss allowance	(7,482)	1,765
New financial assets originated or purchased	30,509	2,207
Financial assets that have been derecognised	(487)	1
	39,064	**16,524**
(v) Debt securities at amortized cost		
Balance at 1 January	44,442	43,824
Net remeasurement of loss allowance	1,130,064	3,279
New financial assets originated or purchased	54,767	31,283
Financial assets that have been derecognised	(7,195)	(33,944)
	1,222,078	**44,442**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

38. Financial Instruments – Fair values and risk management (Continued)

38.1. Credit risk (Continued)

38.2. Liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Asset and Liabilities Committee. The Asset and Liabilities Committee (ALCO) also monitors the liquidity gap and at first instance would source funds from market using interbank borrowings and as a last resort, use repo and reverse repo arrangements with the National Bank of Rwanda. The Bank has also arranged for long term funding as disclosed under **Note 30** and **Note 31**.

The liquidity ratios at the reporting date and during the reporting period (based on month end ratios) were as follows;

	2024	2023
At close of the year (at 31 December)	51%	50%
Average for the period	49%	45%
Highest for the period	52%	50%
Lowest for the period	45%	39%
Minimum statutory requirement	20%	20%
Liquidity coverage ratio	430%	186%
NSFR ratio	128%	128%
Cash reserve requirement	5%	5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

38. Financial Instruments – Fair values and risk management (Continued)

38.2. Liquidity risk (Continued)

The table below analyses the undiscounted amounts of financial liabilities and financial assets into relevant maturity groupings based on the remaining period as at 31 December 2024 to the contractual maturity date.

31 December 2024	Carrying amount	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
LIABILITIES							
Deposits from banks	98,301,292	24,442,613	7,729,200	14,848,498	26,411,247	28,798,602	**102,230,160**
Deposits from customers	561,122,983	79,891,543	87,154,689	115,793,038	147,385,027	156,524,720	**586,749,017**
Other liabilities	14,208,362	-	-	14,208,362	-	-	**14,208,362**
Long term debt	38,306,418	901,050	-	1,980,421	24,065,265	14,913,192	**41,859,928**
Letters of credit	29,034,485	13,347,417	9,679,123	6,007,946	-	-	**29,034,486**
Guarantees	63,817,083	3,061,140	21,788,727	18,529,885	21,216,675		**64,596,427**
Leases	1,925,695	-	-	920,061	1,159,690	-	**2,079,751**
At 31 December	**806,716,318**	**121,643,763**	**126,351,739**	**172,288,211**	**220,237,904**	**200,236,514**	**840,758,131**
ASSETS							
Cash and balances with National Bank of Rwanda	52,252,663	25,546,004	-	-	-	-	**25,546,004**
Due from banks	155,067,078	74,438,916	80,628,162			-	**155,067,078**
Due from group companies	7,884,573	7,884,573	-	-	-	-	**7,884,573**
Financial assets at fair value through other comprehensive income	72,788,288	-	75,699,820	-	-	-	**75,699,820**
Financial assets at fair value through profit or loss	2,274,180	-	-	2,342,405	-	-	**2,342,405**
Financial assets at amortised cost	119,507,317	3,907,026	6,222,383	36,825,918	54,379,307	19,394,760	**120,729,394**
Loans and advances to customers	356,291,981	72,773,198	13,817,160	20,153,982	182,320,921	102,677,078	**391,742,339**
Other assets	4,978,404	-	-	4,978,404	-	-	**4,978,404**
At 31 December	**771,044,484**	**184,549,717**	**176,367,525**	**64,300,709**	**236,700,228**	**122,071,838**	**783,990,017**
Liquidity Gap	**(35,671,834)**	**62,905,954**	**50,015,786**	**(107,987,502)**	**16,462,324**	**(78,164,676)**	**(56,768,114)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

38. Financial Instruments – Fair values and risk management (Continued)

38.2. Liquidity risk (Continued)

31 December 2023	Carrying amount Frw'000	Within 1 month Frw'000	Due within 1-3 months Frw'000	Due between 3-12 months Frw'000	Due between 1-5 years Frw'000	Due after 5 years Frw'000	Total Frw'000
LIABILITIES							
Deposits from banks	162,522,953	79,724,756	9,666,022	16,841,362	30,145,850	32,768,820	**169,146,810**
Deposits from customers	376,545,358	42,568,471	55,156,337	87,362,730	100,398,764	107,757,901	**393,244,203**
Other liabilities	13,737,015	-	-	13,737,014	-	-	**13,737,014**
Long term debt	44,380,776	527,640	-	1,979,433	42,726,400	3,313,352	**48,546,825**
Letters of credit	28,458,781	2,400,139	7,953,952	18,104,690	-	-	**28,458,781**
Guarantees	59,060,375	830,623	968,114	25,015,284	7,515,055	25,876,532	**60,205,608**
Leases	1,925,695	-	-	920,061	1,159,690	-	**2,079,751**
At 31 December	**686,630,953**	**126,051,629**	**73,744,425**	**163,960,574**	**181,945,759**	**169,716,605**	**715,418,992**
ASSETS							
Cash and balances with National Bank of Rwanda	85,543,980	67,216,675	-	-	-	-	**67,216,675**
Due from banks	74,462,501	64,942,888	-	9,519,613		-	**74,462,501**
Due from group companies	9,745,444	9,745,444	-	-	-	-	**9,745,444**
Financial assets at fair value through other comprehensive income	58,893,631	-	61,266,561	-	-	-	**61,266,561**
Financial assets at fair value through profit or loss	1,872,070	-	-	1,928,232	-	-	**1,928,232**
Financial assets at amortised cost	85,391,887	8,165,344	5,963,425	14,677,891	40,539,925	16,873,381	**86,219,966**
Loans and advances to customers	313,892,313	71,145,329	9,366,333	47,945,204	161,557,961	63,930,738	**353,945,565**
Other assets	11,182,507	-	-	11,121,541	-	-	**11,121,541**
At 31 December	**640,984,333**	**221,215,680**	**76,596,319**	**85,192,481**	**202,097,886**	**80,804,119**	**665,906,485**
Liquidity Gap	**(45,646,620)**	**95,164,051**	**2,851,894**	**(78,768,093)**	**20,152,127**	**(88,912,486)**	**(49,512,507)**

Deposits from customers represent business transaction, personal transaction, savings, call and fixed deposit balances, which past experience has considered to be stable. To complement liquidity metrics the Bank has a set of indicators to identify the emergence of increased risk in its liquidity risk position. Such early warning indicators identify any negative trend and trigger an assessment and response by ALCO in order to mitigate the banks' exposure to the emerging risk. Early warning indicators are both quantitative and qualitative.

38. Financial Instruments – Fair values and risk management (Continued)

38.3. Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Traded market risk: the risk of the Bank being impacted by changes in the level or volatility of positions in the trading book. The bank currently holds financial assets at fair value through other comprehensive income amounting to Frw 58.9 billion (2023: Frw 58.9 billion).

Market risk on the currency swap is based on the differential of the interest rates between the two currency swaps. This interest rate is fixed at the onset of the contract. The Bank holds a derivative financial instrument valued at notional amount of Frw 5.8 billion (2023: Frw 5.8 billion).

Management of market risk

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

All foreign exchange risk within the Bank is managed by the Treasury Department. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolio for risk management purposes.

Overall authority for market risk is vested in the Board. The Finance and Treasury Departments in collaboration with the Risk Management Department are responsible for the development of detailed risk management policies (subject to review and approval by Board Risk Management Committee) and for the day-to-day review of their implementation. Management actively engages with their clients to continually roll forward their deposits.

Exposure to market risks – trading and non trading portfolio

The Bank holds financial assets at fair value through other comprehensive income amounting to Frw 72.8 billion (2023: Frw 58.9 billion) that is exposed to market risk. Management adopted the yield curve of BNR (Central Bank) to obtain prices by use of interpolation and techniques to obtain a better representation of fair value.

The Bank perform interpolation of yield on government securities in comparison to the yields of Bank's financial assets at FVOCI and the results are converted into clean prices of the bonds to determine the basis of the fair valuation.

Below table shows the impact using modified duration approach on Bank's trading portfolios at 31 December 2024 based on a 99% confidence level.

2024 Assumption	Impact on Equity/OCI Frw'000
± 1% movement in the interest rate would cause ± 6.76% change in the price	± 2,538,226

2023 Assumption	Impact on Equity/OCI Frw'000
± 1% movement in the interest rate would cause ± 8.57% change in the price	± 2,336,957

Exposure to interest rate risk – non-trading portfolio

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits is assisted by Treasury back office, Finance and Risk Department in its day-to-day monitoring activities. These day-to-day activities include monitoring changes in the Bank's interest rate exposures, which include the impact of the Bank's outstanding forecast debt obligations and changes to exposures arising from IBOR reform.

Exposure to interest rate risk

A summary of the Bank's interest rate gap position on non-trading portfolios reflecting assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates is shown below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.3. Market risk (Continued)
Exposure to interest rate risk (Continued)

31 December 2024	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Non-interest bearing	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
ASSETS							
Cash and balances with National Bank of Rwanda	-	-	-	-	-	52,252,663	**52,252,663**
Loans and advances to banks	147,182,505	-	-	-	-	-	**147,182,505**
Loans and advances to customers	78,024,166	28,330,259	18,052,534	141,199,922	90,685,100	-	**356,291,981**
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	2,274,180	-	-	**2,274,180**
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	72,788,288	-	-	-	-	**72,788,288**
Other financial assets at amortised cost	3,907,026	5,000,304	36,825,918	54,379,309	19,394,760	-	**119,507,317**
Due from group companies	-	-	-	-	-	2,319,338	**2,319,338**
Other assets	-	-	-	-	-	4,978,404	**4,978,404**
At 31 December	**229,113,697**	**106,118,851**	**54,878,452**	**197,853,411**	**110,079,860**	**59,550,405**	**757,594,676**
LIABILITIES							
Deposits from banks	96,121,525	-	2,168,284	-	-	7,306	**98,297,115**
Items in the course of collection	-	-	-	-	-	-	**-**
Deposits from customers	8,021,253	125,654,102	40,612,430	1,104,408	-	385,734,968	**561,127,161**
Other liabilities	-	-	-	-	-	14,208,362	**14,208,362**
Long term debt	14,692	-	31,392,979	-	6,898,747	-	**38,306,418**
At 31 December	**104,157,470**	**125,654,102**	**74,173,693**	**1,104,408**	**6,898,747**	**399,950,636**	**711,939,056**
Interest rate gap	**124,956,227**	**(19,535,251)**	**(19,295,241)**	**196,749,003**	**103,181,113**	**(340,400,231)**	**45,655,620**

* Non-Interest bearing: The amounts are on demand with maturing less than three months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.3. Market risk (Continued)
Exposure to interest rate risk

31 December 2023	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Non-interest bearing	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
ASSETS							
Cash and balances with National Bank of Rwanda	-	-	-	-	-	85,543,980	**85,543,980**
Dues from Banks	64,942,888	-	9,519,613	-	-	-	**74,462,501**
Loans and advances to customers	70,858,939	14,844,535	45,433,037	127,879,632	54,876,170	-	**313,892,313**
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	1,872,070	-	-	**1,872,070**
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	58,910,155	-	-	-	-	**58,910,155**
Other financial assets at amortised cost	8,165,344	5,963,425	14,450,383	40,039,245	16,817,932	-	**85,436,329**
Due from group companies	-	-	-	-	-	9,745,444	**9,745,444**
Other assets	-	-	-	-	-	10,921,541	**10,921,541**
At 31 December	**143,967,171**	**79,718,115**	**69,403,033**	**169,790,947**	**71,694,102**	**106,210,965**	**640,784,333**
LIABILITIES							
Deposits from banks	161,517,122	-	1,002,738	-	-	3,093	**162,522,953**
Deposits from customers	4,065,964	93,325,655	25,418,032	113,213	-	253,622,493	**376,545,357**
Other liabilities	-	-	-	-	-	13,337,015	**13,337,015**
Long term debt	14,692	-	37,467,338	-	6,898,746	-	**44,380,776**
At 31 December	**165,597,778**	**93,325,655**	**63,888,108**	**113,213**	**6,898,746**	**266,962,601**	**596,786,101**
Interest rate gap	**(21,630,607)**	**(13,607,540)**	**5,514,925**	**169,677,734**	**64,795,356**	**(160,751,636)**	**43,998,232**

* Non-Interest bearing: The amounts are on demand with maturing less than three months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.3. Market risk (Continued)
Exposure to interest rate risk (Continued)
Customer deposits up to three months represent current, savings and call deposit account balances, which past experience has shown to be stable and of a long-term nature.

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that the interest earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Bank's business strategies.

Sensitivity Analysis
A change of 200 basis points in interest rates at the reporting date would have increased/decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables in particular foreign currency exchange rates remain constant.

31 December 2024	Profit or loss	Equity net of tax
200 basis points	**Increase/ decrease in basis points (Frw'000)**	**Increase/ decrease in basis points (Frw'000)**
Assets	2,264,426	1,585,098
Liabilities	(377,178)	(264,025)
Net position	**1,887,248**	**1,321,073**
31 December 2023	Profit or loss	Equity net of tax
200 basis points	**Increase/ decrease in basis points (Frw'000)**	**Increase/ decrease in basis points (Frw'000)**
Assets	876,606	613,624
Liabilities	(459,611)	(321,728)
Net position	**416,995**	**291,896**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.3. Market risk (Continued)
Sensitivity Analysis

Currency risk
The Bank is exposed to currency risk through transactions in foreign currencies. The Bank's transactional exposure gives rise to foreign currency gains and losses that are recognised in the profit or loss. In respect of monetary assets and liabilities in foreign currencies, the Bank ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate. The table below analyses the currencies which the Bank is exposed to as at 31 December 2024 and 31 December 2023.

Currency rate risk

At 31 December 2024	USD	GBP	Euro	Other	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
ASSETS					
Cash and balances with National Bank of Rwanda	12,579,862	502,151	2,292,674	47,084	**15,421,771**
Due from banks	137,050,412	817,970	16,874,086	324,611	**155,067,078**
Loans and advances to customers	40,393,948	-	15	-	**40,393,963**
Financial assets at fair value through profit or loss (FVTPL)	2,274,180	-	-	-	**2,274,180**
Other financial assets at amortised cost	35,527,353	-	-	-	**35,527,353**
Due from group companies	7,249,701	260,986	207,585	166,300	**7,884,573**
Other assets	2,726,063	100,759	-	347,816	**3,174,639**
At 31 December	**237,801,519**	**1,681,866**	**19,374,360**	**885,811**	**259,743,557**
LIABILITIES					
Deposits from banks	6,127,620	377,197	471,748	-	**6,976,565**
Deposits from customers	237,260,741	1,110,385	18,905,642	187,215	**257,463,983**
Other liabilities	1,265,742	7,235	71,861	-	**1,344,838**
Long term debt	18,858,918	-	-	-	**18,858,918**
At 31 December	**263,513,021**	**1,494,817**	**19,449,251**	**187,215**	**284,644,304**
Net on statement of financial position	**(25,711,502)**	**187,049**	**(74,891)**	**698,596**	**(24,900,748)**
Net notional off balance sheet position	**71,320,426**	**-**	**1,693,265**	**1,789,860**	**74,803,551**
Overall net position	**45,608,924**	**187,049**	**1,618,374**	**2,488,456**	**49,902,803**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.3. Market risk (Continued)
Currency rate risk (Continued)

At 31 December 2023	USD	GBP	Euro	Other	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
ASSETS					
Cash and balances with National Bank of Rwanda	50,133,627	221,613	3,282,439	35,018	**53,672,697**
Loans and advances to banks	63,015,746	714,072	10,375,724	356,961	**74,462,502**
Loans and advances to customers	35,908,004	-	-	-	**35,908,004**
Financial assets at fair value through profit or loss (FVTPL)	7,922,278	-	-	-	**7,922,278**
Other financial assets at amortised cost	26,737,687	-	-	-	**26,737,687**
Due from group companies	8,289,952	124,225	161,082	1,170,184	**9,745,444**
Other assets	5,744,090	252,523	491,076	1,535,345	**8,023,034**
At 31 December	**197,751,384**	**1,312,433**	**14,310,321**	**3,097,508**	**216,471,646**
LIABILITIES					
Deposits from banks	40,688,478	129,166	162,968	-	**40,980,612**
Deposits from customers	121,725,842	677,614	12,660,731	24,201	**135,088,388**
Other liabilities	1,513,752	608	659,544	2,617	**2,176,521**
Long-term debt	22,980,563	-	-	-	**22,980,563**
At 31 December	**186,908,635**	**807,388**	**13,483,243**	**26,818**	**201,226,084**
Net on statement of financial position	**10,842,749**	**505,045**	**827,078**	**3,070,690**	**15,245,562**
Net notional off balance sheet position	**71,320,426**	**-**	**1,693,265**	**1,789,860**	**74,803,551**
Overall net position	**82,163,175**	**505,045**	**2,520,343**	**4,860,550**	**90,049,113**

Sensitivity Analysis
A reasonable possible strengthening or weakening of the USD, GBP, EUR against the Rwanda Francs (Frw) would have affected the measurement of financial instruments denominated in foreign currency and effected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates remain consta

At 31 December 2024	Profit or loss Strengthening (+)/weakening (-) of currency	Equity net of tax Strengthening (+)/weakening (-) of currency
	Frw'000	Frw'000
USD (± 2.5% movement)	3,704,048	2,592,833
GBP (± 2.5% movement)	(362)	(253)
EUR (± 2.5% movement)	56,825	39,777
At 31 December 2023	Profit or loss Strengthening/weakening of currency	Equity net of tax Strengthening/weakening of currency
	Frw'000	Frw'000
USD (± 2.5% movement)	2,054,079	1,437,856
GBP (± 2.5% movement)	12,626	8,838
EUR (± 2.5% movement)	63,009	44,106

A 2.5 percent weakening of the Rwandan Francs against the above currencies as at 31 December 2024 and 31 December 2023 would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
38. Financial Instruments – Fair values and risk management (Continued)
38.4. Capital management
Regulatory capital – Rwanda
The Bank's objectives when managing capital, which is a broader concept than the "equity" on the balance sheet, are:

To comply with the capital requirements set by the 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 National Bank of Rwanda (BNR) sets and monitors capital requirements for the banking industry as a whole. In implementing its current capital requirements, BNR, requires Banks in Rwanda to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank's regulatory capital consists of Tier 1 capital and supplementary capital (Tier 2 Capital).

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 recognised and the Bank recognises 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.

	2024	2023
	Frw'000	Frw'000
Core capital (Tier 1)		
Share capital	15,150,000	15,150,000
Share premium	6,249,832	6,249,832
Retained earnings	68,319,820	53,432,860
	89,719,652	**74,832,692**
Less: Other reserves	(39,550)	(261,956)
Intangible assets	(2,237,849)	(2,392,033)
Total Core capital	**87,442,253**	**72,178,703**
Supplementary capital (Tier 2)		
Revaluation reserve	1,987,076	486,476
Loans/Financing provision	6,324,595	5,419,123
	8,311,671	**5,905,599**
Total capital	**95,753,924**	**78,084,302**

		2024	2023
		Frw'000	Frw'000
Risk weighted assets			
Total risk weighted assets		**505,967,635**	**433,529,860**
Deposits from customers		**561,122,983**	**376,545,358**
Capital ratios	**Minimum***		
Core capital /Total risk weighted assets	13.0%	17.28%	16.65%
Total capital /Total risk weighted assets	15.5%	18.92%	18.01%

*The minimum level of regulatory capital is FRW20 billion as defined by the National Bank of Rwanda

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

38. Financial Instruments – Fair values and risk management (Continued)

38.5. Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

38.6. Compliance and regulatory risk

Compliance risk encompasses regulatory and legal compliance risk. Compliance risk is the risk that the Bank incurs financial or reputational risk through imposition of penalties or fines as a result of not adhering to applicable laws, rules and regulations and good market practice (including ethical standards).

The Bank's compliance function proactively seeks to enhance compliance risk management and the supporting control framework. The Bank operates in a market where there is a significant level of regulatory change activity, therefore, compliance risk is a key area of focus for Senior Management. The compliance function monitors this risk through reference to metrics relevant to the Bank, review of incident reports and assessments, risk and control assessments pertaining to the first and second lines of defence functions, results of regulatory assessments, and review of results internal audit and external audit reports. Remediation of controls is conducted in a timely manner.

The Compliance function is responsible for establishing and maintaining an appropriate framework of Group compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers. The regulatory quantitative information is disclosed on appendix 1.

38.7. Environmental and social risks

Environmental and social risks are the risks that the Bank could bear the consequences of socio-environmental fall-out of transactions. Such risks could arise from failure of the bank to assess the impacts of activities (of both the group and its clients) which could harm the environment or have negative social impact.

The Bank is aware that it has a responsibility to ensure that its internal practice and its lending activities do not have negative environmental and social impacts and is thus committed to ensure that such risks are sufficiently managed through its environmental and social management policy and by adopting the country's labour and environmental laws. The Bank also adheres to international best practice (IFC performance standards and ILO standards as ratified by the Rwanda government).

An environmental and social management system is being put in place to ensure due diligence and monitoring of the environmental and social risk is done efficiently. Compliance to these laws is monitored by the compliance function.

The Directors are responsible for selection and disclosure of the Bank's critical accounting policies and estimates and the application of these policies and estimates.

39. Subsequent events

The Bank has evaluated subsequent events occurring after the reporting period to the date the financial statements were available to be issued. Management has determined that there were no subsequent events requiring disclosure in the Financials statements that would have a material impact on the financial position of the Bank.

Our Financials

OTHER REGULATORY DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
I. Capital Strength	**Frw'000**	**Frw'000**
a. Core Capital (Tier 1)	87,442,253	72,178,703
b. Supplementary Capital (Tier 2)	8,311,672	5,905,599
c. Total Capital	95,753,925	78,084,302
d. Total Risk weighted assets	505,967,635	433,529,860
e. Core Capital/Total risk weighted assets ratio	17.28%	16.65%
f. Tier 2 ratio	1.64%	1.36%
g. Total Capital/Total risk weighted assets ratio	18.92%	18.01%
h. Leverage Ratio	10.03%	10.83%
II. Credit Risk		
1. Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation	467,585,991	411,298,771
2. Average gross credit exposures, broken down by major types of credit exposure:		
a) loans, commitments and other non-derivative off-balance sheet exposures:	467,585,991	411,298,771
b) debt securities:	135,298,293	144,346,484
c) OTC derivatives:	1,872,070	1,872,070
3. Regional or geographic distribution of exposures, broken down in significant areas by major types of credit exposure:		
Northern	10,269,361	5,950,018
Southern	4,720,384	2,459,948
Eastern	3,026,451	2,273,918
Western	11,991,263	5,627,398
Kigali City	437,578,532	394,987,490
4. Sector distribution of exposures, broken down by major types of credit exposure and aggregated in the following areas:		
a) Government;	34,219,078	45,777,817
b) financial;	2,999,365	49,492
c) manufacturing;	57,440,084	89,511,067
d) infrastructure and construction;	88,454,610	62,031,885
e) services and commerce.	206,143,454	154,767,127
f) others	78,329,400	59,161,382
5. Off Balance sheet items	92,851,569	87,519,156
6. Non-Performing Loans		
(a) Non-performing Loans	22,492,010	9,913,051
(b) NPL Ratio	4.81%	2.41%
7. Related Parties		
a. Loans to Directors, shareholders and subsidiaries	774,785	3,549,080
b. Loans to Employees	10,283,678	6,985,209

OTHER REGULATORY DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2024 (Continued)

	2024	2023
	Frw'000	Frw'000
8. Restructured loans		
a. No. of borrowers	666	910
b. Amount outstanding (Frw '000)	30,073,765	39,844,144
c. Provision thereon (Frw '000) (regulatory):	1,086,993	4,346,671
d. Restructured loans as % of gross loans	6.4%	9.7%
III. Liquidity		
a. Liquidity Coverage ratio (LCR)	398%	186%
b. Net Stable Funding ratio (NSFR)	186%	128%
IV. Operational Risk		
Number and types of frauds and their corresponding amount		
Type	Number	Number
External - Use of forged payment order	1	1
Internal - Use of forged payment order		
Internal – Theft	1	-
V. Market Risk		
1. Interest rate risk	2,035,487	2,004,389
2. Equity position risk		
3. Foreign exchange risk	992,397	103,701
VI. COUNTRY RISK		
1. Credit exposures abroad	149,628,737	104,602,279
2. Other assets held abroad	-	-
3. Liabilities to abroad	21,179,606	27,263,436
VII. Management and Board Composition		
a. Number of Board members	9	9
b. Number of independent directors	6	6
c. Number of non-independent directors	3	3
d. Number of female directors	3	2
e. Number of male directors	6	7
f. Number of Senior Managers	10	13
g. Number of female senior managers	5	5
h. Number of male senior managers	5	8

APPENDICES

APPENDICES

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Pg. 7,29,39
	2-2 Entities included in the organization's sustainability reporting	Pg. 54
	2-3 Reporting period, frequency and contact point	Pg. 6
	2-4 Restatements of information	Not applicable
	2-5 External assurance	Pg. 6
	2-6 Activities, value chain and other business relationships	Pg. 38
	2-7 Employees	Pg. 72,74,73,75
	2-8 Workers who are not employees	Not Reported
	2-9 Governance structure and composition	Pg. 15
	2-10 Nomination and selection of the highest governance body	Pg. 21,22,23
	2-11 Chair of the highest governance body	Pg. 11
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg. 21,22,23
	2-13 Delegation of responsibility for managing impacts	32,33
	2-14 Role of the highest governance body in sustainability reporting	Pg. 56
	2-15 Conflicts of interest	NA
	2-16 Communication of critical concerns	Not reported
	2-17 Collective knowledge of the highest governance body	Pg. 14-15
	2-18 Evaluation of the performance of the highest governance body	Pg. 25
	2-19 Remuneration policies	Pg. 24,25
	2-20 Process to determine remuneration	Pg. 24,25
	2-21 Annual total compensation ratio	Not reported
	2-22 Statement on sustainable development strategy	Pg. 11,41
	2-23 Policy commitments	Pg. 46,47
	2-24 Embedding policy commitments	Pg. 46,47
	2-25 Processes to remediate negative impacts	Pg. 32,33
	2-26 Mechanisms for seeking advice and raising concerns	Pg.64
	2-27 Compliance with laws and regulations	Pg.34
	2-28 Membership associations	Not Reported
	2-29 Approach to stakeholder engagement	Pg. 58,59
	2-30 Collective bargaining agreements	Not reported

APPENDICES

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pg. 60,61,62
	3-2 List of material topics	Pg. 60,61,62
	3-3 Management of material topics	Pg. 60,61,62
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pg. 108
	201-2 Financial implications and other risks and opportunities due to climate change	Not reported
	201-3 Defined benefit plan obligations and other retirement plans	Not reported
	201-4 Financial assistance received from government	Not applicable
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not reported
	202-2 Proportion of senior management hired from the local community	Not reported
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Not reported
	203-2 Significant indirect economic impacts	Not reported
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not reported
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Not reported
	205-2 Communication and training about anti-corruption policies and procedures	Pg.77
	205-3 Confirmed incidents of corruption and actions taken	Not reported
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not reported
GRI 207: Tax 2019	207-1 Approach to tax	Pg. 133,134
	207-2 Tax governance, control, and risk management	Pg. 133,134
	207-3 Stakeholder engagement and management of concerns related to tax	Not Reported
	207-4 Country-by-country reporting	Not Reported
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not applicable
	301-2 Recycled input materials used	Not applicable
	301-3 Reclaimed products and their packaging materials	Not applicable
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Pg. 66
	302-2 Energy consumption outside of the organization	Not applicable
	302-3 Energy intensity	Pg71
	302-4 Reduction of energy consumption	Pg. 71
	302-5 Reductions in energy requirements of products and services	Not Reported

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Pg. 71
	303-2 Management of water discharge-related impacts	Not applicable
	303-3 Water withdrawal	Not applicable
	303-4 Water discharge	Not applicable
	303-5 Water consumption	Pg. 72
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
	304-2 Significant impacts of activities, products and services on biodiversity	Not applicable
	304-3 Habitats protected or restored	Not applicable
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pg. 72
	305-2 Energy indirect (Scope 2) GHG emissions	Pg. 72
	305-3 Other indirect (Scope 3) GHG emissions	Not reported
	305-4 GHG emissions intensity	Pg. 72
	305-5 Reduction of GHG emissions	Pg. 72
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Not applicable
	306-2 Management of significant waste-related impacts	Not reported
	306-3 Waste generated	Pg. 72
	306-4 Waste diverted from disposal	Not reported
	306-5 Waste directed to disposal	Pg. 72
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not reported
	308-2 Negative environmental impacts in the supply chain and actions taken	Not reported
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pg. 72
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not reported
	401-3 Parental leave	Pg. 73
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not reported

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pg. 75,76
	403-2 Hazard identification, risk assessment, and incident investigation	Not applicable
	403-3 Occupational health services	Not applicable
	403-4 Worker participation, consultation, and communication on occupational health and safety	Not reported
	403-5 Worker training on occupational health and safety	Pg. 75
	403-6 Promotion of worker health	Pg. 75
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg. 75
	403-8 Workers covered by an occupational health and safety management system	Pg. 71
	403-9 Work-related injuries	Not reported
	403-10 Work-related ill health	Not reported
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Pg. 71
	404-2 Programmes for upgrading employee skills and transition assistance Programmes	Pg. 74,75
	404-3 Percentage of employees receiving regular performance and career development reviews	Not reported
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pg. 74
	405-2 Ratio of basic salary and remuneration of women to men	Not reported
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Not reported
GRI 407: Freedom of Association andCollective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not reported
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Not applicable
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsorylabor	Not applicable
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Not applicable
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not applicable
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development Programmes	Pg. 78,79-80
	413-2 Operations with significant actual and potential negative impacts on local communities	Not reported

GRI STANDARD	DISCLOSURE	LOCATION
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Not applicable
	414-2 Negative social impacts in the supply chain and actions taken	Not applicable
GRI 415: Public Policy 2016	415-1 Political contributions	Not applicable
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Pg. 64,65
	416-2 Incidents of non-compliance concerning the health and safety impacts of productsand services	Not applicable
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not applicable
	417-2 Incidents of non-compliance concerning product and service information and labeling	Not applicable
	417-3 Incidents of non-compliance concerning marketing communications	Not reported
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg. 54

APPENDICES

TCFD CHECKLIST

TCFD DISCLOSURE		REPORT SECTION	LOCATION
Governance	Describe the Board's oversight of climate-related risks and opportunities	Board oversight around ESG and climate related risks and opportunities	Pg. 55,56
	Describe management's role in assessing and managing climate related risks and opportunities	Management role around ESG and climate related risks and opportunities	Pg. 55,56
Strategy	Describe climate-related risks and opportunities the organisation has identified over the short, medium and long term	Our response to environmental protection and climate change:Understanding the climate related risks and opportunities from lending operations Climate related risks and opportunities	Pg. 66,67,68
	Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy and financial planning.	Our response to environmental protection and climate change: Understanding the climate related risks and opportunities from lending operations Supporting our customers to reduce their environmental and carbon footprint Sustainable product development Climate smart agriculture Green buildings ACircular economy	Not reported
	Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including the 2^0C or lower scenario.	Our response to environmental protection and climate change: Understanding the climate related risks and opportunities from lending operations	Not reported
Risk Management	Describe the organizations processes for identifying and assessing climate-related risks.	Our response to environmental protection and climate change: Understanding the climate related and environmental risks and opportunities from lending operations	Pg. 67,68
	Describe the organizations processes for managing climate and related risks	Our response to environmental protection and climate change: Environmental and social risk management Screening for climate risks unpacked	Pg. 67,68
	Describe how processes for identifying, assessing and managing Environmental and climate-related risks are integrate into the organizations overall risk management.	Our response to environmental protection and climate change: Environmental and social risk management System	Pg. 66,67


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