2020 ANNUAL REPORT

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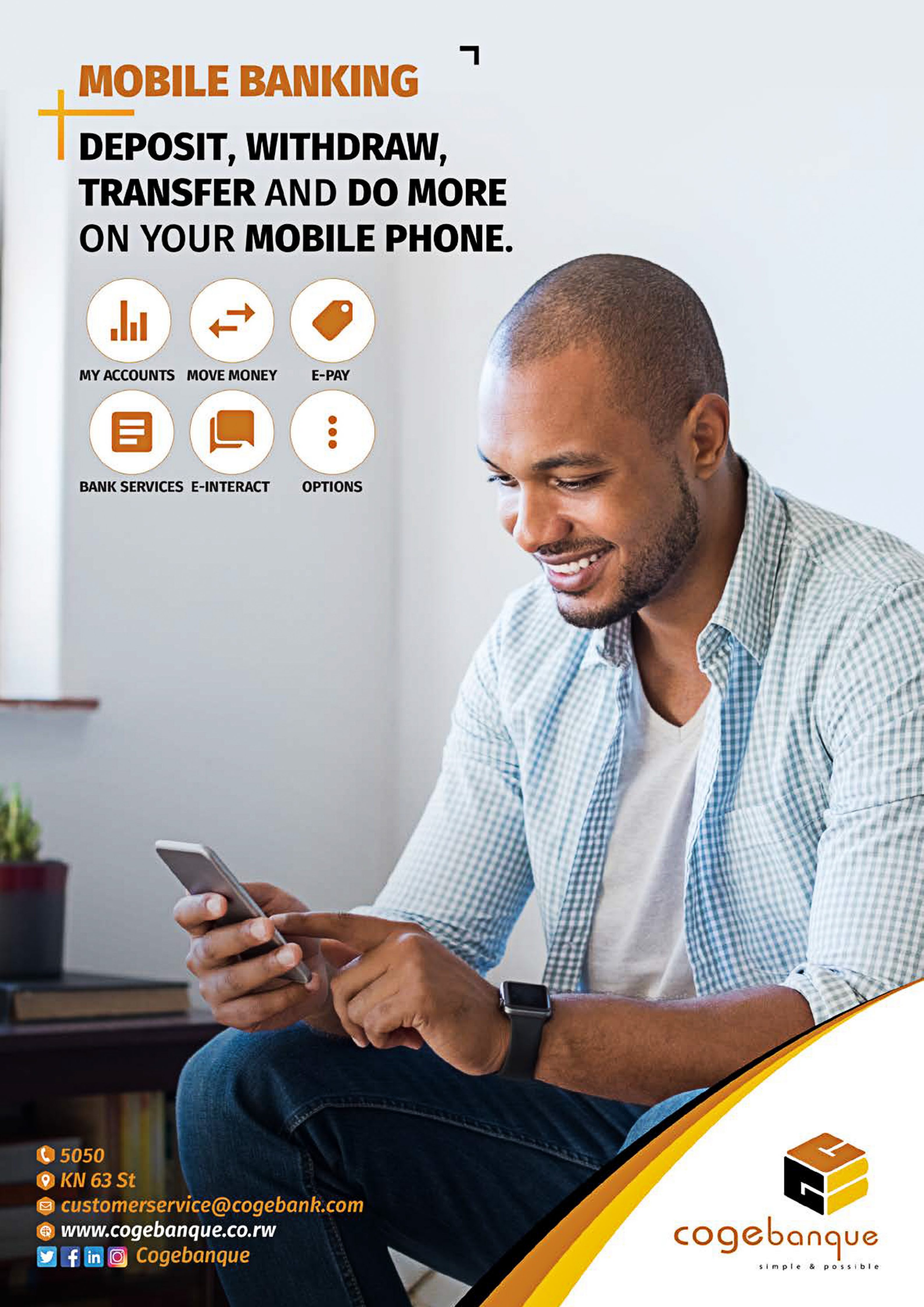
TABLE OF CONTENTS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OUR BANK AT A GLANCE

ATMs:
36
LOCATIONS

EMPLOYEES
356

BRANCHES
28

10%
FRW 14.2bn
NET LOANS 2020

13%
FRW 3.838b
SHAREHOLDERS EQUITY 2020

12.2%
RETURN ON EQUITY VERSUS INDUSTRY AVERAGE: 11.8%

FRW 3.838bn
PROFIT AFTER TAX: 2020

18.9%
FRW 42.8bn
BALANCE SHEET

8.0%
NON PERFORMING LOANS 2020.
NORM 5%

18.9%
CAPITAL ADEQUACY RATIO VERSUS PRUDENTIAL NORM 15%

HEAD OFFICE
COGEBANQUE
KN 63 ST, KIGALI
www.cogebanque.co.rw

CORPORATE IDENTITY

MISSION

To create, maintain, and enhance shareholder value by providing unrivaled financial solutions to our customers

VISION

To be a financial center of excellence and a leading provider of innovative financial solutions in Rwanda

VALUES

- Excellence
- Integrity
- Innovation
- Teamwork
- Flexibility
- Open Communication
- Accountability
- Customer orientation

CHAIRPERSON'S STATEMENT

Dear shareholders,

It is my pleasure to present to you the Bank's annual report for the financial year ended December 31, 2020. I am so grateful to you for your unreserved support provided during this turbulent year (2020), without which Cogebanque Plc would not have recorded the emboldening achievements it did.

2020 was a very challenging year to the entire world in all aspects of life due to COVID-19 pandemic, which caused a lot of changes in business models, customer behaviors and the expected results thereof.

Cogebanque Plc joined the rest of Rwandan community to implement the measures to contain the spread of COVID-19 pandemic, and provided support to mostly affected families and individuals.

Rwanda Economic update

Similar to the rest of the world, the Rwandan economy was heavily impacted by the COVID-19 pandemic, and measures to contain its spread were inevitable, ranging from lockdown of businesses, social distancing, to operating at limited capacities and many others. The Rwanda GDP contracted by 3.4% in 2020, compared to an increase of 8.3% in the corresponding period of the prior year.

Headline inflation increased to 7.7% in 2020, compared to 2.4% recorded in 2019. In 2021, inflation is expected to reduce to 5% due to subdued inflationary pressure.

The market Interest rates were relatively stable and low. In the wake of COVID-19 pandemic, the National Bank of Rwanda through its monetary policy committee decided to cut the central bank

"Headline inflation increased to 7.7% in 2020, compared to 2.4% recorded in 2019. In 2021, inflation is expected to reduce to 5% due to subdued inflationary pressure."

rate (CBR) from 5% to 4.5% in April 2020. The average lending rate fell from 16.49% at the end of 2019 to 16.35% at the end of 2020, whereas the average deposit rate remained stable at 7.64% from prior year.

In 2020, FRW depreciated by 5.4% against USD, compared to a depreciation of 4.9% recorded in December 2019.

I commend the Government of Rwanda for being proactive and quickly providing all necessary support to the financial sector. The National Bank of Rwanda implemented a very accommodative monetary policy stance where the minimum reserve requirement was reduced to 4%, and lowered the key repo rate as highlighted above. An Economic Recovery Fund was introduced and channeled through commercial Banks to support greatly affected business sectors, in form of refinancing or granting subsidized working capital facilities. This has helped many businesses in the country by providing much needed relief for the sectors that were disproportionately affected and availing much needed working capital funds to resuscitate their businesses.

The Bank Performance in 2020

In 2020 the Bank recorded 19% growth in total assets and 18.5% growth in total deposits. The Bank's gross loan portfolio increased by 16% from prior year, whereas the net earning assets grew by 12.7%, which resulted into a growth in total interest income of 11% year on year.

Despite the difficult market conditions due to the Covid-19 pandemic crisis, the Bank managed to record a net profit after tax of FRW 3.8bn, (Frw 4bn in 2019). The decline of 4.7% in profitability was attributed to the challenges caused by pandemic, which resulted into increased credit risk hence higher provisions, and challenged recovery processes, which significantly increased the interest in suspense. The Bank's unreserved efforts to contain cost of funds has resulted into a steady declining trend of the same (5% in 2020, down from 5.2% in 2019).

The capital adequacy ratio stood at 18.9% at the end of the year, above the norm of 15% required by National Bank of Rwanda, this indicates that the Bank is adequately capitalized, and has adequate cushion to support business growth (risk weighted assets growth), or absorb any unanticipated shocks on the business assets. However, it is worth noting that, this is mostly tier I capital, and the Bank is undergoing arrangements for additional capital through tier II, to achieve one of its major strategic pillars of optimal capital structure. Throughout the year 2020, the Bank's liquidity position was very strong and well above the regulatory requirements.

In the year 2020, the Bank was still in phase one (I) of the implementation of the Five-Year Strategy, and most of the initiatives were implemented while a few others were interrupted by the pandemic. The Board of Directors paid much attention to, and received regular updates on the implementation of the strategy, and provided necessary support needed by management. For the few areas that are still lagging behind the schedules, double efforts will be applied during phase II of the strategy which begins with 2021.

Outlook for 2021

It is evident that the impact of Covid-19 pandemic was not fully analyzed and felt in 2020. Deep analysis of the impact on credit risk will be exhaustively conducted in 2021, which might result in increased credit risk and consequently, additional provisions that could have impact on the performance of the Bank.

A number of borrowers that were impacted by Covid-19 and its containment measures, were granted restructures on their facilities where many of them were given moratorium on repayment of principal and interest to enable their businesses survive during these difficult times. Some of these customers are still under grace period until May 2021. The Bank is yet to determine how many will cope with the revised payment terms after the moratorium period. Going forward, the planned comprehensive analysis to be done on the loan portfolio will reveal the true impact of the pandemic on the Bank's performance and establish suitable structures for those customers that have been impacted, more aligned to their interest and operating environment.

In 2020, the Bank focused mostly on business continuity plan and management, which was achieved satisfactorily. The major focus in 2021 will be management of the impact and recovery from Covid-19. The Bank ended 2020 with higher NPL and interest in suspense which were associated with interruptions to the recovery processes. We hope that, with measures initiated by Government of Rwanda geared towards economic recovery, the business environment will equally improve. Indeed, the economy is expected to grow by 5.1% during 2021. The improving business environment will undoubtedly facilitate loan recovery processes.

In 2021, the lockdown has been lifted on many businesses, vaccine roll out has started and movements are allowed in many parts of the country. This gives hope that businesses will pick up and demand for credit will also increase.

"Due to the impact of the pandemic, some strategic goals in original plan may no longer be realistic, so the Board has decided that a mid-term review of the strategic plan be done and that should be conducted in 2021. This will allow for realigning of priorities."

It is in the Bank's policy to distribute dividends to shareholders on an annual basis, up to 50% of the annual net profit. However, due to uncertainties that are related to COVID-19 impacts, the National Bank of Rwanda has issued a guideline to all Banks, to suspend the dividend distribution for the year 2020. In that regard therefore, the Bank will not do any dividend distribution in 2021.

Change in Board Composition

There were various changes to the Board in the course of 2020.

I would like to extend my sincere gratitude to the former chairperson of the Board Ms. Alphonsine Rubangura, who ended her Board term at the end of 2020, for her valuable leadership and support during her tenure.

During the course of the year, Mr. Francis Nsengiyumva ended his board term while Mr. Eric Nshutinzima resigned from the board. We take this opportunity to thank them for their valued contribution to the Bank.

We welcomed two independent directors, Mr. Richard MUGISHA and Mr. Eric RUTABANA, and a representative of the Rwanda Social Security Board (RSSB) Mr. Jean Marie GACANDAGA. Their contribution has strengthened the board performance and effectiveness further.

Concluding remarks

On behalf of the Board, I would like to extend my heartfelt gratitude to our customers and shareholders for the continued support and trust, and none of these achievements would have been possible without our staff's hard work and successful adjustment to work remotely during the covid-19 pandemic.

While the environment remains uncertain, we are confident that our smart work and resilience during these difficult times will keep us focused to attaining the 5-year strategic plan objectives and be able to deliver better returns for our shareholders in the future. As we look ahead to 2021, the board is optimistic that our Bank will emerge from this pandemic crisis stronger than before.

MR. DÉSIRÉ MUSONI WA RWIHIMBA
CHAIRPERSON OF THE BOARD

CEO'S FOREWORD

Dear shareholders,

I am very privileged to present to you the Cogebanque Plc 2020 annual report.

2020 has been extremely challenging for the global economy, many of our customers and the Rwandan community at large, due to the COVID-19 pandemic.

Despite the crisis, we managed to respond quickly by doing all the possible to support our customers, we continued to deliver our Banking services effectively in our premises and through our digital Banking channels, we have restructured loans for clients who experienced financial difficulties due to the pandemic, and supported businesses to gain access to new loans through the government and the BNR's economic recovery fund.

With support from the Board of Directors, management proactively responded to the COVID-19 outbreak, by immediately coming up with a business continuity plan. A number of our back office staff was requested and facilitated to work from home, we opted for virtual meetings, and we took additional safety measures at all our branches and corporate Banking department offices to safeguard the health and safety of our personnel as well as customers. From the first lockdown which occurred in March 2020, our customers were encouraged to increase their usage of our digital Banking channels, and we started by waiving some types of charges that the Bank normally applies.

In brief, the Bank dealt well with the challenges, stayed focused and continued to deliver valuable services to its stakeholders.

"Our customers were encouraged to increase their usage of our digital Banking channels, and we started by waiving some types of charges that the Bank normally applies."

GUILLAUME NGAMIJE HABARUGIRA
CHIEF EXECUTIVE OFFICER

Microeconomic outlook

As estimated by IMF in their report published in January 2021, the world economy contracted by 3.5% in 2020 due to the negative impact of COVID-19 pandemic. In their report IMF projected the world economy growth of 5.5% in 2021, and the recovery will depend on different factors including the access on COVID-19 vaccine, the measures undertaken and prior economic situation.

The world inflation was at 3.2% in 2020 from 3.5% in 2019, and it is projected to increase to 3,4% in 2021, whereas it is projected to be at 5% in the Rwanda economy.

The Banking Industry

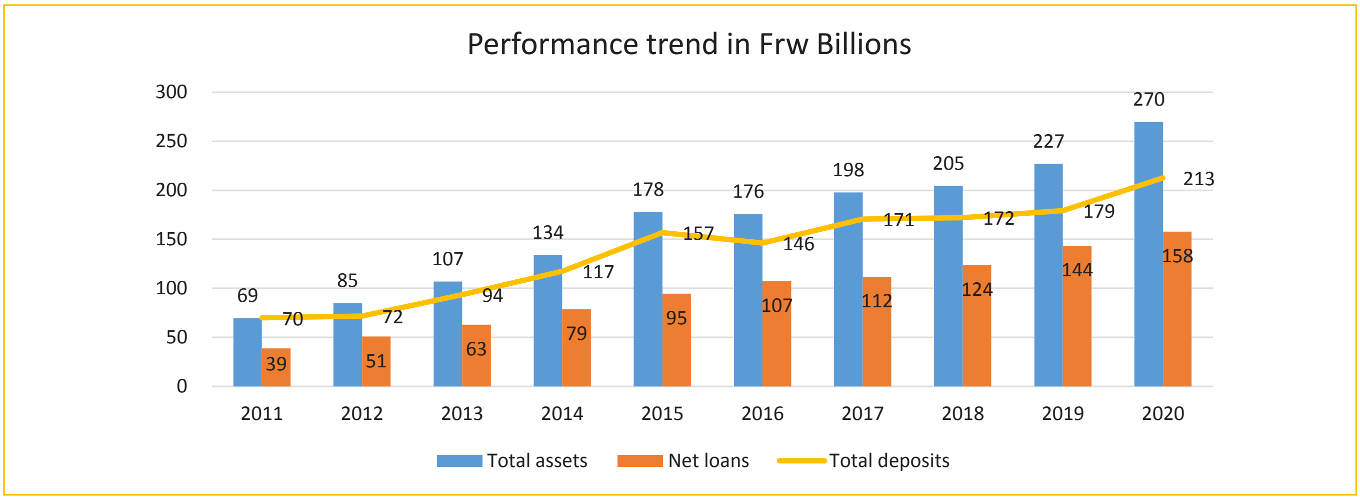
Notwithstanding the impact of Covid-19 pandemic, the Rwandan Banking Sector remains liquid and well-capitalized, supported by the measures taken by the Government and the National Bank of Rwanda. Total assets of the financial sector grew by 19.8% in 2020 higher than the growth of 13.8% registered in 2019. Liquid assets of the Banking sector grew by 1.3% in 2020 to FRW 383.4 billion from FRW 378.5 billion, lower than a growth of 4% recorded in 2019.

Lending to private sectors grew by 21.8% and the average lending rate decreased by 14 basis points to 16.35% and this will be favorable to the economic recovery.

The National Bank of Rwanda (NBR) eased monetary policy in response to the Covid-19 crisis. The Repo rate was reduced to 4.5%, The NBR also introduced a FRW 50 billion (0.5 percent of GDP) extended lending facility for Banks to support Banks facing liquidity shortfalls due to COVID-19 for the period of April to October 2020.

After the outbreak of COVID-19 in march 2020, Banks were advised to offer moratorium to the borrowers whose businesses were strongly affected by the pandemic. In so doing, the loans totaling to Frw 1,215 billion were restructured and of this, around Frw 799.9billion were still outstanding at the end of 2020. Loans totaling to Frw 129.9billion were restructured more than once during this period, and the watch category increased by 50% between 2019 and 2020 December.

Cogebanque's performance trend over last 10 years



Bank's annual Performance

The Bank recorded a net profit after tax of Frw 3.8 billion in 2020, against Frw 4Billion registered in 2019. The 4.7% decline in profitability was mainly attributed to the impact of COVID-19 pandemic which resulted into excessive increase in loan loss provisions which are associated with increase in credit risk. The total income of the Bank increased by 11.65% Y-o-Y which was mainly due to 11.08% increase in total interest income, 40.21% increase in foreign exchange gain, and 45.68% increase in other income.

The return on average Equity was recorded at 12.2% versus the industry average of 11.8%. Though this looks slightly above the industry average, the Bank's main goal is to have it at 20% year on year, and this will be attained once the optimal capital structure initiatives are fully implemented.

Our balance sheet continued to be strong with an annual growth of 19% in total assets versus 11% growth recorded in prior year. The significant growth recorded in 2020 was mainly attributed to customer deposits which grew by 28.5%. The total shareholders' equity recorded a growth of 13.03%, while the total liabilities grew by 19.72% in the year.

Mentioning the Balance sheet growth, the total earning assets formed 78.2% of the total assets, and grew by 13% year on year, which resulted into a 11.1% increase of interest income.

The total operating income stood at Frw 23billion at the end of the year (a growth of 12.5%), whereas Income before provisions and tax increased by 16% year on year. The overall performance of the bank was remarkable, but as mentioned above, the only impact on the net profit was due to excessive provisions.

The bank also benchmarks with the industry performance on key ratios:

Indicators	Industry (Dec 2020)	Cogebanque Plc (Dec 2020)
ROE	11.80%	12.20%
ROA	2%	1.52%
Capital Adequacy Ratio [Norm 15%]	21.10%	18.9%
Liquidity Coverage Ratio (LCR)	245.70%	154%
Net Stable Funding Ratio (NSFR)	161.40%	117%

Update on strategy and the way forward

In terms of timelines set by the Bank, the latter has now completed phase one of the 5-year strategic plan, and is now setting off for the third year since the launch of the plan.

It is worth noting that the Bank was at a very good trend of implementing most of strategic initiatives as per the strategy until the end of quarter one of 2020, after which a lot of interruptions were faced due to the outbreak of COVID-19. With support of the board, we focused mainly on the management of business continuity and trying to strategically respond to the impact of the pandemic.

With consideration of the setback encountered in 2020, the Bank's attention is to carry forward all the strategic priorities for phase I that are still pending to 2021, and start the implementation of phase II initiatives. For the year 2021, the following areas will be critical to our success:

- The mid-term review of the 5-year strategic plan, and align it to present realities
- Risk management and oversight enhancement, by improving the functionality of ALM desk, improvement of AML tools and fill the gaps in internal policies and procedures.
- To improve on product and services by aligning them to customers' needs
- Revamping the alternative channels by enhancing the service delivery through agency banking and other digital banking services
- Increase the long term funding to better manage liquidity and interest rate risks
- Continue to diversify our correspondent banking by developing relationship with more banks from strong economies
- Strengthen the non-funded income stream through developed customer services
- Increase the paid up capital of the bank to Frw 15 billion before the end of the year, and create the optimum capital structure by increasing the tier 2 capital through sub debt.
- Strengthening the performance management of the Bank, through the full rollout of FTP, which will facilitate in the improvement of cost to income ratio of all business units, hence increased efficiency.
- Enhancement of our technology, by migrating to a most powerful and relevant core banking system that will match the current and future needs of the bank.

Corporate Social Responsibly (CSR)

In March 2020, The Bank participated to the connect Rwanda challenge initially launched by MTN in partnership with the Ministry of ICT and honored a pledge of 1000 Mara phone smartphones with a donation of Frw 100 million to connect the unconnected Rwandans.

On account of the significant challenges of the covid-19 pandemic, Cogebanque Plc fraternity also contributed to the Government's Covid-19 social protection programs and availed a sum of FRW 100 million to the Government to support families most affected by the pandemic.

On a concluding note

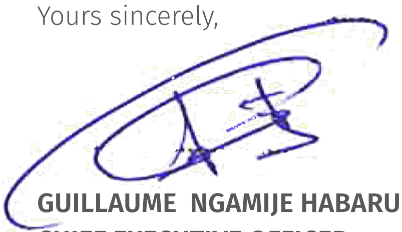
Despite the great challenges that the we encountered during 2020, the Bank managed to record another good achievement, which was the result of collective efforts of employees to adopt the change and manage the continuity of the business, which was definitely coupled with the unreserved support we got from our Board.

It is in that regard that, on behalf of the entire management team, I take this opportunity to sincerely acknowledge the guidance and support we always get from the Board of Directors, the trust from our valued customers and the continued confidence and assistance from our esteemed shareholders, we remain grateful to you.

I would like to express my honest gratitude to our most important resources, our employees for their valuable service and their contribution to the success of the bank.

Regardless of the uncertain times, the Bank will stay focused on its mission to create, maintain, and enhance shareholders value by providing unrivaled financial solutions to our customers.

Yours sincerely,



GUILLAUME NGAMIJE HABARUGIRA
CHIEF EXECUTIVE OFFICER.

BOARD OF DIRECTOR PROFILES

MR. DÉSIRÉ MUSONI WA RWIHIMBA

DIRECTOR AND ACTING CHAIRPERSON

Mr. Musoni is currently a director at Multi-Sectoral Technical Assistance (MTA Ltd) based in Kigali where he provides management consultancy services.

He possesses over 30 years of Banking experience in commercial Banking mainly from Rwanda as well as the Democratic Republic of Congo (DRC). He has served in various capacities including, Directing the Operations Directorate, Managing branches and Supervising branch managers and regional branch managers.

He holds a Bachelor's degree in Law.

MR. CHRISTIAN MAKUZA

DIRECTOR

Mr. Makuza currently works as Managing Director of Market Shopping Center Limited in Rwanda.

Prior to his current role, he worked as a Data Analyst at Telerx.

He holds a Bachelor's degree in Computer Information Systems and a Master of Business Administration (Finance) degree from Wilkes University.

MR. JOTHAM MAJYALIBU

DIRECTOR

Mr. Majyalibu joined the board in 2017. He is currently the Managing Director of Petrocom. Prior to that he was a Principal advisor to the SP group Chairman with an overall responsibility to coordinate monitor the various projects of the organization.

He previously served as the General Manager of RMT and held the role of the Finance Director as well in the same company. He also worked in the Accounting and Budget Department in charge of Accounts Reconciliation at the National Bank of Rwanda.

He currently serves on various Boards, including the Chairperson of the Executive Committee at Rwanda Tea Association, Director at the East Africa Tea Trade Association (EATTA), and Chairman of the EATTA Finance and Administration Committee.

He holds a Master's in Business Administration (Finance) degree from the Maastricht School of Management; and a Bachelor's degree in Accounting Sciences from the National University of Rwanda.

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MR. RICHARD MUGISHA

DIRECTOR

Mr. RICHARD MUGISHA is the Managing Partner at Trust Law Chambers, he is also a Member, Board of Directors of Africa Leadership University, Common Wealth Lawyers' Association, He is also the Chairman, Board Directors UAP Insurance Rwanda Limited and Airtel Rwanda, also Honorary Consul, Republic of Lithuania to Rwanda.

He previously served as Chairman of Business Law Reform Commission IN Ministry of Justice of Republic of Rwanda and as a Member of Financial Sector Development Plan Steering Committee, National Committee on Regional Integration and Governing Council, Kigali Bar Association.

He has served as Teacher Assistant at University of Rwanda and Kigali Institute of Science, Technology and Management.

He has served also as Manager, Procurement Policy and Legal Affairs in National Tender Board and legal Officer at Ministry of Internal Affairs and Communal Development.

He additionally holds a Master of Law (LLM) from the New York University, School of Law and a Bachelor of Laws and Arts from National University of Lesotho.

MR. BRUNO JEAN LOUIS MARIE CHARUEL

DIRECTOR

Mr. CHARUEL Bruno has previously been in charge of trade finance activities on the board of directors of Credit Agricole in Geneva, Switzerland from 1992 and 2018.

His experience in Banking span over 40 years. In addition to working in Switzerland, he worked in Luxembourg and France where he held managerial and directorial roles respectively. He was also entrusted to be the advisor of Lord Energy SA, a petroleum trading company in Switzerland. In 2018 he won the "life achievement award" from the World Rice Conference in Hanoi, Vietnam.

He additionally holds a Master's degree in management sciences from the University of Paris IX-Dauphine and a Master's degree in private law from the University of Paris II-Assas.

MR. JEAN MARIE GACANDAGA

DIRECTOR

Mr. Jean Marie GACANDAGA is currently the Deputy Director General Funds Management of RSSB

He previously served as Risk Consultant and advisor at the Rwanda Development Bank (BRD) and Head Risk Management & Compliance at EAST AFRICAN DEVELOPMENT Bank/Kampala and also as Risk and Compliance Manger at Bank of Kigali (BK).

He additionally holds a Master's degree in International Economics from the University of Namur and a BA Degree in Economics from the National University of Rwanda.

MR. ERIC RUTABANA

DIRECTOR

Mr. Eric RUTABANA has previously the Chief Executive Officer of Rwanda Development Bank (BRD). Mr. Eric served as the Country Head, Corporate and Investment at of Banque Populaire du Rwanda (BPR – Part of Atlas Mara and Country Manager and Chief Investment Officer at the Business Partners International (BPI) Rwanda SME Fund Kigali Rwanda

He also served as the Head of Credit at KCB Bank Rwanda Limited and held various managerial as Corporate Banking Manager, Leasing Manager and Accounts Relationship Manager leasing, Credit Analyst at I&M Bank Limited.

EXECUTIVE MANAGEMENT TEAM

MR. GUILLAUME N. HABARUGIRA

CHIEF EXECUTIVE OFFICER

Mr. Habarugira is a senior finance & business development professional with over 14 years of professional experience in Finance business (investment, treasury, payments, export, and trade finance) and economic development in emerging markets. He is experienced both in emerging markets (Africa), Europe and USA, executing market strategy on behalf of Austria's largest Banking group for its corporate and sovereign customers, interBank market participants and global payments service providers.

He is very adept at applying research and analytical skills to understand markets, industry sectors and policy frameworks in order to develop business strategies and formulate team objectives. He has achieved Successful transactional leadership in structured project and export finance, Key Account and Portfolio Management, information management, analysis and public policy research. Mr. Guillaume is also an Enthusiastic writer, presenter and communicator who is able to engage with clients, partners and teams at large.

Mr. Guillaume holds a Master of Science in Financial Analysis and Project Management as well as a Master of Arts in International Development Economics, Policy and Financial Analysis.

MR. EMMANUEL MUGANDURA

CHIEF FINANCIAL OFFICER

Mr. Emmanuel is the CFO who has been acting as Chief Executive Officer from January to end of April 2021, a position he was appointed to, by the Board of Directors on December 31, 2020.

Emmanuel has over 17 years of experience and he has been in senior managerial capacities within Rwandan Banking industry for the last 14 years. Prior to Joining Cogebanque as CFO in 2017, Emmanuel had assumed the same role at Urwego Opportunity Bank (part of Opportunity International network) for 4 years. Prior to the role of CFO, he was the Chief Risk Management Officer for a period of 3 years and before that he was the Chief Internal Auditor for 3 years in the same Bank. Through his career development, Emmanuel has gained immense experience from financial sector, ranging from financial planning and management, treasury management and strategic planning as well as Audit and risk management.

Prior to Banking sector, Mr. Emmanuel worked with Rwanda Auditor General's Office where he audited different public institutions for 2 years, which he joined after serving as an accountant at the National University of Rwanda.

Mr. Emmanuel is a Chartered Certified Accountant (ACCA) and a member of ICPAR, with MBA in Finance, and a Bachelor's degree in Accounting Science. Emmanuel is a certified microfinance expert, a qualification he acquired from the Frankfurt School of Finance and Management.

MR. GEORGES NDIZIHIWE

DIRECTOR OF CREDIT

Mr. Georges is currently the Director of Credit and has been serving COGEBANQUE for over 20 years; since almost its establishment in 2000.

Trained in both Law and professional Banker course, Georges is also experienced with a great and extensive technical and managerial background in different areas such as Banking operations, business development, branches network and legal advisory.

He occupied different senior positions among them, Bank Legal Adviser, Head of Branch's Network, Head of operations which included the Electronic and Digital Channels, International trade Finance with various methods of settlement, (Import & Export, Trade Finance, International transfers, Lcs, etc.), local Settlement system with its all in-house and domestic transactions in different currencies, etc.

Georges holds a Bachelor's degree in Law, a Certified Professional Banker Course (CPB), and undergone numerous training in Banking and financial services offered by reputable institutions.

Favorite quote: "85% of your financial success is due to your personality and ability to communicate, negotiate and lead. Shockingly, only 15% is due to technical knowledge." (Carnegie Institute of Technology).

MR. JOEL KAYONGA

COMMERCIAL DIRECTOR

Mr. Joel is currently the Commercial Director, having assumed the role in mid-2019 and is primarily charged with overseeing the Bank's business segments-i.e. Retail, Business, and Corporate Banking as well as Marketing and Product Development, and Digital Banking and Alternative Channels.

He has previously served as the Deputy Director of Credit, prior to assuming the role of Director of Credit in late 2016 overseeing the Bank's credit portfolio. Before joining, he served in the Financial Sector Development Secretariat and then as Advisor to the Minister in the Ministry of Finance and Economic Development.

He holds a Masters of Arts (Hons) in Economics and Finance from University of Aberdeen, in the UK, and a Masters of Arts in International Comparative and Commercial Law from School of Oriental and African Studies, University of London.

MRS. MUTESI ANGELA PADUA

HEAD OF LEGAL AND COMPANY SECRETARY

Mrs. Angela is the Head of Legal and Company Secretary at Cogebanque Plc since January 2019. Since joining the Bank, Angela has overseen and managed the legal services of the Bank such as litigation and contract management to mention but a few. Furthermore, she is responsible for providing corporate governance advise to the Board of Directors and the Bank's stakeholders.

Angela has a diverse legal background spanning over 11 years. Prior to joining the Bank, she served as the Legal Manager and Company Secretary of Letshego Rwanda Plc, a Pan-African Microfinance Bank. She also worked with the International Criminal Court in Nairobi for 5 years, UNHCR in Kigali in 2010 and was a legal advisor to the Registrar General of Companies at the Rwanda Development Board in 2009.

She holds a Masters of Law Degree from the University of Pretoria school of Law and a Bachelor of Law Degree from the University of Western Cape in South Africa. In addition, she has undergone various training in legal and corporate governance.

MR. JEAN BOSCO RWELINYANGE

ACTING DIRECTOR OF HUMAN RESOURCE AND ADMINISTRATION; AND HEAD OF HUMAN RESOURCE

Mr. Jean Bosco joined the Bank in 2005 and has more than 20 years' experience in human resource management both in the public and private sector, with more than 15 years in Banking.

He works closely with senior management to implement the HR policies and objectives, especially in attracting, motivating and developing the key talent staff to enable to Bank to maintain its remarkable growth.

Prior to his current role, he was Head of Human Resource Department of Rwanda Civil Aviation Authority.

Certified HR person, he holds a Bachelor's degree in Administration from Kigali Independent University and has done various executive trainings on Human Resource Management and Strategy.

He has been a Member of Rwanda Human Resource Forum since 2003; and is also a Member of Rwanda Bankers Human Resource Forum.

MR. VIVIEN FIDENCE KATABARWA
ACTING DIRECTOR OF OPERATIONS SERVICES & HEAD OF IT

Mr. Vivien has 16 years of broad IT experience and over 6 years in a managerial capacity.

Before assuming the role of Head of IT, Vivien was a System Engineer for 5 years and specialized in use of Linux and UNIX system for high end Banking systems. He managed Financial and Billing Systems Databases for both Oracle and SQL Server.

He holds a Bachelor's degree in Information Systems from Adventist University of Central Africa, and is an IBM Certified Specialist System Administration.

JEAN DAMASCENE MUTABAZI
HEAD OF RISK AND INTERNAL CONTROL

Mr. Jean Damascene has spent the last 12 years in Risk and Compliance roles in the Banking sector. He is a Certified Banker from Lagos School of Excellence, a certified Risk Manager and a Certified Compliance Professional from The International Academy of Financial Management.

Prior to his current position, he occupied different managerial positions in two International Banks, first as Head Compliance and Internal Control at Access Bank Rwanda, then as Head of Compliance in EcoBank Rwanda.

HEADS OF DEPARTMENT

MRS. CLAUDINE UWAMBAYINGABIRE

HEAD OF OPERATIONS

Mrs. Claudine, has over 21 years of experience in the Banking sector, and she has been with COGEBANQUE since 1999 and has served in various Departments.

Prior to her current position, she has occupied various positions in the Bank including Branch Manager; Head of Kigali Branches, Head of Commercial Department.

She is responsible for the delivery of excellent Banking services across all of the Bank's locations; developing and coordinating the implementation of the Operations Division's strategic plan, policies, procedures and work plans to ensure timely and quality service to customers for customer retention and attraction in order to achieve Bank's objectives.

She holds a Bachelor's degree in management and holds a Master's in Business Administration (MBA). She has attended a number of trainings, workshops mainly relating to Banking.

MR. ADAM KYAMATARE

HEAD OF STRATEGY

Mr. Adam has over 11 years of experience in the Private Sector, Government, non-profits, and multilateral organizations. Prior to joining Cogebanque to this Adam was a strategic investment consultant to investors throughout East Africa. He has also worked at One Acre Fund, the United Nations, and the Rwandan government in the Ministry of Finance and Economic Planning and the Ministry of Foreign Affairs.

Adam is a graduate of St. Lawrence University with a Bachelors in Economics and Political Science and has a postgraduate degree from the University of Leeds in International Business. He additionally sits on the Board of Directors for both Prime Life Insurance and Gorilla Games. He is also on the Board of Advisors of Resonate, an international NGO and Roka Creative Studios, a diversified multimedia company in Rwanda.

MR. SONGA RWAMUGIRE

HEAD OF CORPORATE

Mr. Songa joined COGEBANQUE as the Head of Corporate Banking in August 2017. Before assuming this role, he was Deputy Head of Corporate Banking at I&M Bank (Rwanda) Ltd.

He started his Banking career in 2009 and has worked on many corporate deals whilst at I&M Bank, giving him profound knowledge of the Rwanda market.

He holds a Bachelor's Degree in Economics from the National University of Rwanda and has also received numerous trainings in areas such as corporate Banking strategy, product development, project finance and trade finance.

MRS. FRANCINE MUTAMULIZA

HEAD OF TREASURY

Mrs. Francine joins Banking industry in 1999; she has a wider experience of 20 years in treasury management.

She worked 8 years in GT Bank where she served in various responsibilities, a part of Trade Finance Officer she worked also as Senior Dealer before joining Cogebanque in 2007. During 13 years of working in Cogebanque; she occupied a position of Treasury manager and after she was upgraded to Head of treasury.

She holds a bachelor's degree in Management, a certified professional Bank course (CPB) and benefited from numerous trainings in Banking, treasury and trade finance offered by reputable institutions. Francine hold also ACI Dealing Certificate, a qualification she acquired from the ACI-Financial Markets Association.

MRS CHANTAL MUKABATANGA

HEAD OF ADMINISTRATION AND GENERAL SERVICES

Mrs. Chantal joined Cogebanque in 2010, after 15 years at Bank of Kigali, where she occupied several positions. Chantal has over 26 years of professional work experience in the Banking sector.

She oversaw the implementation of the Bancassurance in Bank of Kigali. As the lawyer of the Bank, she was also, at one time, the Bank's attorney. Chantal has served as a commissioner for the National Land Commission.

Chantal is currently the Head of Administration and General Services. Prior to that, she served a Cogebanque's Company Secretary for almost 9 years. In that capacity she was overseeing the legal services, including providing advisory services, dealing with litigations, contracting and she was also in charge the Bank's shareholders' matters.

She holds a Bachelor's degree from the University of Kinshasa, Democratic Republic of Congo, and a Diploma in Legal Practice and Development.

MR. PASCAL KARANI

HEAD OF INTERNAL AUDIT

Mr. Pascal joined Cogebanque in January 2017 as Head of internal Audit. His career in the Banking sector started at BNR in internal audit for a year. He then moved to Bank examination where he spent 9 years. He joined the Financial Stability Department for a year prior to moving in the private sector.

In the private sector, he worked for 18 months as Head of Credit Risk at Access Bank and moved to BPR to manage Operational and Market Risks for 5 years.

He holds a Master of Commerce in Financial Management from the University of Cape Town.

MR. ANTOINE IYAMUREMYE

HEAD OF MARKETING AND PRODUCT DEVELOPMENT

Mr. Antoine is the Head of Marketing and Product Development of Cogebanque having joined in August 2017. He is in charge of driving Cogebanque brand and products advertising agenda to ensure the success of the company's overall objectives.

He has 10 years' experience in brand development, marketing, communications, product development and related fields attained while working with reputable institutions.

Previously, Antoine served in different positions including Trade Marketing, Brand Manager, and Media Coordinator at Skol Brewery Ltd.

He holds a bachelor's degree of science in Agricultural Economics and Agribusiness from the National University of Rwanda and professional credentials in brand marketing, trade marketing, entrepreneurship, leadership, business process improvement and Business Development & analysis. Executive MBA candidate at Quantic School of Business and Technology.

MR. RAUL NDAYAMBAJE

HEAD DIGITAL BANKING AND E-CHANNELS

Mr. Raoul Joined COGEBANQUE in October 2020 from EcoBank Rwanda where he holds several roles within the corporate Banking and transaction Banking departments.

He has a widespread experience in cash management, trade finance , payments and digital Banking.

He started his Banking career with Banque Populaire du Rwanda working on an information automation project.

In 2012, he moved to Bank of Kigali where he was in charge of POS merchants acquiring, where he participated in the modernization of their acquiring program and wide-spreading of their merchants' network.

In 2014, he joined EcoBank Rwanda in charge of electronic channels and implementation; he worked on deploying their multi-channel online Banking capabilities. He was instrumental in setting up the Transaction Banking practice in EcoBank Rwanda and participated in providing cash management and trade finance solutions to several multinationals and NGO. In 2019, he led the implementation of the new core Banking system in Rwanda and EAC.

Raoul is a graduate of the Adventist University of East and Central Africa with a Bachelor degree in Information Management and is a EUROMONEY trained practitioner of trade finance and cash management.

MR. POLEPOLE KAYUMBA

HEAD OF SME BANKING

Mr. Polepole is the Head of SME Banking. He has over 15 years of experience in the Banking sector and has occupied different managerial positions. Prior to joining the SME Department, he was Head of Administration and General Services, developed the Agency Banking Network, initiated Bancassurance and has served as Branch Manager.

Mr. Polepole was part of the Core Team which implemented the new core Banking software in Cogebanque. He is a Trainer of professional Bankers at RAF from 2019 to date.

He holds an MBA from Oklahoma Christian University (USA) and a Bachelor's Degree in Management obtained from Kigali Independent University (ULK). He also holds a certificate in Digital Money from Tufts University (USA), Certificate in Effective Branch Management, from Shore Cap Exchange, USA and a Certificate in Arbitration and Alternative Dispute resolution obtained from Chartered Institute of Arbitrators (CIArb, UK). He is a Certified Rwanda Academy of Finance Trainer.

MR. PIERRE SERUHUNGO NSENGIYUMVA

HEAD OF RETAIL BANKING

Mr. Pierre SERUHUNGO NSENGIYUMVA has over 13 years of experience in Banking industry with 11 years in the managerial positions in business development and retail Banking.

He joined Cogebanque in May 2014 and he has occupied different positions from Branch Manager, Regional Branches Manager and now Head of Retail Banking.

Prior to joining Cogebanque, he occupied various positions in two regional Bank for a period of 6 years; first as Customer Care Operations Officer at EcoBank Rwanda, then as Branch Manager at KCB Rwanda.

He is a Certified Professional Banker from The Uganda Institute of Banking and Financial Services and currently pursuing Masters in Business Administration at Kigali Independent University.

MR. TITE KAJUKA KAHAMANI

HEAD OF FINANCE

Mr. Tite Joined the Bank in 2007

He is currently the Head of Finance for the Bank. He also assumed the role of Acting Chief Finance Officer for a period of 7 months (from November 2016 to May 2017) during that period he was part of EXCO members in most of decision making.

Prior to joining the Bank, he worked as Chief Accountant in EcoBank Rwanda. Tite has over 24 years of experience in Banking sector.

He holds Diploma in commerce (specializing in accounting and financial management) and accounting (specializing in financial analysis)

OUR FOOTPRINTS

KIGALI BRANCHES

Cogebanque Head Office, Centenary, CHIC, KBC, Remera, Kicukiro, Prestige , Rubangura, Kigali Special Economic Zone, Nyabugogo, Gisozi.

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CORPORATE SOCIAL RESPONSIBILITY FEATURES

COGEBANQUE BOOSTS SMARTPHONES PENETRATION WITH FRW 100 MILLION DONATION

On 12th March 2020, Cogebanque honoured a pledge to avail 1000 Mara Phones, through a donation of FRW 100 million to the Connect Rwanda initiative.

The initiative, initially launched as an online campaign by MTN and the Ministry of ICT and Innovation, called on both institutions and individuals to join hands to connect unconnected Rwandans.

Speaking at the handover ceremony, the then Cogebanque CEO, Mr Cherno Gaye highlighted that the donation served as gesture to drive Rwandans into a digital and cashless society.

“If you look at the economy of Rwanda way back in 2016 and 2017, the level of Banking penetration was around 26% while financial inclusion was close to 90%. Giving smartphones to people will go a long way to increase the level of financial inclusion that we are already enjoying,” Mr Gaye said, emphasising that increased smartphone penetration will not only substantially increase financial inclusion but also support the Bank’s digital drive and the country’s push towards a digital economy overall.

Cogebanque handing the dummy cheque at the headquarters of MTN.

Congebanque’s motivation to support the Connect Rwanda initiative was spurred by the availability of useful features on the Mara Phone, as well as its affordability. According to the Ministry of ICT and Innovation, the Mara Phone factory will avail phones, specifically in support of this initiative, at a cost of FRW 100,000 (originally FRW139,000).

Roll-out of Bank’s donation was kick-started in Rutsiro district with a plan to continue into other districts.

COGEBANQUE SUPPORTS NATIONAL EFFORTS TO COMBAT COVID-19

In support of the Government’s efforts to fight the COVID-19 pandemic, Congebanque contributed FRW 100 million to relief efforts for families most impacted by the unprecedented crisis. More specifically this contribution has gone into and will continue supporting 19 social protection programmes on this front.

Additionally, the Bank will continue to devote all necessary resources to ensure client’s safety, as well as that of the community at large – encouraging all stakeholders to continue using eBanking facilities such as the Coge mBank mobile application, the USSD solution (*505#), internet Banking and Cogebanque cards when in need of Banking services.

COGEBANQUE SUPPORTS GENOCIDE SURVIVORS

In a move to mark five years of Cogebanque's journey with Ntarama's Genocide Survivors Village, the Bank completed three projects set to benefit its residents. These included the building of one house, renovation of five houses and the provision of clean water for five families.

The projects, implemented since 2016 were worth FRW 12.6 million-93% of which came from youth from all over the world. The provision of clean water was funded friends and partners of the Bank, Turikumwe Association and Carry – Ottawa.

kwibuka26
kwibuka twiyubaka

COGEBANQUE IN SPORTS

'AGUKA NA COGEBANQUE' CAMPAIGN BOOSTED DURING TOUR DU RWANDA 2020

The 12th edition of the Tour du Rwanda, that took place on 23rd February to 1st March 2020, was an opportunity for Congebanque to promote its 'Aguka na Cogebanque' campaign, along with other services and products offered.

The campaign, which facilitates clients to grow financially, saw cycling fans open accounts, get digital banking products, as well as learn about various services including savings, agency banking, Mortage loan and the Gisubizo loan among others.

Speaking during the first leg of the tour, Head of Marketing and Product Development, Mr. Antoine Iyamuremye, reminded the public of the benefits of going digital and taking on products that often wrongly believed to benefit only the rich.

"We welcome individuals, Small and Medium Entreprises and Corporate clients. In fact, we are reminding them of all our financial products, advising them to go cashless as it aligns with the Government of Rwanda's ambition," Mr. Iyamuremye emphasised.

Cogebanque, the main sponsor of the Tour du Rwanda, continues to use this platform to encourage Rwandans to embrace cashless transactions and save for the future.

COGEBANQUE IN EDUCATION

COGEBANQUE AWARDS BEST PERFORMING UNILAK GRADUATE

In January, 2020, Cogebanque sponsored the 14th graduation ceremony of the University of Lay Adventists of Kigali (UNILAK), which saw 678 students from its Kigali, Rwamagana and Nyanza campuses graduate. 65% of these graduates were female.

During the graduation ceremony, Cogebanque awarded the best performing student, Ange Marie Nemeyabahizi, with a laptop in support of her endeavours beyond university.

This support is part of Cogebanque's existing initiative to promote education, by awarding outstanding students, at the University of Kigali and UNILAK, with the necessary tools to succeed upon graduation.

Speaking last year's graduation ceremony, Head of Corporate Banking, Mr. Songa Rwamugire highlighted the Bank's goal to make a meaningful and impactful contribution to promoting the social agenda, as part of Corporate Social Responsibility efforts.

"Our support to the education sector aligns with the country's vision of promoting a knowledge-based economy and we are committed to keeping the support to the cause, in addition to existing partnerships with secondary and primary schools," Mr. Rwamugire explained.

Congebanque's move to award best performing university students with laptops is further inspired by the Governments promotion of Information Technology in all fields, as well as its vision for Rwanda to become and ICT hub.

Cogebanque rewarded the best performing graduate from the department of Law with a laptop.

Graduands awarded degrees

COGEBANQUE CAMPAIGN

COGEBANQUE LAUNCHES CAMPAIGN PROMOTING MASTERCARD PRODUCTS

In December 2020, Cogebanque launched a three-month campaign to promote its Mastercard products. During this campaign, users were called on to 'Transact and Win' in order to take home various prizes during last year's festive season.

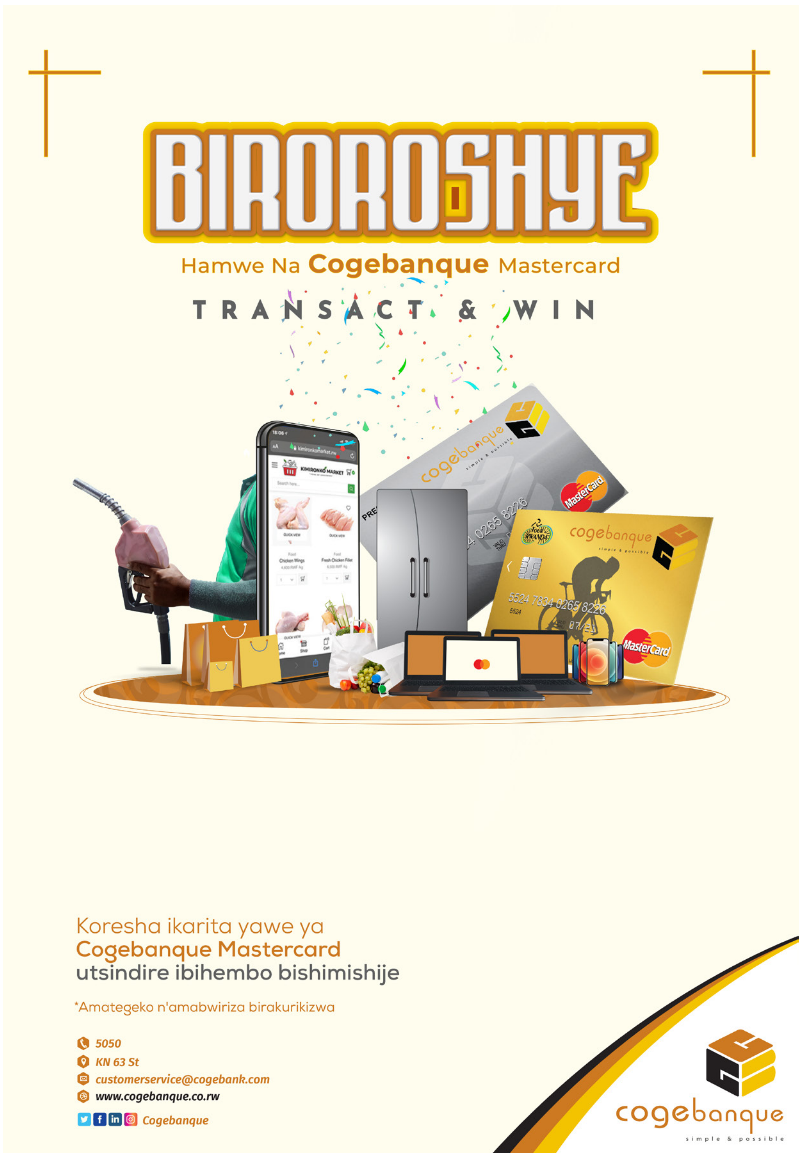
Clients using the Bank's Mastercard debit, credit and prepaid cards to pay for various good and services, including bills, Bank withdrawal and online shopping, were given the opportunity to win cash, shopping vouchers, fuel vouchers, laptops and smartphones among others. This initiative came as a result of Cogebanque's goal to support its customers, such as Augustin Rubangura, cope with the challenges brought about by the COVID-19 pandemic.

"I am happy to be among the clients who received these prizes. Using my card saved the time that I would spend frequently going to the Bank and reduced contacts associated with cash transactions," Mr. Rubangura explained commending the Bank's efforts to protect its customers.

This is reinforced by CogeBanque's goal - as explained by Head of Marketing and Product Development, Mr. Antoine Iyamuremye – to enable its customers to enjoy self-financial services through technology, especially during these uncertain times.

"Our main interest is to provide quality service to customers in an efficient manner that satisfies their needs, he said."

Through this campaign, 500 customers across the country were awarded, as some prize winners made up to 200 transactions for various purposes. As a result, the Bank registered and increase in both new MasterCard holders and activated cards.

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

TABLE OF CONTENTS

STATUTORY INFORMATION

The Directors have the pleasure to submit their report together with the audited Financial Statements for the year ended 31 December 2020, which disclose the state of affairs of Compagnie Générale de Banque Plc ("the Bank").

PRINCIPAL ACTIVITIES

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

RESULTS

The net profit for the year was Frw 3,838.2 million a decrease of 4.7% compared to Frw 4,012.6 million generated in 2019, and 100% of the latter was added to the retained earnings.

DIRECTORS

The Directors that served during the year and up-to the date of approval of these Financial Statements are shown below:

NAME	DATE OF APPOINTMENT	DATE OF RESIGNATION
Mr. Desire MUSONI WA RWIHIMBA (CHAIRMAN)	29th April 2015	Still a member of the Board
Ms. Alphonsine RUBANGURA	20th October 2010	She left on 31st December 2020
Mr. Christian MAKUZA	31st Aug 2015	Still a member of the Board
Mr. Jotham MAJYALIBU	24th May 2017	Still a member of the Board
Mr. Francis NSENGIYUMVA	6th September 2017	He left on 30th September 2020
Mr. Christian RWAKUNDA	19th February 2019	He left on 26th February 2020
Mr. Eric NSHUTINZIMA	16th May 2019	He left on 22nd October 2020
Mr. Charuel Bruno Jean Louis Marie	6th September 2019	Still a member of the Board
Mr. Eric RUTABANA	13th May 2020	Still a member of the Board
Mr. Richard MUGISHA	13th May 2020	Still a member of the Board
Mr. Jean Marie GACANDAGA	13th May 2020	Still a member of the Board

SHAREHOLDERS

The shareholders of the Bank as at 31 December 2020 were as follows:

NAME OF SHAREHOLDER	NUMBER OF SHARES	%
R.S.S.B	21,375	30.60%
Egide GATERA	17,463	25.00%
Judith MUGIRASONI	8,855	12.68%
DELFORGE Muriel.	6,502	9.31%
SAHAM Assurance vie Rwanda	4,875	6.98%
MUGABOWINDEKWE Emmanuel	4,770	6.83%
Eduard RUTERANA	743	1.06%
Dismas NYAGATARE	713	1.02%
Philippe MURANGIRA	696	1.00%
Aloys KABERUKA	510	0.73%
Assinapol RWIGARA	456	0.65%
Narcisse KALINIJABO	345	0.49%

Victor UWIMANA	337	0.48%
Celestin RUZINDANA	285	0.41%
Andre KATABARWA	220	0.31%
GL PETRO TRADING LTD.	200	0.29%
Joseph NSENGIMANA	171	0.24%
Oreste INCIMATATA	171	0.24%
Succ. NKULIKIYIMFURA	171	0.24%
Jean Marie KAREKEZI	171	0.24%
Etienne GAKWAYA	150	0.21%
Tatien NDOLIMANA	150	0.21%
J.B MUTAGANA	130	0.19%
SICCO	100	0.14%
Giovanni MUHIMA	90	0.13%
Innocent GAKWAYA	60	0.09%
Francois BAGOROZI	40	0.06%
James GASARASI	35	0.05%
DEBUPRO	26	0.04%
Prosper HIGIRO	20	0.03%
Raphael RUKERIKIBAYE	20	0.03%
	69,850	**100%**

Registered office

The Bank is incorporated in Rwanda as a Public limited company, and is domiciled in Rwanda. The address of its registered office is:

Compagnie Générale de Banque Plc. (COGEBANQUE)
KN 63 St Cogebanque Building
P.O. Box 5230
Kigali Rwanda

Registered Address of the Auditor

KPMG Rwanda Limited.
Certified Public Accountants
5th Floor Grand Pension Plaza
Boulevard de la Révolution
PO Box 6755
Kigali-Rwanda

Registered Address of the Correspondent Banks

1. ODDO BHF
   Bockenheimer Landstraße
   10– 60323 Frankfurt am Main
   FRANKFURT, Germany

2. Mauritius Commercial Bank Limited
   11th floor, MCB Head office
   9-15, Sir William Newton Street,
   Port Louis, Mauritius

3. AKTIF YATIRIM BankASI A.S
   Esentepe Mah. Kore Şehitleri Cad. Aktif Bank Genel Müdürlük
   Apt. No: 8/1 Şişli İstanbul
   Istanbul, Turkey

4. ING Belgium SA/NY
   Avenue Marnix 24, 1000 Bruxelles, Belgium

CORPORATE GOVERNANCE OVERVIEW

COGEBANQUE's corporate governance principles and framework are shaped by the nature and scope of our business, industry best practices, and legal and regulatory requirements. As far as laws and regulations are concerned, Cogebanque is obliged to comply with the requirements of the Companies Act of Rwanda, the Banking Law and supporting regulations. Moreover, the requirements of Regulation N°01 of 2018 of 24/01/2018 on Corporate Governance for Banks apply to all Banks operating in Rwanda.

To implement applicable laws, rules, regulations as well as best practices relating to corporate governance, the Bank's corporate governance framework is comprised of the following governance structures:

1. THE BOARD OF DIRECTORS

The Board of Directors of COGEBANQUE is currently as at 31 December 2020 comprised of Eight (8) non-executive directors, five (5) of whom are independent including the Chairman. The Board's key role is to provide effective oversight and leadership, by creating a conducive environment for accountability, responsibility, equity and transparency to thrive. It also ensures that good corporate governance practices are reflected in the Bank's interactions with its stakeholders. The Board is assisted by six Sub-committees in discharging its oversight role. These committees meet once in a quarter and report to the Board after each sitting.

The Board committees include:

- Audit committee
- Risk committee
- Credit committee
- Nomination and Remuneration Committee
- Assets and Liabilities Committee (ALCO)
- IT Committee

a) Audit Committee

The Audit Committee is mainly in charge of overseeing the financial reporting process and enhancing the internal controls environment. The committee oversees the following:

1. Assisting in the appointment of external auditors and fixing their remuneration. The committee also review the work of the external auditor on behalf of the board
2. Ensuring that Financial Statements are prepared in accordance with applicable laws, rules and regulations including International Financial Reporting Standards (IFRSs);
3. Ensuring that the Bank's internal control environment is effective and adequate.

b) Credit Committee

The committee oversees the following:

1. The entire credit portfolio to ensure that: (i) Lending policies and practices are sound and effective; (ii) Credit losses are kept in line with prudential norms; and (iii) high asset quality;
2. Review credit files that are over and above management's discretionary limits and make recommendations to the main board; and
3. Ensuring that effective procedure is in place to maximize recoveries.

c) **The risk management committee**

The committee is responsible for the Bank's risk governance by ensuring that the Bank's risk management policies, practices and procedures are designed to ensure that risks are effectively identified, tracked, measured, monitored, managed and reported on a timely basis.

d) **The asset and liability management committee (ALCO)**

The Committee is tasked with the responsibility of:

1. Advising the Board on matters relating mainly to the management of capital, liquidity and market risk; and
2. Ensuring that risks under its domain are monitored closely and is kept within limits set by the Board and the National Bank of Rwanda.

e) **Nomination and Remuneration Committee**

1 Review and approve guidelines for the remuneration system's design and operation, ensuring that remuneration is appropriate and consistent with the Bank's culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirements;
2 Exercise competent and independent judgment on compensation policies and practices and the incentives they create;
3 Work closely with the Bank's risk committee in evaluating the incentives created by the remuneration system and ensure that the Risk Committee has access to any information it requires to fulfil its responsibilities
4 Provide recommendations to the board for new board members and members of senior management;
5 Analyse the roles and responsibilities of the board members and the knowledge, experience and competence which the role requires;
6 Strive to ensure that the board is not dominated by any individual or group of individuals in a manner that is detrimental to the interests of the Bank as a whole

The Remuneration and nomination committee may be involved in assessment of board and senior management effectiveness and may be involved in overseeing the Bank's personnel or human resource policies.

f) **IT committee**

The IT Committee is entrusted with the following powers and responsibilities:

1. Perform oversight functions over the IT steering committee (at a senior management level);
2. Oversee the implementation of the requirements provided in the laws and regulations on cyber security;
3. Investigate activities within this scope;
4. Work in partnership with other board committees and senior management to provide input, review and amend the aligned corporate and IT strategies.

2. BOARD MEETINGS

The Board of Directors meets at least once every quarter for scheduled meetings, or more frequently, when required to deal with specific matters between scheduled meetings. The chairman ensures that the Board focuses on the right matters reserved for the Board by approving all Board agendas in collaboration with the Chief Executive Officer and the Company Secretary. The Chairman also ensures that Board Members receive timely, all relevant information before Board meetings and that they are kept informed of key developments in the Bank.

During the year 2020, the main Board met 4 times for ordinary meetings plus 4 extraordinary meetings.

The following is the list of Board Members who served in 2020 and their board attendance.

Board Member	Category	Board	Audit	Risk	Credit	ALCO	HR	IT	Extraordinary board meetings
Ms. Alphonsine Rubangura	Chairman	4/4							3/4
Mr. Desire Musoni wa Rwihimba	Non-executive	4/4		4/4			4/4	4/4	4/4
Mr. Christian Makuza	Non-executive	4/4				1/4	3/4	3/4	4/4
Mr. Jotham Majyalibu	Non-executive	4/4	4/4		4/4	3/4	4/4		4/4
Mr. Francis Nsengiyumva	Non-executive	3/4	3/4	2/4		3/4		3/4	2/4
Mr. Eric Nshutinzima	Non-executive	3/4	3/4	1/4	¾	1/4	2/4	2/4	2/4
Mr. Bruno Charuel	Non-executive	4/4			2/4	2/4		4/4	3/4
Mr. Jean Marie Gacandaga	Non-executive	3/4		2/4	2/4		2/4		3/4
Mr. Richard Mugisha	Non-executive	3/4	1/4	2/4			1/4		2/4
Mr. Eric Rutabana	Non-executive	3/4	2/4		3/4	2/4	2/4	3/4	3/4

REPORT OF THE DIRECTORS

The Directors have the pleasure of submitting their report together with the audited Annual Financial Statements for the year ended 31 December 2020 which reveal the state of affairs of the Bank.

1. Principal activities

The principal activity of Compagnie Générale de Banque Plc. (COGEBANQUE) is provision of retail, SME and corporate Banking services.

2. Results

The results for the year ended 31 December 2020 are set out in the Annual Financial Statements on pages 45 to 96.

3. Directors

The Directors who served during the year and up to the date of this report are set out on page ii.

4. Dividends

Shareholders have reinvested their dividends during the past 8 years in order to strengthen the Bank's capital adequacy except the 30% payment made on the 2018 annual profit. The directors do not recommend payment of dividends

5. Auditors

The auditor, KPMG Rwanda Limited, was appointed in 2018 in accordance with Law n°17/2018 of 13/04/2018 governing companies and Regulation N°14/2017 of 23/11/2017 on accreditation requirements and other conditions for external auditors for financial institutions and they have finished their 3-year term in accordance with article 8 of regulation N°14/2017 of 23/11/2017. The Bank is in the process of hiring a new Auditor for the next term of 3 years in accordance with Law n°007/2021 of 05/02/2021 governing companies and regulation N°14/2017 of 23/11/2017 on accreditation and other conditions for external auditors for financial institutions

6. Approval of the Annual Financial Statements

The Annual Financial Statements were approved and authorised for issue by the Directors on 26/ 03/ 2021

BY ORDER OF THE BOARD

....

Company Secretary

Date 26/ 03/ 2021

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Bank's Directors are responsible for the preparation of Financial Statements, set out on pages 45 to 96, which give a true and fair view of Compagnie Générale de Banque Plc. (COGEBANQUE) which comprise of the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes as in accordance with International Financial Reporting Standards , in the manner required by Law n°17/2018 of 13/04/2018 governing companies (the Rwandan Companies Act) and Regulation N°. 28/2019 of 09/09/2019 on publication by Banks of Financial Statements and other disclosures in Rwanda.

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

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

The independent auditors are responsible for reporting, on whether, based on their audit, the Financial Statements give a true and fair view of the Bank's financial position as at 31st December 2020 and of its performance and cash flow for the year then ended in accordance with the International Financial Reporting Standards, in the manner required by Law n°17/2018 of 13/04/2018 governing companies (the Rwandan Companies Act), and Regulation N°. 28/2019 of 09/09/2019 on publication by Banks of Financial Statements and other disclosures in Rwanda.

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements of Compagnie Générale de Banque Plc. (COGEBANQUE), as identified in the first paragraph, were approved and authorised for issue by the Board of Directors on 26/ 03/ 2021

Chief Executive Officer

Chairperson of the Board

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COMPAGNIE GÉNÉRALE DE BANQUE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Compagnie Générale de Banque Plc ("the Bank") set out on pages 45 to 96, which comprise the statement of financial position as at 31 December 2020, 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, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of Compagnie Générale de Banque Plc as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and in the manner required by Law No. 17/2018 of 13/04/2018 Governing Companies and Regulation No. 28/2019 of 09/09/2019 relating to publication of Financial Statements and other disclosures by Banks in Rwanda.

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.

Report on the Audit of the Financial Statements

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
Impairment loss allowance (expected credit losses) on loans and advances to customers Refer to notes 5, 12, 20 and 42(d)) to the Financial Statements	
Measurement of the impairment loss allowance based on expected credit losses ("ECL") on loans and advances involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank's application of IFRS 9, Financial Instruments ("IFRS 9") on ECL of loans and advances are: • Economic scenarios – 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 to determining the economic scenarios used and the probability weightings applied to them; • Significant increase in credit risk ("SICR") – for the SME, retail and corporate portfolios the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12 month or lifetime allowance is recorded. The Bank assesses SICR by incorporating all relevant, reasonable and supportable information, including forward-looking information. These include qualitative information, non-statistical quantitative information and information from credit rating processes. The movement of loans and advances to different stages requires judgment which may have a material impact on the ECL; • Model estimations – inherently judgemental modelling is used to estimate ECL which involves determining the probability of default ("PD"), loss given default ("LGD"), and exposures at default ("EAD"). The PD models used in the SME, retail and corporate portfolios are the key drivers of the Bank's ECL results and are 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. This included assessing the design and operating effectiveness of the key controls over the staging criteria, updates to the data in the model, review of the model output, and changes to loss given default, updates to the forward-looking information, and collateral data. • Using our data and analytics specialists to independently assess probability of default modelling based on historical days past due reports. • We assessed the reasonableness of loss given default and exposure at default assumptions by comparing to recent experience of the Bank and local economic conditions. • 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 used as well as the overall reasonableness of the economic forecasts by comparing the Bank's forecasts to the historical Bank and market growth as well as externally available information. Challenging the accuracy of key inputs and assumptions into the expected credit loss models by: • On a sample basis, testing of key data inputs and assumptions applied in determination of ECL, assessing the accuracy of economic forecasts and challenging assumptions applied by involving our specialists in the reperformance of the economic forecasts and PDs;

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COMPAGNIE GÉNÉRALE DE BANQUE PLC

Report on the Audit of the Financial Statements

• 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.	• Evaluating the appropriateness of the Bank's SICR determination by assessing the qualitative and quantitative factors used by management in their evaluation of the classification into stages 1, 2 and 3; and • Evaluating the adequacy of the financial statement disclosures in accordance with the requirements of IFRS 9, including disclosures of key assumptions and judgements used in determination of ECL.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Compagnie Générale de Banque Plc Annual Report and Financial Statements for the year ended 31 December 2020, 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 IFRSs and in the manner required by Law No. 17/2018 of 13/04/2018 governing Companies and Regulation No. 28/2019 of 09/09/2019 relating to publication of Financial Statements and other disclosures by Banks, and for such internal control as Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COMPAGNIE GÉNÉRALE DE BANQUE PLC

Report on the Audit of the Financial Statements

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.

- 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.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COMPAGNIE GÉNÉRALE DE BANQUE PLC

Report on the Audit of the Financial Statements

Report on Other Legal and Regulatory Requirements

As required by the Law No. 17/2018 of 13/04/2018 Governing Companies and Regulation No. 28/2019 of 09/09/2019 relating to publication of Financial Statements and other disclosures by Banks in Rwanda, we report to you based on our audit, that:

i. 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;

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

iii. We have no relationship, interest or debt with the Compagnie Générale de Banque Plc. As indicated in our report on the Financial Statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) which includes comprehensive independence and other requirements.

iv. We have reported internal control matters together with our recommendations to management in a separate management letter.

v. According to the best of the information and the explanations given to us as the auditor, as shown by the accounting and other documents of the Bank, the annual accounts comply with Article 123 of Law No. No. 17/2018 of 13/04/2018 Governing Companies.

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

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

Date: 11 May 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020	2019
		Frw'000	**Frw'000**
Interest and similar income	6	28,457,678	25,618,491
Interest expense and similar expenses	7	(10,398,411)	(9,402,404)
Net interest income		**18,059,267**	**16,216,087**
Fees and commission income	8(a)	3,132,198	3,354,627
Fees and commission expense	8(b)	(761,550)	(753,678)
Net fee and commission income		**2,370,648**	**2,600,949**
Other operating income	9	1,977,757	1,357,594
Foreign exchange income	11	1,449,187	1,033,565
		3,426,944	**2,391,159**
Total operating income		**23,856,859**	**21,208,195**
Impairment losses on financial assets	12	(4,881,137)	(3,086,229)
		18,975,722	**18,121,966**
Personnel expenses	13	(7,076,600)	(5,699,492)
Depreciation and amortization	14	(2,340,401)	(2,167,218)
Other operating expenses	15	(3,978,752)	(4,220,095)
Finance cost	32	(223,738)	(269,413)
Total operating expenses		**(13,619,491)**	**(12,356,218)**
Net profit before taxation		**5,356,231**	**5,765,748**
Income tax expense	16	(1,518,067)	(1,753,117)
Net profit for after taxation		**3,838,164**	**4,012,631**
Other comprehensive income		-	-
Total comprehensive income for the year		**3,838,164**	**4,012,631**
Basic and diluted earnings per share		**55**	**57**

The notes on pages 49 to 96 are an integral part of these Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2020

	Notes	2020		2019
ASSETS		**Frw'000**		**Frw'000**
Cash and balances with the National Bank of Rwanda	17	23,478,053		14,926,095
Amounts due from other Banks	18	11,752,410		4,777,298
Government securities at amortized cost	19	53,148,321		43,553,633
Loans and advances to customers	20	157,820,211		143,629,758
Non-current assets held for sale	22	494,000		-
Right-of-use asset	23	1,531,241		2,057,666
Other assets	21	7,086,421		2,862,883
Intangible assets	25	1,393,997		1,177,574
Property and equipment	24	12,978,960		13,916,044
TOTAL ASSETS		**269,683,614**		**226,900,951**
LIABILITIES				
Customer deposits	27	172,886,458		134,414,593
Amounts due to other Banks	28	51,040,034		52,657,356
Loans from non-commercial Banks	29	3,068,617		1,000,000
Income tax payable	16(b)	25,674		1,455,631
Government grant	30	2,205,559		-
Other liabilities	31	4,151,076		4,316,578
Lease liabilities	32	1,701,692		2,167,065
Deferred tax liabilities	26	1,317,384		1,440,772
TOTAL LIABILITIES		**236,396,494**	**-**	**197,451,995**
EQUITY				
Share capital	33 (a)	6,985,000		6,985,000
Share premium	33(b)	1,373,437		1,373,437
Statutory credit risk reserve	34	-		190,411
Retained earnings	35	24,928,683		20,900,108
TOTAL EQUITY		**33,287,120**		**29,448,956**
TOTAL EQUITY AND LIABILITIES		**269,683,614**		**226,900,951**

The Financial Statements on pages 45 to 96 were approved and authorised for issue by the Board of Directors on 26/ 03/ 2021 2021

Chief Executive Officer

Chairperson of the Board

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	SHARE CAPITAL	SHARE PREMIUM	PROPOSED DIVIDEND	STATUTORY CREDIT RISK RESERVE	RETAINED EARNINGS	TOTAL
	Frw '000	**Frw '000**	**Frw '000**	**Frw'000**	**Frw '000**	**Frw '000**
Year ended 31 December 2020						
At start of year 2020	**6,985,000**	**1,373,437**	**-**	**190,411**	**20,900,108**	**29,448,956**
						-
Profit for the year	-	-	-	-	3,838,164	3,838,164
Release of credit risk reserve	**-**	**-**	**-**	(190,411)	190,411	**-**
Total Comprehensive income	**-**	**-**	**-**	**(190,411)**	**4,028,575**	**3,838,164**
At end of year	**6,985,000**	**1,373,437**	**-**	**-**	**24,928,683**	**33,287,120**

	SHARE CAPITAL	SHARE PREMIUM	PROPOSED DIVIDEND	STATUTORY CREDIT RISK RESERVE	RETAINED EARNINGS	TOTAL
	Frw '000	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**
Year ended 31 December 2019						
At 1 January 2019	**6,985,000**	**1,373,437**	**1,000,508**	**190,411**	**16,887,477**	**26,436,833**
Total Comprehensive income						
Profit for the year	-	-	-	-	4,012,631	4,012,631
Total Comprehensive income	**-**	**-**	**-**	**-**	**4,012,631**	**4,012,631**
Transactions with owners						
Proposed paid	-	-	(1,000,508)		-	(1,000,508)
Total Transactions with owners			**(1,000,508)**			**(1,000,508)**
At end of year	**6,985,000**	**1,373,437**	**-**	**190,411**	**20,900,108**	**29,448,956**

The notes on pages 49 to 96 are an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

CASH FLOWS FROM OPERATING ACTIVITIES	NOTES	2020	2019
		Frw '000	**Frw '000**
Profit before income tax		5,356,231	5,765,748
Adjustments for:			
Impairment of financial assets	12	4,881,137	2,986,229
Depreciation on property and equipment	24	1,532,338	1,429,339
Amortisation of intangible assets	25	281,637	222,910
Finance cost	32	223,738	269,413
Depreciation on leasing assets		526,426	514,969
Gain on disposal of fixed assets		-	(102)
Write-offs of property and equipment		-	147,099
Cash flows from operating activities before changes in operating assets and liabilities		**12,801,507**	**11,335,605**
Changes in operating assets and liabilities:			
- loans and advances		(19,071,590)	(22,180,053)
- other assets		(4,223,538)	184,738
- customer deposits		33,206,953	6,364,683
- other liabilities		(165,773)	(490,666)
Movement in cash reserve requirement		304,552	(464,951)
Movement in noncurrent assets held for sale		(494,000)	231,387
income tax paid during the year	16(b)	(3,071,412)	(440,939)
Net cash from/ (used in) operations		**19,286,699**	**(5,460,196)**
Cash flows from investing activities			
Government securities and other bonds		(18,076,334)	(2,769,902)
Purchase of property and equipment		(582,504)	(1,229,702)
Purchase of intangible assets		(510,538)	(386,133)
Proceeds from disposal of plant and equipment		-	102
Net cash used in investing activities		**(19,169,376)**	**(4,385,635)**
Cash flows from Financing activities			
Lease payments		(689,111)	(674,983)
Loan from BNR		3,274,176	-
Dividends paid			(1,000,508)
Net cash from financing activities		**2,585,065**	**(1,675,491)**
Net increase/(decrease) in cash and cash equivalents		**2,702,388**	**(11,521,322)**
Cash and cash equivalents at start of year		2,669,904	14,191,226
Cash and cash equivalents at end of year	**37**	**5,372,292**	**2,669,904**

The notes on pages 49 to 96 are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Compagnie Générale de Banque Plc. (the 'Bank') is a commercial Bank licensed under No. 17/2018 of 13/04/2018 Governing Banks and Other Financial Institutions.

The Bank is incorporated in Rwanda as a public limited company under Law N° 07/2009 of 27/04/2009 as amended to date. The principal activity of Compagnie Générale de Banque Plc. (COGEBANQUE) is provision of retail, SME and corporate Banking services.

The address of the Bank's registered office is as follows:

Compagnie Générale de Banque Plc. (COGEBANQUE)

KN 63 St Cogebanque Building

P.O. Box 5230

Kigali Rwanda

2. Basis of accounting

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Details of the Bank's accounting policies, including changes thereto are included in note 40 and note 42.

3. Functional and presentation currency

The Financial Statements are presented in Rwanda Francs ("Frw") which is the Bank's functional currency. All amounts have been rounded to the nearest thousands unless otherwise indicated.

4. Use of Estimates and Judgments

In preparing these Financial Statements, management has made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The Covid-19 pandemic has significantly increased the estimation uncertainty in the preparation of these Financial Statements including:

- The extent and duration of the expected economic downturn, and subsequent recovery including on liquidity, credit quality, increasing unemployment, declines in consumer spending, reductions in production;
- The effectiveness of government measures to support businesses and consumers through this disruption and economic downturn, and
- The extent and duration of the disruption to business arising from the actions of Government, businesses and consumers to contain the spread of the virus.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are described in Note 40. Readers should carefully consider these disclosures in light of the inherent uncertainty described above.

5. Financial risk management

The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors. As such, the core functions of the Bank's risk management function are to identify the significant risks that the Bank is exposed to, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The overall goal of the Bank's risk management policies is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

Risk management is carried out by the Bank's Head of Risk, under the supervision of the Board Risk committee and the Chief Executive Officer ("the parties"). The parties execute their risk management roles under policies approved by the Board of Directors. The parties identify, evaluate and manages financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. In addition, the internal audit department is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Bank is exposed are credit risk, liquidity risk, market risk (which are discussed below) and operational risk.

(a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit and acceptances.

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including settlement balances with market counterparties and reverse repurchase loans.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team, which reports to the Board of Directors through the Chief Executive Officer and head of each business unit regularly.

(i) Credit risk measurement

a. Loans and advances (including commitments and guarantees)

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

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

Probability of default(PD)

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

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

The Bank's internal ratings scale

Regulatory rating	Bank's rating	Description of the grade	Days past due(dpd)	Stage
I	I	Performing	0-29	1
II	II	Watch	30-89	2
III	III	Substandard	90-179	3
IV	IV	Doubtful	180-364	3
V	V	Loss	Over 364 or considered uncollectible	3

Loss given default (LGD)

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

Significant increase in credit risk

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).

COVID-19 considerations for the year ended 31 December 2020

In response to the impacts of COVID-19, various packages, such as repayment deferrals, have been offered to eligible customers. The Bank does not consider that when a customer is first provided assistance, all other things remaining constant, that there has been a Significant Increase in Credit Risk (SICR) and a consequent impact on ECL when assessing provisions. Subsequent to take-up, customers have been contacted to discuss available options once the packages reach their end date. This additional information on the customer's financial position and ability to recommence their loan repayments is used to assist in classification of customers into risk categories. Customers in higher risk categories, and those who have requested a deferral extension, have been classified as having a SICR.

The Bank has assumed a time to realisation of up to 36 months up from the previous 24 months to reflect the increased uncertainty arising from the effects of the COVID-19 pandemic.

b. Credit related commitments

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

(ii) Risk limit control and mitigation policies

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product, and industry sector are approved annually by the Board of Directors. The Board of Directors also approves individual borrower limits above specified amounts. The exposure to any one borrower including Banks is further restricted by sub-limits covering on- and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

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

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

(iii) Impairment and provisioning policies

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

The Bank adopted IFRS9 at the beginning of 2018, the model was developed and put in place, which is used in computing the provisions on all eligible assets of the Bank.

a) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

1. Subsequent changes in ECL due to transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
2. Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;
3. Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
4. Impacts on the measurement of ECL due to changes made to models and assumptions;
5. Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
6. Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

b) Write-off policy

Bank writes off financial assets, in completely, when its period in arrears has exceeded 720 days or it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Bank may write-off financial assets that are still subject to enforcement activity and the recovery continue to do all possible way to return back amount invested.

The outstanding contractual amounts of such assets written off during the year ended 31 December 2020 was Frw 1,517,548,197. The total amount written off includes suspended interest Frw 837,593,177 of that are subjected to be excluded from written off Amount to find the impact on profit and loss of the Year.

c) Forward-looking information incorporated in the ECL models

The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario"). The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD. In addition to the base economic scenario, the Bank's credit team also provide other possible scenarios along with scenario weightings. The three scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Bank measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). This probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As at 31 December 2020, the base case assumptions have been updated to reflect the rapidly evolving situation with respect to COVID-19. This includes an assessment of the impact of Central Bank policies, governments' actions, the response of business, and institution specific responses (such as repayment deferrals). These are considered in

determining the length and severity of the forecast economic downturn. The expected outcomes of key economic drivers for the base case scenario as at 31 December 2020 are described below.

The most significant period-end assumptions used for the ECL estimate as at 31 December 2020 is set out below. The scenarios "base", "upturn" and "downturn" were used for all portfolios.

Macro-economic Factors	Base	Upturn	Downturn
Lending Rate	16.86%	16.35%	17.36%
GDP Growth Rate	4.31%	6.21%	2.40%
CPI	102	95	108

The weightings assigned to each economic scenario at 31 December were as follows:

As at 31 December 2020	Base	Upturn	Downturn
Scenario probability weighting	66.25%	5.75%	30.00%

As at 31 December 2019	Base	Upturn	Downturn
Scenario probability weighting	78.33%	16.67%	5.00%

(iii) Impairment and provisioning policies

As at 31 December 2020	Stage 1	Stage 2A	Stage 2B	Stage 3	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Opening ECL January 2020	1,434,894	266,211	17,657	2,439,432	**4,158,194**
Income Statement movements:					
ECL on new exposures	313,274	92,289	1,764	196,948	**604,275**
Subsequent changes in ECL	(403,354)	81,276	10,557	4,396,240	**4,084,718**
Change in ECL due to Derecognition	(215,674)	-	(574)	408,392	**192,143**
Net impairment charges	**(305,754)**	**173,564**	**11,746**	**5,001,580**	**4,881,137**
Impaired Accounts written off	-	-	-	(772,288)	**(772,288)**
Closing ECL 31 December 2020	**1,129,140**	**439,775**	**29,403**	**6,668,724**	**8,267,043**

As at 31 December 2019

	Stage 1	Stage 2A	Stage 2B	Stage 3	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Opening ECL Jan 2019	1,515,196	328,731	6,712	1,701,225	**3,551,864**
Income Statement movements:					
ECL on new exposures	395,969	72,893	21,186	98,400	**588,448**
Subsequent changes in ECL	(318,288)	(17,414)	(7,739)	2,293,464	**1,950,023**
Change in ECL due to derecognition	(157,983)	(117,999)	(2,502)	698,253	**419,769**
Net impairment charges	**(80,302)**	**(62,520)**	**10,945**	**3,090,117**	**2,958,240**
Impaired Accounts written off				**(2,351,910)**	**(2,351,910)**
Closing ECL 30 December, 2019	**1,434,894**	**266,211**	**17,657**	**2,439,432**	**4,158,194**

Bank has provided different financial asset products. Main assets that are bearing interests are:

- Financial instruments and Money market; by which 100% of all investment was done by the Bank with Government. The credit rating of Rwanda is B+ and the risk factor was rated at 0%;
- Loans and Advances: The main activity of the Bank that also associated with higher risk of default customers. Probability of default, Exposure at Default and Loss Given at Default are considered.

During 2020, the impact of loan and advances impairment charge by product as follows: All figures are in Frw"000"

Stages	Corporate	Retails	SMEs	Grand Total
Stage 1	458,674	221,584	121,932	802,190
Stage 2A	281,391	17,170	6,399	304,960
Stage 2B	-	8,704	4,484	13,188
Stage 3	5,423,742	130,682	1,592,281	7,146,705
Grand Total	**6,163,807**	**378,140**	**1,725,096**	**8,267,043**

As at 31 December 2019

Stages	Corporate	Retails	SMEs	Grand Total
Stage 1	1,085,417	44,964	73,096	1,203,477
Stage 2A	2,452	66	22,228	24,746
Stage 2B	-	21,455	6,757	28,212
Stage 3	2,608,973	116,398	176,388	2,901,759
Grand Total	**3,696,842**	**182,883**	**278,469**	**4,158,194**

Gross loans amount has been reduced by Loan loss provisions. Expected credit loss on loans is associated with much aspect like collateral pledged to hedged risks in case of default; Loan classifications due to days in areas of the clients hold. You will find here Loan loss concentration basing on collaterals and products.

Secured and unsecured loans and their Loan loss provisions for every product.

31 December 2020

Loan Types	Secured	Unsecured	Grand Total
Consumer Loans	4731	116,990	121,721
Equipment Loans	265,700	50,445	316,145
Mortgage Loans	2,325,050	4,553,063	6,878,113
Overdrafts	172,408	352,525	524,933
Treasury Loans	287,774	138,336	426,110
Grand total On Balance Sheet	**3,055,663**	**5,211,359**	**8,267,022**
Loan Commitment		21	21
Grand total On and Off Balance Sheet	**3,055,663**	**5,211,380**	**8,267,043**

As at 31 December 2019

Loan Category	Secured	Unsecured	Grand Total
Consumer Loans	4,236	10,598	14,834
Equipment Loans	298,660	-	298,660
Mortgage Loans	2,738,558	368,675	3,107,233
Overdrafts	183,593	341,638	525,230
Treasury Loans	176,887	35,327	212,214
Grand total On Balance Sheet	**3,401,934**	**756,237**	**4,158,170**
Bank Guarantee	-	24	24
Grand total On and Off Balance Sheet	**3,401,934**	**756,261**	**4,158,194**

Loans types staging and their Loan loss concentration. All figures are in Frw"000"

31 December 2020

Loan Category	Stage 1	Stage 2A	Stage 2B	Stage 3	Grand Total
Consumer Loans	87,727	7,700	1,765	24,531	121,723
Equipment Loans	63,689	191,913	4,484	56,058	316,144
Mortgage Loans	368,106	89,705	6,940	6,413,182	6,877,933
Overdrafts	138,863	3,388	-	382,682	524,933
Treasury Loans	143,772	12,254	-	270,263	426,289
Grand total On Balance Sheet	**802,157**	**304,960**	**13,189**	**7,146,716**	**8,267,022**
Loan Commitment	16	-	-	5	21
Grand total On and Off Balance Sheet	**802,173**	**304,960**	**13,189**	**7,146,721**	**8,267,043**

31 December 2019

Loan types	Stage 1	Stage 2A	Stage 2B	Stage 3	Grand Total
Consumer loans	10,457	66	531	39,354	50,408
Overdraft	257,172	-	-	25,253	282,425
Treasury loans	123,743	72,922	44	106,585	303,294
Equipment loans	262,004	6,528	-	30,386	298,918
Mortgage loans	599,337	-	27,638	2,596,150	3,223,125
ECL on Balance sheet	**1,252,713**	**79,516**	**28,213**	**2,797,728**	**4,158,170**
Line of Credit	-	-	-	-	-
Bank Guarantee	24	-	-	-	24
ECL on and off Balance sheet	**1,252,737**	**79,516**	**28,213**	**2,797,728**	**4,158,194**

Maximum exposure to credit risk before collateral held	2020	2019
	Frw '000	Frw '000
Balances with National Bank of Rwanda	23,478,053	14,926,095
Current accounts and placements with other Banks	11,752,410	4,777,298
Loans and advances to customers	157,820,211	143,629,758
Government securities at amortized cost	53,148,321	43,553,633
Other assets	7,086,421	2,862,883
Credit risk exposures relating to off-balance sheet items:		
Acceptances and letters of credit	4,628,762	2,086,241
Guarantees	8,955,094	5,067,854
	266,869,272	**216,903,762**

The above table represents a worst-case scenario of credit risk exposure to the Bank as at 31 December 2020 and 2019, without taking into account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported on the statement of financial position. Loans and advances to customers, are secured by collateral in the form of charges over land and buildings and/or plant and machinery or corporate guarantees. Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities as the Bank exercises stringent controls over the granting of new loans.

Loans and advances are summarized as follows:	2020	2019
	Frw '000	Frw '000
Neither past due nor impaired	139,180,369	127,149,946
Past due but not impaired	14,960,048	7,880,586
Individually impaired	11,946,837	12,757,420
Gross loans and advances (net of fair value adjustments)	**166,087,254**	**147,787,952**
Less: allowance for impairment		
Allowances for impairment	(8,267,043)	(4,158,194)
	157,820,211	**143,629,758**

No other financial assets are either past due or impaired.

Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system recommended by the central Bank:

	2020	2019
	Frw '000	Frw '000
Normal loans (0-30 days)	139,180,369	127,149,946

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

Past due 31 – 90 days	2020	2019
	Frw '000	Frw '000
	14,960,048	7,880,586

Loans and advances individually impaired

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

	2020	2019
	Frw '000	Frw '000
Individually assessed impaired loans and advances	11,946,837	12,757,420
Fair value of collateral held (for NPL)	24,249,958	14,163,251

Restructured Loans

Restructuring of loans is a common thing with Banks mostly to customers who are struggling with temporally cash flows and those that are in need of new terms from their Bankers. However, 2020 was a year like no other with covid-19 affecting most businesses across the globe. Covid-19 was first reported in Wuhan, China towards end of 2019 and subsequently spread worldwide and Rwanda specifically reported her first case on 14th March 2020 and immediately on 21st March the Government of Rwanda through Ministry of health declared a total lockdown across the country to contain the spread of covid-19. Announcement of lockdowns affected almost all businesses' operations thereby affecting their cash flows, National Bank of Rwanda (BNR) on 10th June 2020 issued guidance on treatment of IFRS 9, capital requirement and relief measures to covid-19 pandemic by Banks among others, BNR allowed Banks to exceptionally restructure borrowers outstanding loans to the maximum of 4 times irrespective of the number of times it had been restructured in the past if the said restructuring was a response to the said pandemic and most customers turned up to request for loan restructuring in accordance with the guidelines.

In 2020 only, a total of 368 clients with outstanding balance of Frw "000" 58,450,978 requested the Bank to restructure their loans of this 358 clients with outstanding balance of Frw"000" 48,909,922 had their initial grace period matured before the year ended and the balance had not yet matured by 31 December 2020.

Of the matured, 38 clients with outstanding balance of Frw"000" 15,594,327 requested for extended grace period and approved. That means as at 31 December of total 368 clients with outstanding balance of Frw"000" 58,450,978, 320 clients with outstanding balance of Frw"000" 33,315,595 had their grace period matured and not extended at all while 48 clients with outstanding balance of Frw"000" 25,264,706 were still in grace period either for the first time or for extended one.

This triggered Cogebanque to revalue the outstanding balances of customers who requested loan restructuring in 2020 to determine fair value of their outstanding loan balances and this resulted into Gain on fair value as follows.

There was no derecognition of the loans. This triggered Cogebanque to calculate the present value of the cash flows under the restructured terms using the original effective interest rates and compared this amount with the carrying amounts of the loans and overdrafts at the point of restructure. This resulted into a Gain on fair value as follows

Gain on restructured loans	2020	2019
	Frw'000	Frw'000
Present value of cash flows of restructured loans	58,126,756	-
Carrying amount of restructured loans	57,570,009	-
Gain on restructured loans	**556,747**	-

(b) Liquidity risk

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

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

The table below gives estimated maturities of our financial liabilities and assets

At 31 December 2020	Less than 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Liabilities						
Customer deposits	74,027,869	39,212,480	45,081,195	13,923,726	641,188	172,886,458
Deposits from other Banks	15,295,657	-	39,018,553	-	2,000,000	56,314,210
Other liabilities	-	-	3,906,777	3,282,404	-	7,189,181
Provision for Contingent	22,042	-	-	-	-	22,042
Total financial liabilities	**89,345,568**	**39,212,480**	**88,006,524**	**17,206,130**	**2,641,188**	**236,411,891**
Assets						
Cash and balances with balances with National Bank of Rwanda	23,478,053	-	-	-	-	23,478,053
Amounts due from other Banks	11,752,410	-	-	-	-	11,752,410
Loans and advances to customers	9,620,893	6,799,039	14,932,868	61,047,509	65,419,902	157,820,211
Government securities held to maturity	-	2,373,664	13,176,202	14,382,526	23,215,929	53,148,321
Other assets	289,420	1,636,601	,037,885	17,520,713	-	23,484,618
Total financial assets	**45,140,776**	**10,809,304**	**32,146,955**	**92,950,748**	**88,635,831**	**269,683,613**
Net liquidity gap	**(44,204,792)**	**(28,403,176)**	**(55,859,570)**	**75,744,618**	**85,994,643**	**33,271,722**

At 31 December 2019	Less than 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Liabilities						
Customer deposits	21,513,704	44,457,287	68,043,602	400,000	-	134,414,593
Deposits from other Banks	7,508,910	4,646,216	36,087,848	4,414,382	1,000,000	53,657,356
Other liabilities	584,309	3,947,506	2,821,106	-	-	7,352,921
Lease Liabilities	-	-	-	2,167,065		2,167,065
Total financial liabilities	29,606,923	53,051,009	106,952,556	6,981,447	1,000,000	197,591,935
Assets						
Cash and balances with balances with National Bank of Rwanda	5,970,438	8,955,657	-	-	-	14,926,095
Amounts due from other Banks	-	4,777,295	32,146,955	92,950,748	88,635,831	269,683,613
	-	-	-	4,777,295	85,994,643	33,271,722
Loans and advances to customers	6,801,890	3,787,990	11,613,495	63,669,396	57,756,987	143,629,758
Government securities held to maturity	6,500,000	2,500,000	9,076,233	25,477,400	-	43,553,633
Other assets	577,777	1,624,871	660,235	15,093,617	-	17,956,500
Total financial assets	**19,850,105**	**19,850,105**	**19,850,105**	**19,850,105**	**19,850,105**	**224,843,281**
Net liquidity gap	**9,756,818**	**33,200,904**	**87,102,451**	**(12,868,658)**	**(18,850,105)**	**(27,251,346)**

(c) Market risk

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

(i) Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily. The tables below summarise the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Bank does not bear an interest rate risk on off balance sheet items. All figures are in thousands of Rwandan Francs.

Interest rate risk	Less than 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Liabilities						
Customer deposits	14,827,744	39,212,480	28,794,040	13,923,726	641,188	**97,399,178**
Deposits from other Banks	15,295,657	-	35,744,377	-		**51,040,034**
Loan from Non-commercial Banks					3,068,617	**3,068,617**
Total financial liabilities	**30,123,401**	**39,212,480**	**67,812,593**	**13,923,726**	**2,641,188**	**153,713,388**
Assets						
Placements with other Banks	983,560	-	-	-	-	**983,560**
Loans and advances to customers	9,620,893	6,799,039	14,932,868	61,047,509	65,419,901	**157,820,211**
Government securities held to maturity	-	2,373,664	13,176,202	14,382,526	23,215,929	**53,148,321**
Total financial assets	**10,604,453**	**9,172,703**	**28,109,070**	**75,430,035**	**88,635,830**	**211,952,090**
Interest sensitivity gap	**(19,518,948)**	**(30,039,777)**	**(39,703,522)**	**61,506,310**	**85,994,641**	**58,238,703**

2,019	Less than 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Liabilities						
Customer deposits	9,513,704	29,457,287	55,367,736	400,000	-	**94,738,727**
Deposits from other Banks	7,508,910	4,646,216	36,087,848	-		**48,242,974**
Loan from Non-commercial Banks					1,000,000	**1,000,000**
Total financial liabilities	**17,022,614**	**34,103,503**	**91,455,584**	**400,000**	**1,000,000**	**143,981,701**
Assets						
Loans and advances to customers	6,801,890	3,787,990	11,613,495	63,669,396	57,756,987	**143,629,758**
Government securities held to maturity	6,500,000	2,500,000	9,076,233	25,477,400	-	**43,553,633**
Total financial assets	**13,301,890**	**6,287,990**	**20,689,728**	**89,146,796**	**57,756,987**	**187,183,391**
Interest sensitivity gap	**(3,720,724)**	**(27,815,513)**	**(70,765,856)**	**88,746,796**	**56,756,987**	**43,201,690**

The above analysis does not consider the impact of future interest on the contractual amounts in assessing the interest rate risk. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for Banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates. The bellow is stipulated impact of Banks P&L

Sensitivity analysis of impact of interest rate on the performance of the Bank of 2020

Impact of interest rate sensitivity on P&L	Outcome
Our average cost of funds increases by 1% (100 basis point) i.e. from 4.9% to 5.9%	Extra interest expenses we would pay is Frw 2.099Bn i.e. 1.469 Bn net cost
Assume this increase is on the average of 12 months' total borrowings.	YTD profit would decrease from Frw 3.838 Bn to Frw 2.369 Bn
Our average cost of funds increases by 0.5% i.e. from 4.9% to 5.4%	Extra interest expenses we would pay is Frw 1.050Bn i.e. Frw 735Mn
	YTD profit would decrease from Frw3.838Bn to Frw3.103 Bn

Sensitivity analysis of impact of interest rate on the performance of the Bank for 2019

Impact of interest rate sensitivity on P&L	Outcome
Our average cost of funds increases by 1% (100 basis point) i.e. from 5.2% to 6.2%	Extra interest expenses we would pay is Frw 1.800Mn
Assume this increase is on the average of total deposits	YTD profit would decrease from Frw 4.012Bn to Frw 4.048Bn
Our average cost of funds increases by 0.5% i.e. from 5.2% to 5.7%	Extra interest expenses we would pay is Frw 900.239Mn
	YTD profit would decrease from Frw4.012Bn to Frw3.149 Bn

(ii) Currency risk

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

The tables below summarise the Bank's exposure to foreign currency exchange rate risk at 31 December 2020 and 2019. Included in the table are the Bank's financial instruments, categorised by currency:

At 31 December 2020	USD	EUR	GBP	UGX	TOTAL
	Frw '000	Frw '000	Frw '000	Frw'000	Frw '000
Assets					
Cash and balances with BNR	3,650,292	1,495,797	66,093	765	5,212,946
Placements with other Banks	9,471,491	2,268,305	3,983	-	11,743,779
Loans and advances to customers	9,391,577	3,774	8	-	9,395,359
Others assets	57,915	67	-	-	57,982
Total assets	**22,571,275**	**3,767,943**	**70,084**	**765**	**26,410,066**
Liabilities					
Customer deposits	26,800,013	3,903,885	42,101	-	30,745,999
Others liabilities	(56,761)	2,436	-	-	(54,325)
Total liabilities	**26,743,252**	**3,906,321**	**42,101**	**-**	**30,691,674**
Net on-balance sheet position	**(4,171,977)**	**(138,378)**	**27,983**	**765**	**(4,281,607)**

Sensitivity analysis of impact of exchange rate fluctuations on the performance of the Bank of 2020

Impact of exchange rate sensitivity on P&L	Outcome
Exchange rate increasing by 1% • 31st December position was short of 14.30% • Absolute amount is FRW 4.359Billion = $4.482Million • Exchange middle rate 972.4750 1% increase, raises the rate to 982.1998	Extra exchange net loss would be FRW 30.513 Million YTD profit would decrease from FRW 3.838 billion to FRW 3.808 billion
Exchange rate increasing by 5% 5% increase, raises the rate to 1,021.0988	Extra exchange net loss would be FRW 152.567 Million YTD profit would decrease from FRW 4.242 billion to FRW 3.686 billion

At 31 December 2019	USD	EUR	GBP	UGX	Total
	Frw '000	Frw '000	Frw '000	Frw'000	Frw '000
Assets					
Cash and balances with BNR	3,185,912	496,121	57,637	864	**3,740,534**
Placements with other Banks	2,376,874	1,923,660	153,227		**4,453,760**
Loans and advances to customers	10,611,951	2,270			**10,614,222**
Others assets	276,245	855			**277,100**
Total assets	**16,450,982**	**2,422,907**	**210,864**	**864**	**19,085,616**
Liabilities					
Customer deposits	18,244,937	2,448,247	20,278		**20,713,462**
Others liabilities	4,250	32	-		**4,282**
Total liabilities	**18,249,187**	**2,448,279**	**20,278**	**-**	**20,717,744**
Net on-balance sheet position	**(1,798,205)**	**(25,373)**	**190,586**	**864**	**(1,632,128)**

Sensitivity analysis of impact of exchange rate fluctuations on the performance of the Bank of 2019

Impact of exchange rate sensitivity on P&L	Outcome
Exchange rate increasing by 1% • 31st December position was short of 5.05% • Absolute amount is FRW 1.392Billion = $1.509Million • Exchange middle rate 922.5174 1% increase, raises the rate to 931.7426	Extra exchange net loss would be FRW 13.920 Million YTD profit would decrease from FRW 4.012 billion to FRW 3.998 billion
Exchange rate increasing by 5% 5% increase, raises the rate to 1,021.0988	Extra exchange net loss would be FRW 69.604 Million YTD profit would decrease from FRW 4.012 billion to FRW 3.942 billion

5. Financial risk management

(d) Capital management

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 Bank's regulator National Bank of Rwanda (BNR) sets and monitors capital requirements for the Bank as a whole. In implementing current capital requirements, BNR, requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital consists only of Tier 1 capital, which includes ordinary share capital, retained earnings, revaluation reserves and statutory reserves.

The Bank's policy is to maintain a strong capital base 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.

The Bank's Tier 1 capital expressed as a percentage of risk-weighted assets is set out below. The regulatory capital met the minimum required ratio of 10% and the Bank has complied with all externally imposed capital requirements throughout the period.

	2020	2019
	Frw'000	**Frw'000**
Ordinary share capital	6,985,000	6,985,000
Share premium	1,373,437	1,373,437
Reserves:		
Statutory credit risk reserves	-	190,410
Retained earnings	22,492,859	18,490,154
Profit for the year (50%)	1,919,082	2,006,315
Total tier 1 capital	**32,770,378**	**29,045,316**
Regulatory adjustments applied in the calculation of CET1 Capital	(1,393,997)	(1,177,574)
Total Tier 1 Capital	**31,376,381**	**27,867,742**
Loan/financing loss provision(include Max 1.25% of RWA)	1,865,013	1,644,089
Total Capital	**33,241,394**	**29,511,831**
Risk-weighted assets	175,920,838	145,494,698
Capital adequacy ratio (Tier 1)	**17.836%**	**19.154%**
Capital adequacy ratio (Total capital)	**18.896%**	**20.284%**

Tier 1 capital is expressed as a percentage of risk-weighted assets Based on BNR regulation n°11/2009 on capital adequacy ratio, the Bank's total CAR is 18.891% against 15% required.

6. Interest income

	2020	2019
	Frw '000	Frw '000
Loans and advances	23,386,980	20,908,370
Government securities	4,768,832	4,489,648
Placements with other Banks	301,866	220,473
	28,457,678	**25,618,491**

7. Interest expense

	2020	2019
	Frw '000	Frw '000
Customer deposits	(7,234,147)	(6,690,294)
Placements from other Banks	(3,164,264)	(2,712,110)
	(10,398,411)	**(9,402,404)**

8. Fee and commissions

(a) Fee and commission income

	2020	2019
	Frw '000	Frw '000
Credit related fees and commissions	1,630,044	1,763,270
Current account ledger fees	433,236	479,809
Local and international cash transfers	463,928	447,802
EMP fees & MasterCard	136,719	146,962
Other Electronic Banking product	231,677	241,333
Other fees and commissions	236,594	275,451
	3,132,198	**3,354,627**

(b) Fee and commission expense

	2020	2019
	Frw '000	Frw '000
EMP fees & MasterCard	(529,439)	(492,781)
Other Electronic Banking product	(101,414)	(130,827)
Fees on Cheque book request	(82,307)	(84,490)
Fees on Bank agent	(48,390)	(45,580)
	(761,550)	**(753,678)**
Net fee and commission income	**2,370,648**	**2,600,949**

9. Other operating income

	2020	2019
	Frw' 000	Frw' 000
Gains on disposal of property and equipment		102
Rental income	308,519	202,184
Recoveries on amounts previously written off	1,008,355	539,279
Gain on restructuring of loans and advances (note 10)	536,630	-
Other incomes	124,253	616,029
	1,977,757	**1,357,594**

10. Gain on restructured loans

	2020	2019
	Frw' 000	**Frw' 000**
Gain on fair value on restructured loans	556,747	-
Release of loan modification gain	(20,117)	-
	536,630	**-**

As a result of covid-19 that affected most businesses' operations across the globe, the Bank restructured the outstanding loans of the customers that requested for moratorium. The gain on the restructured loans has been determined as the difference between the fair value of the restructured loans and the carrying amount of the loans before restructure.

11. Foreign exchange income

	2020	2019
	Frw'000	**Frw'000**
Net Gain on EUR	580,055	400,356
Net Gain on GBP	23,431	35,186
Net Gain on UGS	550	215
Net Gain on USD	845,151	597,808
Total Foreign exchange income	**1,449,187**	**1,033,565**

12. Impairment losses on financial assets

	2020	2019
	Frw' 000	**Frw' 000**
Impairment on loans and advances during the year	10,147,153	7,898,298
Reductions in provisions due to improvement in performance status	(5,266,040)	(4,940,057)
Net credit loss on loans and advances	4,881,113	2,958,241
Impairment of off balance sheet items and others assets	24	27,988
Net credit loss on credit related items	**4,881,137**	**2,986,229**
Impairment on other assets	-	100,000
Total impairment losses of Financial assets	**4,881,137**	**3,086,229**

Impairment on other assets was a result of Non-current assets held for sale that had exceeded one-year requirement and management had to provide for it in the previous years as per the BNR regulations. This asset was fully provided for in the year 2019.

13. Personnel Expenses

	2020	2019
	Frw' 000	Frw' 000
Salary and wages	5,013,085	4,114,885
Contribution to staff solidarity fund	35,000	44,800
Employer's contributions to RSSB	255,528	221,395
Mileage allowances	66,571	59,857
Other Personnel costs	78,677	41,618
Other staff allowance	508,602	467,919
Staff leave entitlement	396,420	257,934
Staff life insurance	22,290	16,214
Staff meals	144,012	158,168
Staff medical costs	232,080	207,035
Staff loan discount	276,185	-
Training costs	48,150	109,667
Total Personnel Expenses	**7,076,600**	**5,699,492**

Cogebanque Plc staff are entitled to loans like any other client, however staff of cogebanque Plc are given preferential rates different from the market rates. During the year ended 31 December 2020, loans were given to staff at rates ranging from 6% to 8% depending on the loan product. According to IFRS 9 Financial instruments, a long term loan or receivable that carries no interest or given at a rate below the prevailing market rate should be recognised at fair value measured as the present value of all future cash receipts discounted using the prevailing market rate(s) for a similar instrument with a similar credit rating. By this Cogebanque had to revalue its outstanding loan balance with its staff at the market rate and this resulted into loss on the fair value of Frw "000" 276,185 and this will be unwound over the tenure of these staff loans.

14. Depreciation and amortisation

	2020	2019
	FRW' 000	Frw' 000
Amortization of intangible assets (Note 25)	(281,637)	(222,910)
Depreciation charge on property and equipment (Note 24)	(1,532,338)	(1,429,339)
Depreciation of finance lease right-of-use asset	(526,426)	(514,969)
	(2,340,401)	**(2,167,218)**

15. Other operating expenses

	2020	2019
	Frw' 000	**Frw' 000**
Advertising costs	400,938	479,473
ATM maintenance costs	83,008	74,725
BNR supervision fees	113,488	114,635
Cash in transit expense	130,346	97,125
Cleaning expenses	94,668	96,906
Directors' fees and allowances	329,596	209,424
District(Decentralized) taxes	67,423	55,904
Donations and gifts	132,326	29,745
Equipment repairs and maintenance costs	350,478	289,873
Fuel and oil costs	45,229	65,742
Insurance expenses	191,321	150,494
Mission Expenses	41,480	108,706
Other administrative expenses	244,876	188,318
Other Banking expense	69,802	59,489
Other Board expenses	64,045	95,440
Fines and Penalties	57,971	86,014
Printing and office supplies	105,202	122,911
Professional fees	265,659	642,861
Reuters fees	28,856	26,559
Security costs	330,185	338,950
Swift fees and leased line	301,215	228,216
Telephone call fees	127,084	112,412
Temporary staff payment	27,057	42,377
Theft and misappropriation	-	9,009
Branch relocation	-	147,099
Vehicle maintenance cost	29,372	41,109
Water and electricity	347,127	306,579
	3,978,752	**4,220,095**

16. Taxation

(a) Income tax expense	2020	2019
	Frw' 000	**Frw' 000**
Current income tax	1,641,455	1,896,570
Deferred income tax credit (Note 26)	(123,388)	(143,453)
	1,518,067	**1,753,117**

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

		2020		2019
	Effective tax rate	Frw '000	Effective tax rate	Frw '000
Profit before income tax		**5,356,231**		**5,765,748**
Tax calculated at the statutory income tax rate of 30%	30%	(1,606,869)	30%	(1,729,724)
Tax effect of:				
Expenses not deductible for tax purposes	3%	142,174	0.4%	23,393
Income not subject to tax	(3%)	(166,929)	-	-
Prior year under/overprovision	(1%)	64,067	-	-
Total Income tax expense and effective tax rate	**28%**	**(1,518,067)**	**30.4%**	**(1,753,117)**

(b) Income tax payable

	2020	2019
	Frw' 000	Frw' 000
At 1 January	1,455,631	-
Current income tax for the year	1,641,455	1,896,570
Tax paid during the year	(3,071,412)	(440,939)
Balance as at 31 December	**25,674**	**1,455,631**

17. Cash and balances with National Bank of Rwanda

	2020	2019
	Frw '000	Frw '000
Cash in hand	5,793,108	5,837,701
Balances with National Bank of Rwanda(BNR)	17,684,945	9,088,394
Total cash and balances with National Bank of Rwanda (BNR)	**23,478,053**	**14,926,095**

Cash in hand balances and balances with the National Bank of Rwanda are classified as current assets. Balances with the National Bank of Rwanda are non-interest earning and include reserve requirement as disclosed in note 37

18. Amounts due from other Banks

	2020	2019
	Frw '000	Frw '000
Current accounts with other Banks	10,762,568	4,534,765
Placements with other Banks	989,842	242,533
	11,752,410	**4,777,298**

All amounts due from other financial institution are classified as current assets. Management determined that the Expected credit losses on the amounts due from other Banks is not material and has therefore not recorded it in these Financial Statements.

19. Government securities at amortized cost

	2020	2019
	Frw '000	Frw '000
Treasury bills issued by the Government of Rwanda	**9,671,842**	**14,425,709**
Treasury bonds issued by the Government of Rwanda	43,476,479	29,127,924
At 31 December:	**53,148,321**	**43,553,633**
Treasury bills maturing:		
within 91 days from date of acquisition	492,653	8,974,299
91 days and above from date of acquisition	9,179,189	5,451,410
	9,671,842	**14,425,709**
Treasury bonds maturing :		
Less than 1 year T-bonds issued by the Government of Rwanda	5,878,024	3,650,524
1 year and above T-bonds issued by the Government of Rwanda	37,598,455	25,477,400
	43,476,479	**29,127,924**
	53,148,321	**43,553,633**

Expected Credit Losses on government securities was immaterial to the Financial Statements and therefore management has decided not to record them.

20. Loans and advances to customers

	2020	2019
	Frw '000	Frw '000
Mortgage loans	78,210,385	70,919,522
Equipment loans	18,102,356	15,628,749
Consumer loans	3,965,618	1,940,212
Treasury loan	34,951,180	31,541,862
Other loans and Advance	34,004,141	27,176,198
Accrued interest	692,163	581,409
Gross loans and advances	**169,925,843**	**147,787,952**
Less:		
Fair value gain on restructured Loans	536,630	-
Provision for impairment of loans and advances	(8,267,043)	(4,158,194)
Loan Discount on Staff Loans below market rats	(2,221,020)	-
Discount on other loans given below market rates	(2,154,199)	-
	157,820,211	**143,629,758**

All loans are carried at their estimated recoverable amount.
The Bank accrues interest on impaired loans and records it under interest in suspense.

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

	2020	2019
	Frw' 000	Frw' 000
At start of year	4,157,570	3,551,864
Additional provision (Note 12)	10,147,153	7,898,297
Recoveries on provisions (Note 12)	(5,266,040)	(4,940,057)
Write-offs	(771,640)	(2,351,910)
At end of year	**8,267,043**	**4,158,194**

Detailed disclosure of IFRS 9 impairment per Stage is documented under Note 5 section iii ''Impairment and provision policies''.

21. Other assets

	2020	2019
	Frw '000	Frw '000
Cheque clearing accounts & Others	140,960	-
Office consumable	300,363	42,008
Due from Government	70,558	114,734
Prepayments	188,156	256,673
Due from personnel	7,327	5,139
E-Banking product	70,679	419,908
Tax prepayment	1,691,842	1,691,842
Others	409,595	332,579
Prepayments of ERF and Staff loans that were given at below market rates	4,206,941	-
	7,086,421	**2,862,883**

22. Non-current assets held for sale

	2020	2019
	Frw' 000	Frw' 000
Mortgage acquired by realisation of guarantee	494,000	-
At 31 December	**494,000**	**-**

In 2020, these assets (two houses) were acquired by the Bank during the auction process for recovery. These houses are still held for sale as per the criteria of IFRS 5 Non-current assets held for sale and discontinued operations and BNR Regulations.

23. Right of use assets

	2020	2019
	Frw' 000	Frw' 000
At 1 January	2,057,666	2,572,635
Depreciation charge	(526,426)	(514,969)
At 31 December	**1,531,241**	**2,057,666**

In 2019, the Bank adopted IFRS 16 Leases. The standard requires all leases to be classified as finance lease except when the lease term is for less than 12 months or if the leased asset is of low value. The lessee is required to recognise right of use asset equivalent of present value of lease payments that are not yet paid at that date and its corresponding lease liability. Subsequently the lessee shall apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right of use asset. The leased asset is only office space for different Bank's branches.

24. Property and equipment

	Freehold Land	Furniture & equipment	Motor vehicles	Computer hardware	Work in progress	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
As at January 2020						
Opening net book amount	11,670,442	1,660,813	213,115	282,814	88,860	13,916,044
Additions	37,450	53,722	129,419	346,296	15,617	582,504
Transfer from WIP	-	-	-	-	-	-
Assets retirements	4,376	16,706	-	-	(8,332)	12,750
Disposals	-	-	-	-	-	-
Depreciation on disposal	-	-	-	-	-	-
Depreciation	(631,120)	(609,910)	(92,836)	(198,472)	-	(1,532,338)
Closing net book amount	**11,081,148**	**1,121,331**	**249,698**	**430,638**	**96,145**	**12,978,860**
As at 31 December 2020						
Cost or valuation	13,449,698	4,607,369	965,022	1,296,646	96,145	20,414,880
Accumulated Depreciation	(2,368,550)	(3,486,038)	(715,324)	(866,008)	-	(7,435,920)
Net book Value	**11,081,148**	**1,121,331**	**249,698**	**430,638**	**96,145**	**12,978,860**

	Freehold Land	Furniture & equipment	Motor vehicles	Computer hardware	Work in pro-gress	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
As at January 2019						
Opening net book amount	11,537,134	1,834,538	293,008	157,646	512,771	14,335,097
Additions	117,371	288,281	-	248,167	575,884	1,229,703
Transfers from WIP	742,076	172,876	-	-	(998,814)	(83,862)
Asset retirements	(147,099)	-	-	-	-	(147,099)
Disposals	(81,720)	(4,201)	-	(107)	-	(86,028)
Depreciation	(590,691)	(634,883)	(79,894)	(123,871)	-	(1,429,339)
Depreciation on disposal	93,371	4,201	-	-	-	97,572
Closing net book amount	**11,670,442**	**1,660,812**	**213,114**	**281,835**	**89,841**	**13,916,044**
As at 31 December 2019						
Cost or valuation	13,407,872	4,536,941	835,603	950,350	88,860	19,819,626
Accumulated Depreciation	(1,737,431)	(2,876,128)	(622,488)	(667,535)	-	(5,903,582)
Net book amount	**11,670,442**	**1,660,813**	**213,115**	**282,814**	**88,860**	**13,916,044**

25. Intangible assets

	Core Banking system	Other software	Work in progress	Total
	Frw '000	Frw '000	Frw '000	Frw '000
31 December 2020				
Net book value at 1 January 2020	367,145	322,891	487,538	1,177,574
Additions	37,524	77,317	395,697	510,538
Transfers from WIP	-	327,765	(327,765)	-
Reclassification of Development costs to Expenses	-	(12,478)	-	(12,478)
Amortisation charge	(161,881)	(122,044)	-	(283,925)
Write off	-	2,288	-	2,288
Net book value at 31 December 2020	**242,788**	**595,739**	**555,470**	**1,393,997**
At 31 December 2020:				
Cost	1,441,775	1,178,063	555,471	3,175,308
Accumulated amortisation	(1,198,988)	(582,324)	-	(1,781,312)
Net book amount	**242,787**	**595,739**	**555,470**	**1,393,997**

	Core Banking system	Other software	Work in progress	Total
	Frw '000	Frw '000	Frw '000	FRW '000
31 December 2019				
Net book value at 1 January 2019	510,400	212,393	291,558	1,014,351
Additions	6,390	183,763	195,980	386,133
Amortization charge	(149,645)	(73,265)	-	(222,910)
Net book value at 31 December 2019	**367,145**	**322,891**	**487,538**	**1,177,574**
At 31 December 2019:				
Cost	1,404,251	785,460	487,538	2,677,249
Accumulated amortization	(1,037,106)	(462,569)	-	(1,499,675)
Net book amount	**367,145**	**322,891**	**487,538**	**1,177,574**

26. Deferred tax liabilities

	2020	2019
	Frw' 000	Frw' 000
At start of year	1,440,772	1,482,662
Capital Allowance	(84,665)	(143,453)
Other temporally differences	(38,723)	101,563
At end of year	**1,317,384**	**1,440,772**

Following the accelerated depreciation which was implemented by the Bank in the financial year 2019, there was a deferred tax liability recorded in the same year of Frw 1,440,774 which is spread over the life time of the assets in question. In the year of 2020, the deferred tax liability was debited by Frw 123,389

27. Customer deposits

	2020	2019
	Frw '000	Frw '000
Current and demand deposits	104,731,502	69,382,543
Term deposits	47,308,130	48,789,379
Savings accounts & others	20,846,826	16,242,671
	172,886,458	**134,414,593**

28. (a) Amount due to other Banks and other financial institutions

	2020	2019
	Frw '000	Frw '000
Call money borrowings	10,500,000	7,500,000
Deposits from other Banks	5,921,290	8,547,876
Deposit from SACCOs	34,618,744	36,609,840
Total amount due to other Banks & financial Institutions	**51,040,034**	**52,657,356**

28. (b) Amounts due to other commercial Banks and other partners

	2020	2019
	Frw '000	Frw '000
Current Accounts	4,676,861	4,399,118
Term Deposits	533,170	3,892,750
Borrowings	16,485,434	8,756,309
Total financial institution deposits	**21,695,466**	**17,048,177**

29. Borrowings from Non-commercial Banks

	2020	2019
	Frw '000	Frw '000
Export growth facility from BRD	2,000,000	1,000,000
Loan received from National Bank of Rwanda (BNR)	3,274,176	-
Fair value adjustment on loan from BNR	(2,205,559)	-
	3,068,617	**1,000,000**

Export growth facility is a loan from Development Bank of Rwanda to promote export at a rate of 8% to be paid within a period of 10 years whereas the one from BNR is from Economic Recovery fund at 0% rate and is to be repaid within a period of 15 years. The loan from BNR has been fair valued using a market rate. All loans are unsecured.

Economic Recovery Fund (ERF)

On 30 April 2020 during the cabinet meeting, the Government of Rwanda established Economic Recovery Fund (ERF) and through Directive No 0300/2020-00015 (613) of the National Bank of Rwanda determining requirements for accessing the ERF by Banks and Limited Microfinance institutions, BNR issued terms and conditions for accessing the ERF

The Economic Recovery Fund puts businesses into 3 categories

1. Hotel refinancing window. Hotels were allowed to restructure 35% of their existing loans under 5% interest rate for a period of 15 years with a grace period not exceeding 3 years and this 35% would be refunded by BNR.
2. Working capital/Line of credit window. Businesses across all sectors were allowed to request for working capital financing to the maximum of Frw 300 million under Large Corporate window and 75 million under SME window subject to Bank's obligor limit and borrower's repayment capacity at an interest rate not exceeding 8% for a period not exceeding 5 years with a grace period not exceeding one year under this fund.

3. Transport refinancing window. Transport businesses were also allowed to restructure 35% of their existing loans under 5% interest rate for a period of not exceeding 5 years with a grace period not exceeding 1 year and this 35% would be reimbursed by BNR to their commercial Banks under new terms By this the Bank enters into a loan contract with BNR at 0% to be repaid within 15 years for Hospitality industry businesses and 5 years for working capital finance and Transport industry businesses. Applicants who then benefits from this fund are monitored by their commercial Banks as usual. It's from this context that Cogebanque Plc received Frw 3,274,175,926 from BNR to be repaid within 15 years as at 31st December 2020. This amount that was received from BNR was discounted at risk free rate of 4.5% and resulted into a Government grant of Frw 2,205,559,000 as per (Note 30).

30. Government Grant

	2020	2019
	Frw '000	Frw '000
Government grant arising from ERF advanced by BNR	2,205,559	-
	2,205,559	-

The Bank recorded the difference between the fair value of the loan received from BNR at 5% interest rate and the actual cash received as a Government grant in accordance with IAS 20.

31. Other liabilities

	2020	2019
	Frw '000	Frw '000
Cheque clearing accounts & Others	-	242,356
Spread interest	542,873	2,574,789
Capitalized interests	1,535,203	0
Staff leave provision	304,918	246,317
Target bonus	427,651	264,057
Bill payable	683,485	540,499
VAT collected payable	81,207	29,620
Withholding tax payable	151,021	93,359
PAYE payable	210,495	176,384
RSSB Contribution	56,171	46,441
Directors benefit, dividend	136,022	80,723
Provision for litigations	22,009	22,009
Provision for off balance sheet	21	24
Total other Liabilities	**4,151,076**	**4,316,578**

Movement in Provisions for litigations	2020	2019
	Frw '000	Frw '000
Provisions for contingent liabilities as at 1st January 2020	22,009	-
Additional provisions for contingent liabilities	-	22,009
Provisions for contingent liabilities as at 31st December 2020	**22,009**	**22,009**

Provisions for off balance sheet	2020	2019
	Frw '000	Frw '000
IFRS 9 provision as at 1st January	24	11,463
Additional provision taken for the year	69	42,242
Write back for the year	(72)	(53,681)
IFRS 9 provision as at 31 December 2020	**21**	**24**

32. Lease liabilities

	2020	2019
	Frw'000	**Frw'000**
Balance as at 1 January	2,167,065	2,572,635
Lease payment	(689,111)	(674,983)
Interest expense	223,738	269,413
Balance as at 31 December	**1,701,692**	**2,167,065**

33. Share capital and share premium

a) Share capital	2020	2019
	Frw'000	**Frw'000**
Authorised share capital of Frw 100,000 each	7,000,000	7,000,000
Issued and fully paid up		
At 1 January	6,985,000	6,985,000
Issue of shares	-	-
Balance at 31 December	**6,985,000**	**6,985,000**

The shareholding structure of the Bank is as follows:

	No. of Shares	Par Value – Frw	Value- Frw'000	%
Individual shareholders	43,600	100,000	4,360,000	62,42%
Saham Vie Assurance Rwanda Ltd	4875	100,000	487,500	6.98%
Rwanda Social Security Board (RSSB)	21,375	100,000	2,137,500	30.60%
TOTAL	**69,850**	**100,000**	**6,985,000**	**100.00%**

The total authorized number of ordinary shares is 70,000 with a par value of Frw 100,000. The numbers of shares fully paid for at the year ended are 69,850.

The holders of Ordinary shares are entitled to dividends when declared; and one vote per share during annual general meeting.

b) Share premium

The share premium arose from the purchase of shares in excess of the nominal value. The existing share premium was taken in 2008; during this year 2020; movement was nil.

34. Statutory credit risk reserve

This reserve records the excess of impairment provision required by Regulation N°12/2017 of 23/11/2017 on credit classification and provisioning to those that are required by the International Financial Reporting Standards (IFRSs). The release from the credit risk reserve to retained earnings was Frw 190.4 million. This was due to the fact that impairment reserves required by IFRS were higher than those required by regulation.

35. Retained earnings

	2020	2019
	Frw'000	**Frw'000**
At start of the year	20,900,108	16,887,477
Profit for the year	3,838,164	4,012,631
Release from credit risk reserve	190,411	-
At year end	**24,928,683**	**20,900,108**

Directors have not proposed any dividend for the year ended 31 December 2020.

36. Related party transactions

The Bank's shareholders are listed on page 1. There are no other companies which are related to Compagnie Générale de Banque Plc through common shareholdings or common directorships.

The Bank enters into transactions, arrangements, and agreements involving directors, senior management and their related parties in the ordinary course of business.

The deposits are secured through deposit guarantee funds except government and financial institutions deposits. Platform was introduced in 2017 and premium is paid on quarterly basis, carry variable interest rates and are repayable on demand Related-party transactions during the year, outstanding balances at the year-end, and relating expense and income recognised during the year are as follows:

(a) Deposits from related parties	2020	2019
	Frw '000	**Frw '000**
Deposits from employees	458,254	357,553
Deposits from inside and outside directors	65,447	502,072
Shareholder and other related parties	46,681,468	35,909,415
Cash collateral(Deposits)	23,705	406,279
	47,228,874	**37,175,319**

During the year ended 31 December 2020, the Bank paid Frw 3.595 Billion to Shareholders and their affiliated entities mainly due to RSSB that had 98.3% of this through their Fixed and Remunerated current accounts. The following are the deposit transactions with shareholders and directors. Others are representing sum of deposit from related parties holding less than 0.1% of the total deposit from them.

Shareholder Name	Relationship with cogebanque	Affiliated entities	Deposit Balance Frw'000'
RWANDA SOCIAL SECURITY BOARD (R SSB)	Shareholder	RWANDA SOCIAL SECURITY BOARD-RSSB	22,989,017
RSSB	Shareholder	RSSB MEDICAL	17,532,374
GATERA EGIDE	Shareholder	GATERA EGIDE	2,537,435
GATERA EGIDE	Shareholder	RWANDA MOUNTAIN TEA	1,026,142
GATERA EGIDE	Shareholder	IDEAL TRANSPORT & TRADING COMPANY	838,888
GATERA EGIDE	Shareholder	RUBAYA -NYABIHU TEA COMPANYLTD (R.N.T.C LTD	476,912
RUZINDANA CELESTIN	Shareholder	RUZINDANA CELESTIN	401,444
GATERA EGIDE	Shareholder	SOCIETE PETROLIERE LTD	323,929
INITIATIVES DON BOSCO ONG	Shareholder	INITIATIVES DON BOSCO ONG	199,427
JUDITH MUGIRASONI	Shareholder	RWANDA FOAM	53,245
JUDITH MUGIRASONI	Shareholder	AMEGERWA "ATELIER"	46,906
ORESTE INCIMATATA	Shareholder	ORESTE INCIMATATA	34,801
PROSPER HIGIRO	Shareholder	PROSPER HIGIRO	33,305
MUTANGANA JEAN BAPTISTE	Shareholder	KARONGI TEA FACTORY	22,153
VICTOR NDUWUMWAMI UWIMANA	Shareholder	VICTOR NDUWUMWAMI UWIMANA	21,107
SORAS VIE	Shareholder	SORAS VIE	19,823
GATERA EGIDE	Shareholder	MIG	19,436
JUDITH MUGIRASONI	Shareholder	BERTIN MAKUZA	18,773
KABERUKA ALOYS	Shareholder	KABERUKA ALOYS	17,602
RUBANGURA ALPHONSINE	Board Member	AGESPRO GROUP LTD	16,654
Others	Shareholder	Others	52,095
Total Deposits			**46,681,468**

(b) Loans and advances to related parties	**2020**	**2019**
	Frw’000	**Frw’000**
Loans and advances to employees	4,126,834	2,755,821
Loans and advances to shareholders, Directors and their related companies	3,908,462	3,825,414
	8,035,296	**6,581,235**

Loans and advances to staff were issued at an interest rate of between 6% and 10.5% and were all performing as at 31 December 2020.

Loans and advances to shareholders, Directors and related companies were issued at an interest rate of between 16% and 18% and were all performing as at 31 December 2020 except One shareholder who has non-performing loans totalling to Frw 540 million. During the year ended 31 December 2020, the Bank earned Frw 433 Million from Shareholder, Directors and their affiliated entities through the loans they had with the Bank. Adequate provisions have been recognised in respect of loans given to related parties.

The loans and advances to shareholders and their related companies are broken down as shown in the table below:

	2020	**2019**
	Frw’000	**Frw’000**
On balance sheet	3,702,331	3,724,642
Off balance sheet	206,131	100,772
	3,908,462	**3,825,414**

As per IAS 24 Related party disclosure, an entity is required to disclose the related party transactions for a particular period and therefore below is the detailed list of shareholders, Board Directors and their affiliated entities.

Shareholder Name	Relationship with cogebanque	Affiliated entity	Loan balance Frw "000"
GATERA EGIDE	Shareholder	SOCIETE PETROLIERE	1,058,651
MUTANGANA JEAN BAPTISTE	Shareholder	KARONGI TEA FACTORY	642,268
RUTERANA Edouard	Shareholder	RUTERANA Edouard	444,757
RWIGARA ASSINAPOL	Shareholder	PREMIER TOBACCO COMPANY	540,000
MUTANGANA JEAN BAPTISTE	Shareholder	SOCIETE RWANDAISE DE BAT-TERIES LTD	255,394
INITIATIVES DON BOSCO ONG	Shareholder	INITIATIVES DON BOSCO ONG	360,659
MURANGIRA Philipp	Shareholder	URBAN LEGAL COMPANY LTD	148,309
HIGIRO Prosper	Shareholder	ALLEANZA LTD	93,262
GATERA EGIDE	Shareholder	RWANDA MOUNTAIN TEA	91,325
RUBANGURA ALPHONSINE	Board Member	M M INVESTMENT LTD	64,430
NYAGATARE DISMAS	Shareholder	AUTOREC MOTORS SARL	58,998
MUGIRASONI Judith	Shareholder	MAKUZA YVONNE	45,434
RUBANGURA ALPHONSINE	Board Member	UPROTUR	30,887
MUGIRASONI Judith	Shareholder	AMEGERWA	29,108
GATERA EGIDE	Shareholder	RUBAYA -NYABIHU TEA COM-PANYLTD (R.N.T.C LTD	19,547
SANLAM	Shareholder	SANLAM(Former SORAS VIE)	11,024
GATERA EGIDE	Shareholder	MIG	7,872
MUGIRASONI Judith	Shareholder	RWANDA FOAM	4,488
MUGIRASONI Judith	Shareholder	BERTIN MAKUZA	2,000
GATERA EGIDE	Shareholder	SP AVIATION Ltd	20
GATERA EGIDE	Shareholder	PETROCOM	20
KATABARWA ANDRE	Shareholder	KATABARWA ANDRE	9
Total			**3,908,462**

(d) Directors' remuneration	2020	2019
	Frw'000	Frw'000
Sitting allowances	193,575	128,701
Other payments	136,021	80,722
	329,596	**209,423**

37. Analysis of cash and cash equivalents as shown in the statement of cash flows

	2020	2019
	Frw'000	Frw'000
Cash and balances with National Bank of Rwanda (Note 17)	23,478,053	14,926,095
Less: cash reserve requirement	(8,655,360)	(8,959,911)
	14,822,693	**5,966,184**
Amounts due from other Banks (Note 18)	11,752,410	4,777,298
Treasury bills maturing within 91 days (Note 19)	492,653	8,974,299
Amounts due to other commercial Banks and other partners (Note 28(b))	(21,695,464)	(17,047,877)
Net cash and cash equivalents at year end	**5,372,292**	**2,669,904**

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days' maturity from the date of acquisition including: cash and balances with Banks, treasury bills and other eligible bills, and amounts due from other Banks.

Cash and cash equivalents exclude the cash reserve requirement held with the National Bank of Rwanda; the amount is determined as 4 % of the average outstanding total deposits over a cash reserve cycle period of one month.

38. Off balance sheet financial instruments, contingent liabilities and commitments

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

	2020	2019
	Frw '000	**Frw '000**
Contingent liabilities		
Acceptances and letters of credit	4,628,762	2,086,241
Guarantees	8,955,094	5,067,854
	13,583,856	**7,154,095**

Nature of contingent liabilities

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

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

Litigations

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

Nature of commitments

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

39. Classification of financial assets and financial liabilites

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

31 December 2020

31 December 2020	Mandatorily at FVTPL	Designated as at FVPL	FVOCI - debt instruments	FVOCI - equity instruments	Amortised cost	Carrying amount
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Cash and balances with the National Bank of Rwanda	-	-	-	-	23,478,053	23,478,053
Amounts due from other Banks	-	-	-	-	11,752,410	11,752,410
Government securities at amortised cost	-	-	-	-	53,148,321	53,148,321
Loans and advances to customers	-	-	-	-	157,820,211	157,820,211
Other financial assets	-	-	-	-	7,086,421	7,086,421
Total financial assets	**-**	**-**	**-**	**-**	**253,285,416**	**253,285,416**
Customer deposits	-	-	-	-	172,886,458	172,886,458
Amounts due to other Banks	-	-	-	-	51,040,034	51,040,034
Loans from non-commercial Banks	-	-	-	-	3,068,617	3,068,617
Other financial liabilities	-	-	-	-	4,151,076	4,151,076
Total financial liabilities	**-**	**-**	**-**	**-**	**231,146,185**	**231,146,185**

1 December 2019

31 December 2020	Mandatorily at FVTPL	Designated as at FVPL	FVOCI - debt instruments	FVOCI - equity instruments	Amortised cost	Carrying amount
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Cash and balances with the National Bank of Rwanda	-	-	-	-	14,926,095	14,926,095
Amounts due from other Banks	-	-	-	-	4,777,298	4,777,298
Government securities at amortised cost	-	-	-	-	43,553,633	43,553,633
Loans and advances to customers	-	-	-	-	-	-
Other financial assets	-	-	-	-	2,862,883	2,862,883
Total financial assets	**-**	**-**	**-**	**-**	**66,119,909**	**66,119,909**
Customer deposits	-	-	-	-	134,414,598	134,414,598
Amounts due to other Banks	-	-	-	-	52,657,356	52,657,356
Loans from non-commercial Banks	-	-	-	-	1,000,000	1,000,000
Other financial liabilities	-	-	-	-	4,316,578	4,316,578
Total financial liabilities	**-**	**-**	**-**	**-**	**192,388,532**	**192,388,532**

40. Critical accounting estimates and judgements in applying accounting policies

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

(a) Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

(c) Tax expenses

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

(d) Valuation hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

The table below sets out the carrying amounts of each class of financial assets and liabilities. The carrying amounts are reflected at the approximate fair value. None of the financial assets and liabilities is measured at fair value.

2020	Level 1	Level 2	Level 3	Financial assets at amortized cost	Other financial liabilities
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Assets					
Cash and balances with the National Bank of Rwanda	-	23,478,053	-	23,478,053	-
Amounts due from other Banks	-	11,752,410	-	11,752,410	-
Government securities and other bonds	-	53,148,321	-	53,148,321	-
Loans and advances to customers	-	157,820,211	-	157,820,211	-
Other assets	-	7,086,421	-	7,086,421	-
Total financial assets	**-**	**253,285,416**		**253,285,416**	

Assets 2019	Level 1	Level 2	Level 3	Financial assets at amortized cost	Other financial liabilities
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Assets					
Cash and balances with the National Bank of Rwanda	-	14,926,095	-	14,926,095	-
Amounts due from other Banks	-	4,777,298	-	4,777,298	-
Government securities and other bonds	-	43,553,633	-	43,553,633	-
Loans and advances to customers	-	143,629,758	-	143,629,758	-
Other assets	-	2,862,883	-	2,862,883	-
Total financial assets	**-**	**209,749,667**	**-**	**209,749,667**	

(e) Valuation hierarchy

2020	Level 1	Level 2	Level 3	Financial assets at amortized cost	Other financial liabilities
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Customer deposits	-	172,886,458	-	-	172,886,458
Amounts due to Banks & other financial institutions	-	56,314,210	-	-	56,314,210
Current income tax payable	-	41,058	-	-	41,058
Other liabilities	-	4,129,046	-	-	4,129,046
Total financial liabilities		**233,370,772**			**233,370,772**

2019	Level 1	Level 2	Level 3	Financial assets at amortized cost	Other financial liabilities
Liabilities	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Customer deposits	-	134,414,593	-	-	134,414,593
Deposits from other Banks	-	53,657,356	-	-	53,657,356
Current income tax payable	-	1,455,631	-	-	1,455,631
Other liabilities	-	4,294,545	-	-	4,294,545
Total financial liabilities	**-**	**193,822,125**	**-**	**-**	**193,822,125**

41. Basis of measurement

The Financial Statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The Financial Statements are presented in Rwandan Francs (Frw), rounded to the nearest thousand.

42. Significant accounting policies

(a) Interest income and expense

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

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

(b) Fees and commission income

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

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Statements are presented in Rwanda Francs ("Frw") which is the Bank's functional currency.

(ii) Transactions and balances

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

(d) Financial Instruments

A. Initial recognition

i) Recognition and initial Measurement

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

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

ii) Classification

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPL.
- A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.
All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.
Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

The Bank's business comprises primarily loans to customers that are held for collecting contractual cash flows. The Bank doesn't sales its loans.

Certain debt securities are held by the Bank 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 objective is to hold assets to collect the contractual cash flows.

Business model assessment

Certain other debt securities are held by the Bank in separate portfolios to meet everyday liquidity needs. The Bank seeks to minimise 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 held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVTPL unless the FVOCI option is selected

Reclassifications

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

ii) Derecognition

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

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

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability

Derecognition continued

The Bank enters into transactions whereby it transfers assets recognised on 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.

When assets are sold to a third party with a concurrent total 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.

Financial Liabilities

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

iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

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

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

Financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument

Interest rate benchmark reform (policy applied from 1 January 2020)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Bank applies the policies on accounting for modifications set out above to the additional changes.

v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

vi) Fair value measurement

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

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of/ the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured 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.

Portfolios 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 the 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 the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – 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.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

vii) Impairment

See also Note 31 B.ii)

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

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

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

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

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

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

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

Financial Instruments

Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Restructured financial assets

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

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

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the 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 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. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision; and

where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write off

Loans and debt securities 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. 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. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

viii) Designation at fair value through profit or loss

Financial assets

On initial recognition, the Bank has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, that would otherwise arise.
Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial liabilities

The Bank has not designated any financial liabilities as at FVTPL.

(e) Property and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent values, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalue amount of the asset. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

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

Asset category	Useful Life	Rate
Building & its improvement	50 years	2%
Leasehold	10 years	10%
Furniture and fittings	7 years	14.29%
All chairs	3 years	33.33%
Motor vehicles	5 years	20%
IT Equipment	3 years	33.33%
Other Equipment	5 years	20%
Safe	10 years	10%
Note counting machine	2 years	50%

The assets residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date

The Bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Bank estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

(f) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (commonly five years).

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

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

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, not exceeding five years for other software and ten years for core Banking system.

(g) Income tax

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

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Rwandan Income Tax Act. Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

(h) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

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

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, if any, and adjusted for certain re-measurements 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:

i. fixed payments, including in-substance fixed payments;
ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
iii. amounts expected to be payable under a residual value guarantee; and
iv. 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 re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, 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 re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease contracts

For the purpose of this exercise, all leased premises for the Bank's operations are considered as lease contracts. These include leased premises for branches, standalone ATMs and archives. The rationally is that, behaviourally, the Bank has never leased any premises for a period less than or equal to 12 months.

Lease term

All lease contracts for COGEBANQUE are normally 5 years, and also when management forecasts for its near future operations, there are no signals of intending to close any branch or terminate the internal lease contract within the next five years. It is on this basis that the Bank has determined the lease term to be five years, for the purpose of these calculations.

Monthly payment for all existing contracts as at 31 December 2020

Based on the current lease contracts' terms and conditions, all the future monthly rental payments were determined to be Frw 54,811,149 which is FRW 657,733,787 on annual basis. This is assumed unchanged for the next five years which is taken to be the lease term.

Discounting factor

The rate considered as a discounting factor for this exercise is the risk free rate which is the 3-year bond rate recently issued by the central Bank (BNR) and this is 11.5%.

(i) Cash and cash equivalents

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

(j) Employee benefits

(i) Retirement benefit obligations

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

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

(ii) Other entitlements

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

(k) Deposits

Deposits from customers are measured at amortised cost using the effective interest rate method.

(l) Share capital

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

(m) Dividends payable

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared/approved by the annual general meeting of the Bank.

(n) Fiduciary activities

The Bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these Financial Statements, as they are not assets of the Bank.

(o) Acceptances and letters of credit

Acceptances and letters of credit are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

(p) Non-current assets held for sale

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Non-Current Assets held for sale'.

(q) Government Grant

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled. Grants received are treated as unexpended grants payable and credited to the statement of comprehensive income when all conditions attaching to the grants are met.

When the grant relates to an expense item, (revenue grant) it is recognised as income over periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, (capital grant) it is recognised in the Statement of Comprehensive Income on a systematic basis over the expected useful life of the relevant asset.

During there year, as part of COVID 19 response measures, the Bank received a zero-interest rate loan from the National Bank of Rwanda (BNR) and onward lent the amounts to customers in specified sectors. The Bank determined the benefit as the difference between the fair value of the loan provided from BNR and the actual cash received.

This Benefit was recognized as a government grant in the Financial Statements of the Bank.

(r) Statutory Credit risk reserve

This reserve records the excess of impairment provision required by Regulation N°12/2017 of 23/11/2017 on credit classification and provisioning to those that are required by the International Financial Reporting Standards (IFRSs).

(s) Comparatives

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year.

(t) New standards, amendments and interpretations

The Bank has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The Bank also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. This change did not have an impact on the Bank's Financial Statements.

IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. This change did not have an impact on the Bank's Financial Statements.

The amendments listed above did not have a significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(i) New standards, amendments and interpretations issued not yet effective

The below new accounting standards and interpretations have been published which are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Bank. The standards are not expected to have an impact to the Bank's Financial Statements. The Bank will continue to evaluate these standards and the impact they may have on the Financial Statements as the business continues to evolve.

Standard/Amendments	Effective Date
IFRS 17 Insurance Contracts	Originally 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2022 [deferred to 1 January 2023]
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	1 January 2022
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	n/a

43. Events after Reporting Date

There are no significant reportable events after 31 December 2020.

Other disclosures

I. Capital strength

Item	Amount/Ratio/Number
1. Core Capital(Tier 1)	31,376,381
2. Supplementary Capital(Tier 2)	1,865,013
3. Total Capital	33,241,394
4. Total risk weighted assets	175,920,838
5. Core capital/ Total risk weighted assets ratio (Tier 1 Ratio)	17.836%
6. Tier 2 Ratio	1.06%
7. Total Capital/Risk weighted assets Ratio	18.896%
8. Leverage Ratio	10.8%

II. Credit Risk

	Item					
		Amount/Ratio/Number				
1	**Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation;**	172,866,113				
2	**Average gross credit exposure, broken down by major types of credit exposure:**					
	a) Loans, commitments and other non-derivative off-balance sheets exposures;	175,163,313				
	b) debts securities	43,413,121				
	c) OTC Derivatives					
3	**Regional or Geographic distribution of exposures, broken down in significant areas by major types of credit exposure;**	**Kigali city**	**Eastern**	**North**	**South**	**Western**
	a) Overdraft;	21,137,860	802,502	492,497	1,942,890	514,102
	b) Consumer;	2,210,478	655,635	182,533	538,507	451,546
	c) Treasury ;	28,827,283	2,891,040	1,536,343	3,092,612	1,440,973
	d) Mortgage;	80,006,091	2,765,402	484,754	3,378,071	1,278,201
	e) Equipment.	16,650,053	343,479	225,117	385,592	632,551

4 Sector distribution of exposure, broken down by major types of credit exposure and aggregated in the following areas:		
	a) Government;	-
	b) Agricultures;	4,615,766
	c) Mining	1,353,074
	d) Manufacturing ;	8,623,865
	e) Infrastructure and construction;	85,247,050
	f) Service and commerce	59,951,781
	g) Others	13,074,575
5 Off-balance sheets items		13,583,856
6 Non-Performing loans indicators		
	a) Non-performing loans (NPL)	14,894,882
	b) NPL Ratio	8.0%

7 Related parties		
	a) Loans to directors, shareholders and subsidiaries	3,919,282
	b) Loans to employees	2,755,821
8 Restructured Loans		
	a) Number of Borrowers	366
	b) Amount outstanding(Frw"000")	57,349,221
	c) Provisions thereon (Frw"000")	954,575
	d) Restructured Loans as % of Gross Loans	33%

III. Liquidity Risk

Item	Amount/Ratio/Number
a) Liquidity Coverage Ratio (LCR)	153.67%
b) Net stable Funding Ratio (NSFR)	116.93%

IV. Operational Market

Item	Amount/Ratio/Number			
Number and types of frauds and their corresponding amount (Frw "000")	Types	Number	Amount	Action taken
	Theft	3	3,561	3,161 recovered
Market Risk				
1 Interest rate risk				
2 Equity position risk				
3 Foreign exchange risk (Frw"000")				531,015

VI. Country risk

Item	Amount/Ratio/Number
Credit exposure abroad	
Other assets held abroad (Frw"000")	11,743,779
Liabilities to abroad	

VI. Management and board composition

Item	Amount/Ratio/Number
1. Number of Board members	8
2. Number of independent directors	5
3. Number of non-independent directors	3
4. Number of female directors	1
5. Number of male directors	7
6. Number of Senior Managers	4
7. Number of female Senior Managers	0
8. Number of males senior Managers	4

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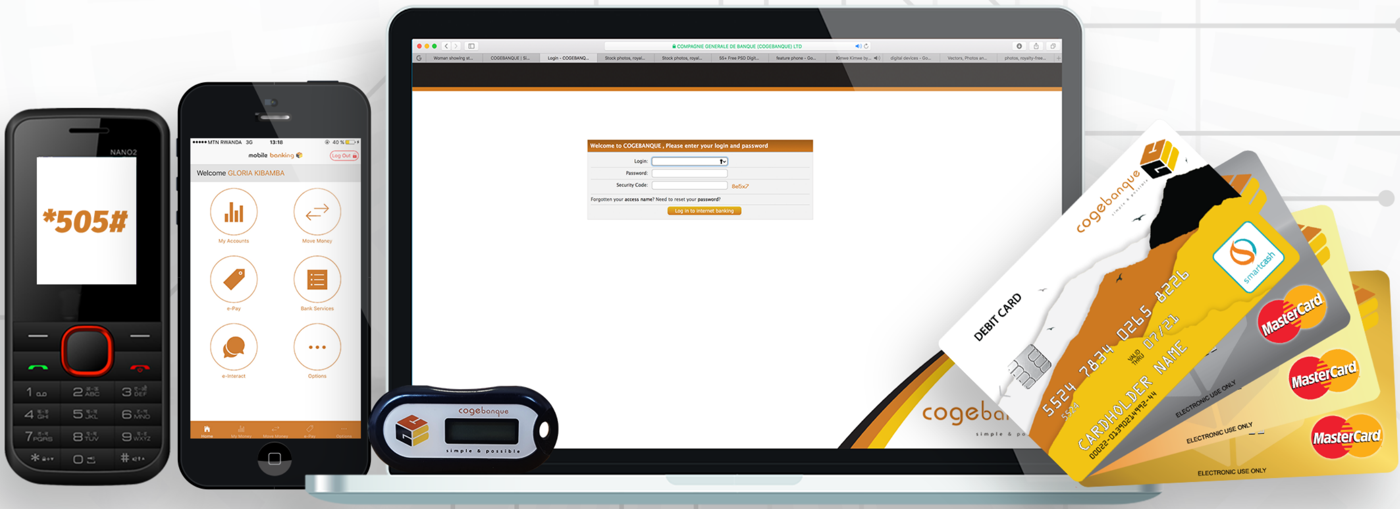

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