

**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

|  | Note  | 2023<br>Frw           | 2022<br>Frw          |
|--|-------|-----------------------|----------------------|
| <b>Assets</b>                                    |       |                       |                      |
| Cash and cash equivalents                        | 11    | 3,914,101,777         | 3,599,941,645        |
| Short term deposit                               | 11    | 504,043,836           | -                    |
| Loans to customers                               | 9     | 4,528,489,585         | 3,289,874,822        |
| Other assets                                     | 10    | 160,876,550           | 86,285,152           |
| Derivatives at fair value through profit or loss | 32    | 919,902,383           | 146,206,506          |
| Intangible assets                                | 8     | 154,901,452           | 170,788,813          |
| Property & equipment                             | 7     | 375,581,746           | 415,473,917          |
| Right of use asset                               | 31    | 523,172,312           | 299,105,642          |
| <b>Total Assets</b>                              |       | <b>11,081,069,641</b> | <b>8,007,676,497</b> |
| <b>Equity and Liabilities</b>                    |       |                       |                      |
| <b>Equity</b>                                    |       |                       |                      |
| Share capital                                    | 12    | 7,412,070,000         | 4,693,540,000        |
| Other capital contribution                       | 13    | 3,998,596,000         | 2,718,530,000        |
| Accumulated losses                               | 14    | (9,276,110,577)       | (5,966,235,835)      |
| <b>Total Equity</b>                              |       | <b>2,134,555,423</b>  | <b>1,445,834,165</b> |
| <b>Liabilities</b>                               |       |                       |                      |
| Term loan  | 18    | 5,730,663,154         | 3,855,236,678        |
| Member savings                                   | 15    | 1,952,558,385         | 1,414,599,842        |
| Related party payables                           | 30    | 9,860,250             | 94,011,725           |
| Other liabilities                                | 16    | 526,665,635           | 442,619,979          |
| Donor grants                                     | 17    | 209,196,478           | 485,629,389          |
| Lease liabilities                                | 31(b) | 517,570,316           | 269,744,719          |
| <b>Total Liabilities</b>                         |       | <b>8,946,514,218</b>  | <b>6,561,842,332</b> |
| <b>Total Liabilities and Equity</b>              |       | <b>11,081,069,641</b> | <b>8,007,676,497</b> |

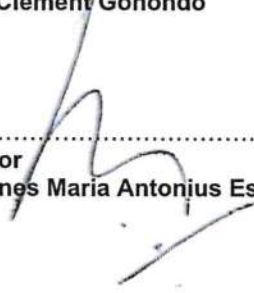
The notes on pages 13 to 64 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2024 and signed on its behalf by: -

  
.....  
**Head of Finance**  
**Md Eyashin Chowdhury**

  
.....  
**Director**  
**Shameran Abed**

  
.....  
**Chief Executive Officer**  
**Silent Clement Gonondo**

  
.....  
**Director**  
**Johannes Maria Antonius Eskes**



BRAC RWANDA MICROFINANCE COMPANY PLC  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023

|   | Notes | 2023<br>Frw            | 2022<br>Frw            |
|---|-------|------------------------|------------------------|
| Interest income on loans                        | 19    | 1,826,659,333          | 1,271,234,630          |
| Interest & other financial expenses             | 20    | (992,800,833)          | (432,116,795)          |
| <b>Net interest income</b>                      |       | <b>833,858,500</b>     | <b>839,117,835</b>     |
| Membership and other fees                       | 21    | 42,809,000             | 41,206,500             |
| Net foreign exchange income                     | 23    | 369,690,807            | 52,076,667             |
| Other income                                    | 22    | 105,769,766            | 277,633                |
| Grant income                                    | 24    | 909,750,812            | 773,859,314            |
|   |       | <b>1,428,020,385</b>   | <b>867,420,114</b>     |
| <b>Total operating income</b>                   |       | <b>2,261,878,885</b>   | <b>1,706,537,949</b>   |
| Expected credit losses                          | 25    | (136,851,199)          | (180,094,713)          |
| <b>Operating income after impairment losses</b> |       | <b>2,125,027,686</b>   | <b>1,526,443,236</b>   |
| Employee benefits                               | 26    | (2,462,438,165)        | (1,797,592,804)        |
| Other operating expenses                        | 27    | (2,585,683,727)        | (1,964,490,036)        |
| Depreciation & amortization                     | 28    | (386,780,536)          | (317,066,652)          |
| <b>Total operating cost</b>                     |       | <b>(5,434,902,428)</b> | <b>(4,079,149,492)</b> |
| <b>Loss before income tax</b>                   |       | <b>(3,309,874,742)</b> | <b>(2,552,706,256)</b> |
| Income tax expense                              | 34    | -                      | -                      |
| <b>Loss for the year</b>                        |       | <b>(3,309,874,742)</b> | <b>(2,552,706,256)</b> |
| Other comprehensive income                      |       | -                      | -                      |
| <b>Total comprehensive income</b>               |       | <b>(3,309,874,742)</b> | <b>(2,552,706,256)</b> |

The notes on pages 13 to 64 are an integral part of these financial statements.



BRAC RWANDA MICROFINANCE COMPANY PLC  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023

| Year ended 31 December 2022                    | Notes | Share capital<br>Frw | Capital awaiting<br>allocation<br>Frw | Accumulated<br>losses<br>Frw | Total equity<br>Frw  |
|--|-------|----------------------|---------------------------------------|------------------------------|----------------------|
| At 1 January 2022                              | 12    | 3,281,460,000        | 1,412,080,000                         | (3,413,529,579)              | 1,280,010,421        |
| Transactions with owners                       |       | -                    | 2,718,530,000                         | -                            | 2,718,530,000        |
| Issue of share capital                         |       | 1,412,080,000        | (1,412,080,000)                       | -                            | -                    |
| <b>Total Transactions with owners</b>          |       | <b>4,693,540,000</b> | <b>2,718,530,000</b>                  | <b>-</b>                     | <b>3,998,540,421</b> |
| Loss and total comprehensive loss for the year |       | -                    | -                                     | (2,552,706,256)              | (2,552,706,256)      |
| <b>As at 31 December 2022</b>                  |       | <b>4,693,540,000</b> | <b>2,718,530,000</b>                  | <b>(5,966,235,835)</b>       | <b>1,445,834,165</b> |

| Year ended 31 December 2023                    | Share capital<br>Frw | Capital awaiting<br>allocation<br>Frw | Accumulated losses<br>Frw | Total equity<br>Frw  |
|--|----------------------|---------------------------------------|---------------------------|----------------------|
| At 1 January 2023                              | 4,693,540,000        | 2,718,530,000                         | (5,966,235,835)           | 1,445,834,165        |
| Capital awaiting allocation additions          | -                    | 3,998,596,000                         | -                         | 3,998,596,000        |
| Capital contribution converted                 | 2,718,530,000        | (2,718,530,000)                       | -                         | -                    |
| <b>Total transactions with owners</b>          | <b>7,412,070,000</b> | <b>3,998,596,000</b>                  | <b>-</b>                  | <b>5,444,430,165</b> |
| Loss and total comprehensive loss for the year | -                    | -                                     | (3,309,874,742)           | (3,309,874,742)      |
| <b>As at 31 December 2023</b>                  | <b>7,412,070,000</b> | <b>3,998,596,000</b>                  | <b>(9,276,110,577)</b>    | <b>2,134,555,423</b> |

The notes on pages 13 to 60 are an integral part of these financial statements.



BRAC RWANDA MICROFINANCE COMPANY PLC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023

|   | Note      | 2023<br>Frw            | 2022<br>Frw            |
|---|-----------|------------------------|------------------------|
| <b>Cash flow from operating activities</b>          |           |                        |                        |
| Cash generated from operations                      | 29        | (5,010,163,147)        | (2,781,177,008)        |
| <b>Net cash used in activities</b>                  |           | <b>(5,010,163,147)</b> | <b>(2,781,177,008)</b> |
| <b>Cash flow from investing activities</b>          |           |                        |                        |
| Acquisition of property & equipment                 | 7         | (140,381,200)          | (335,926,172)          |
| Acquisition of intangible asset                     | 8         | (35,720,438)           | (194,263,423)          |
| Short term deposits                                 |           | (500,000,000)          | -                      |
| <b>Net cash used in investing activities</b>        |           | <b>(676,101,638)</b>   | <b>(530,189,595)</b>   |
| Term loan receipt                                   | 18        | 1,875,426,476          | 3,449,341,774          |
| Proceeds from Share capital                         | 12        | 2,718,530,000          | 1,412,080,000          |
| Lease Liability                                     | 31(b)     | 247,825,597            | (59,777,806)           |
| Other capital contribution/ receipt/(payment)       |           | 1,280,066,000          | 1,306,450,000          |
| <b>Net cash from financing activities</b>           |           | <b>6,121,848,073</b>   | <b>6,108,093,968</b>   |
| <b>Net increase in cash and cash equivalents</b>    |           | <b>314,160,132</b>     | <b>2,796,727,365</b>   |
| Cash and cash equivalents at beginning of the year  |           | 3,599,941,645          | 803,214,280            |
| <b>Cash and cash equivalents at end of the year</b> | <b>11</b> | <b>3,914,101,777</b>   | <b>3,599,941,645</b>   |

The notes on pages 13 to 64 are an integral part of these financial statements.



**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**7 Property and equipment**

| <b>Year ended 31 December 2023</b> | <b>Furniture &amp; Fixtures</b> | <b>Computer &amp; Peripherals</b> | <b>Equipment &amp; Machineries</b> | <b>Vehicles</b> | <b>Total</b> |
|------------------------------------|---------------------------------|-----------------------------------|------------------------------------|-----------------|--------------|
| <b>Cost</b>                        | <b>Frw</b>                      | <b>Frw</b>                        | <b>Frw</b>                         | <b>Frw</b>      | <b>Frw</b>   |
| As at 1 January 2023               | 121,084,550                     | 347,745,252                       | 81,608,500                         | 104,297,851     | 654,736,153  |
| Additions                          | 9,308,000                       | 48,545,000                        | 16,892,000                         | 65,636,200      | 140,381,200  |
| Disposal                           | (30,000)                        | (10,534,530)                      | -                                  | -               | (10,564,530) |
| As at 31 December 2023             | 130,362,550                     | 385,755,722                       | 98,500,500                         | 169,934,051     | 784,552,823  |
| <b>Depreciation</b>                |                                 |                                   |                                    |                 |              |
| As at 1 January 2023               | 23,233,641                      | 136,279,088                       | 28,199,901                         | 51,549,606      | 239,262,236  |
| Charge for the year                | 12,984,599                      | 116,012,775                       | 18,978,300                         | 31,789,500      | 179,765,174  |
| Disposal                           | (11,750)                        | (10,044,583)                      | -                                  | -               | (10,056,333) |
| As at 31 December 2023             | 36,206,490                      | 242,247,280                       | 47,178,201                         | 83,339,106      | 408,971,077  |
| Carrying amounts                   |                                 |                                   |                                    |                 |              |
| As at 31 December 2023             | 94,156,060                      | 143,508,442                       | 51,322,299                         | 86,594,945      | 375,581,746  |
| <b>Year ended 31 December 2022</b> |                                 |                                   |                                    |                 |              |
| <b>Cost</b>                        | <b>Frw</b>                      | <b>Frw</b>                        | <b>Frw</b>                         | <b>Frw</b>      | <b>Frw</b>   |
| As at 1 January 2022               | 83,792,750                      | 117,267,531                       | 52,880,500                         | 64,869,200      | 318,809,981  |
| Additions                          | 37,291,800                      | 230,477,721                       | 28,728,000                         | 39,428,651      | 335,926,172  |
| As at 31 December 2022             | 121,084,550                     | 347,745,252                       | 81,608,500                         | 104,297,851     | 654,736,153  |
| <b>Depreciation</b>                |                                 |                                   |                                    |                 |              |
| As at 1 January 2022               | 12,759,787                      | 47,950,354                        | 14,784,155                         | 32,197,691      | 107,691,987  |
| Charge for the year                | 10,473,854                      | 88,328,734                        | 13,415,746                         | 19,351,915      | 131,570,249  |
| As at 31 December 2022             | 23,233,641                      | 136,279,088                       | 28,199,901                         | 51,549,606      | 239,262,236  |
| Carrying amounts                   |                                 |                                   |                                    |                 |              |
| As at 31 December 2022             | 97,850,909                      | 211,466,164                       | 53,408,599                         | 52,748,245      | 415,473,917  |

CERTIFIED TRUE COPY  
OF THE ORIGINAL DOCUMENT  
SIGNED... B.M.  
DATE... 21.4.2024  
PWC PwC Rwanda Limited

**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

| 8 Intangible assets      | 2023               | 2022               |
|--------------------------|--------------------|--------------------|
| Cost                     | Frw                | Frw                |
| As at 1 January          | 258,862,355        | 64,598,932         |
| Additions                | 35,720,438         | 194,263,423        |
| <b>As at 31 December</b> | <b>294,582,793</b> | <b>258,862,355</b> |
| Amortization             |                    |                    |
| As at 1 January          | 88,073,542         | 32,524,675         |
| Charge for the year      | 51,607,799         | 55,548,867         |
| <b>As at 31 December</b> | <b>139,681,341</b> | <b>88,073,542</b>  |
| Carrying amounts         |                    |                    |
| <b>As at 31 December</b> | <b>154,901,452</b> | <b>170,788,813</b> |

All financial assets are held at amortised cost and none at fair value. Therefore, amortised cost approximates fair value.

| 9 Loans and advances               | 2023                 | 2022                 |
|------------------------------------|----------------------|----------------------|
|                                    | Frw                  | Frw                  |
| Group loans (Microfinance)         | 3,708,222,099        | 2,843,909,644        |
| Small Enterprises Program (SEP)    | 695,209,469          | 448,442,426          |
| Agri-Business                      | 294,041,941          | 154,275,899          |
| Add: Interest receivable           | 151,695,968          | 83,143,056           |
| Less: Loan write off MF            | (40,671,477)         | (15,592,647)         |
| Less: Loan write off SEP           | (18,758,783)         | (10,042,663)         |
| Less: Loan write off Agri-Business | (5,324,336)          | (223,956)            |
| Less: Impairment loss on loans     | (255,925,296)        | (214,036,937)        |
| <b>As at 31 December</b>           | <b>4,528,489,585</b> | <b>3,289,874,822</b> |

The movement on the loan accounts is analysed as shown below;

|                                       |                      |                      |
|---------------------------------------|----------------------|----------------------|
| Opening balance                       | 3,420,768,703        | 2,397,154,619        |
| Add: Loans disbursement MF            | 9,631,390,000        | 6,798,640,000        |
| Add: Loans disbursement SEP           | 1,034,700,000        | 694,600,000          |
| Add: Loans disbursement AGRI Business | 573,430,000          | 313,800,000          |
| Less: Loan realization MF             | (8,751,484,898)      | (6,024,435,634)      |
| Less: Loan realization SEP            | (777,890,294)        | (545,744,646)        |
| Less: Loan realization Agri Finance   | (433,440,002)        | (187,386,370)        |
| Less: Loan write off MF               | (40,671,477)         | (15,592,647)         |
| Less: Loan write off SEP              | (18,758,783)         | (10,042,663)         |
| Less: Loan write off Agri-Business    | (5,324,336)          | (223,956)            |
| <b>Principal outstanding</b>          | <b>4,632,718,913</b> | <b>3,420,768,703</b> |
| Add: Interest receivable              | 181,904,212          | 97,131,054           |
| Less: Interest receivable - write-off | (30,208,244)         | (13,987,998)         |
| Less: Impairment loss on loans        | (255,925,296)        | (214,036,937)        |
|                                       | <b>4,528,489,585</b> | <b>3,289,874,822</b> |



**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**9 Loans and advances (continued)**

The movement on the impairment is shown below:

|   | <b>2023</b>        | <b>2022</b>        |
|---|--------------------|--------------------|
|   | <b>Frw</b>         | <b>Frw</b>         |
| At 1 January                            | 214,036,937        | 73,789,488         |
| Add: Charge for the year                | 136,851,199        | 180,094,713        |
| Less: Loan write off MF                 | (40,671,477)       | (15,592,647)       |
| Less: Loan write off SEP                | (18,758,783)       | (10,042,663)       |
| Less: Loan write off Agri-Business      | (5,324,336)        | (223,956)          |
| Less: Interest receivable write-off MF  | (23,200,871)       | (8,680,233)        |
| Less: Interest receivable write-off SEP | (6,443,868)        | (5,307,765)        |
| Less: Interest receivable write-off SEP | <u>(563,505)</u>   | <u>-</u>           |
| At 31 December                          | <u>255,925,296</u> | <u>214,036,937</u> |

**10 Other assets**

|  |                    |                   |
|--|--------------------|-------------------|
| Prepaid medical insurance                        | 125,426,135        | 85,424,524        |
| Advance to staff-salary, Travel advance & Others | 10,703,910         | -                 |
| Receivable from RRA                              | -                  | 860,628           |
| Receivable from BRAC International Holdings BV   | 24,746,505         | -                 |
|  | <u>160,876,550</u> | <u>86,285,152</u> |

**11.1 Cash and cash equivalents**

|              |                      |                      |
|--------------|----------------------|----------------------|
| Cash in hand | 1,885,569            | 3,462,929            |
| Cash at bank | <u>3,912,216,208</u> | <u>3,596,478,716</u> |
|              | <u>3,914,101,777</u> | <u>3,599,941,645</u> |

**11.2 Short term deposit**

|                              |                    |          |
|------------------------------|--------------------|----------|
| Short term deposit           | 500,000,000        | -        |
| Receivable from FDR Interest | <u>4,043,836</u>   | <u>-</u> |
|                              | <u>504,043,836</u> | <u>-</u> |

The fixed deposit is with Equity Bank Rwanda limited; at an interest rate of 8% per annum. The amount was placed for 90 days.

**12 Share capital**

|  |                      |                      |
|--|----------------------|----------------------|
| Balance brought forward                    | 4,693,540,000        | 3,281,460,000        |
| Capitalisation in the year                 | <u>2,718,530,000</u> | <u>1,412,080,000</u> |
| 741,207 ordinary shares of FRW 10,000 each | <u>7,412,070,000</u> | <u>4,693,540,000</u> |



**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

| <b>13 Other capital contribution</b>               | <b>2023</b>            | <b>2022</b>            |
|--|------------------------|------------------------|
|  | <b>Frw</b>             | <b>Frw</b>             |
| At 1 January                                       | 2,718,530,000          | 1,412,080,000          |
| Addition   | 3,998,596,000          | 2,718,530,000          |
| Converted in share capital                         | <u>(2,718,530,000)</u> | <u>(1,412,080,000)</u> |
| At 31 December                                     | <u>3,998,596,000</u>   | <u>2,718,530,000</u>   |
| <b>14 Accumulated losses</b>                       |                        |                        |
| Brought forward losses                             | (5,966,235,835)        | (3,413,529,579)        |
| Loss for the year                                  | <u>(3,309,874,742)</u> | <u>(2,552,706,256)</u> |
| Carry forward losses                               | <u>(9,276,110,577)</u> | <u>(5,966,235,835)</u> |
| <b>15 Member savings</b>                           |                        |                        |
| Compulsory savings/loan security                   | 721,031,003            | 520,938,867            |
| Voluntary savings                                  | <u>1,231,527,382</u>   | <u>893,660,975</u>     |
|  | <u>1,952,558,385</u>   | <u>1,414,599,842</u>   |
| <b>16 Other liabilities</b>                        |                        |                        |
| Accrual for salary                                 | 1,028,005              | 524,423                |
| Other liabilities                                  | 276,057,059            | 201,577,153            |
| Statutory deductions                               | 120,592,122            | 89,911,135             |
| Withholding tax payable                            | 90,756,422             | 126,390,717            |
| Accrual for Social Security Benefit/Self Insurance | 18,076,505             | 10,851,538             |
| Audit fee accrual                                  | <u>20,155,522</u>      | <u>13,365,012</u>      |
|  | <u>526,665,635</u>     | <u>442,619,978</u>     |
| <b>Whole planet foundation</b>                     |                        |                        |
| Opening balance                                    | 102,728,361            | 302,218,314            |
| Grant from whole planet foundation                 | -                      | 166,228,361            |
| Utilized grant in the year                         | <u>(102,728,361)</u>   | <u>(365,718,314)</u>   |
| Subtotal   | <u>-</u>               | <u>102,728,361</u>     |
| <b>BRAC Rwanda NGO</b>                             |                        |                        |
| Opening balance                                    | -                      | -                      |
| Grant from BRAC Rwanda NGO (UNFPA)                 | 22,728,972             | -                      |
| Utilized grant in the year                         | -                      | -                      |
| Subtotal   | <u>22,728,972</u>      | <u>-</u>               |



**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

| 17 Donor grants (continued)      | 2023<br>Frw               | 2022<br>Frw               |
|----------------------------------|---------------------------|---------------------------|
| <b>Mastercard foundation</b>     |                           |                           |
| Opening balance                  | 382,901,028               | -                         |
| Grant from Mastercard foundation | 536,934,055               | 791,042,028               |
| Utilized grant in the year       | (807,022,451)             | (408,141,000)             |
| Translation adjustment           | 73,654,874                | -                         |
| Subtotal                         | <u>186,467,506</u>        | <u>382,901,028</u>        |
| <b>Total</b>                     | <u><b>209,196,478</b></u> | <u><b>485,629,389</b></u> |

The Whole Plant Foundation agreement of 22 November 2019 was for a grant of USD800,000 over 3 years to fund working capital for general microfinance products in all branches throughout the country. The funds were disbursed as USD300,000 in year 1 (2020); followed by USD200,000 in year 2 (2021), and finally USD300,000 in year 3 (2022). The money is to be utilized in providing loans to customers.

The Company is required to submit progress reports 25 days after each quarter end stating the progress of the project and its successes. The Company is also required to submit annual financial reports at the end of its financial year.

The Whole Plant Foundation agreement of 13 September 2022 was for a grant of US\$560,000 over 3 years to fund working capital for Agricultural loan products in 17 branches throughout the country. The funds were disbursed as USD160,000 in year 1 (2022); followed by USD200,000 in year 2 (2023), and finally USD200,000 in year 3 (2024). The money was utilized in providing loans to customers.

The Company is required to submit progress reports 25 days after each quarter end stating the progress of the project and its successes. The company is also required to submit annual financial reports at the end of its financial year.

The Stichting BRAC International agreement of 13 June 2022 and 18 April 2023 was for a grant of Mastercard foundation USD756,616 and USD1,107,382. Grant was received in 2022 USD756,616 and 2023 USD457,828 to provide support to young women in Rwanda.

The Stichting BRAC International Rwanda NGO MOU of 17 December 2023 was for a grant of UNFPA FRW 22,728,972 and was received in 2023 to provide support to young women in Rwanda.

The Company is also required to submit quarterly financial reports 20 calendar days after the end of the calendar quarter.



**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

| 18 Term Loan     | 2023<br>Frw   | 2022<br>Frw   |
|------------------|---------------|---------------|
| Short term loan  | 5,730,663,154 | 3,854,563,200 |
| Accrued interest | -             | 673,478       |
|                  | 5,730,663,154 | 3,855,236,678 |

BRAC Rwanda Microfinance Company Plc secured a term loan amounting to USD 2 million from BRAC International Finance BV (BIFB.V) in May 2022 for a period of 40 months from the date of disbursement with grace period of 4 months on the principal facility and paying interest accruing during the grace period on a quarterly basis. The loan is quoted at the rate of 5.85% fixed US Dollar rate with no expected increase until maturity. The loan was obtained for facilitating micro-finance lending.

BRAC Rwanda Microfinance Company Plc secured a term loan amounting to USD 1.6 million from BRAC International Finance BV (BIFB.V) in September 2022 for a period of 40 months from the date of disbursement with grace period of 4 months on the principal facility and paying interest accruing during the grace period on a quarterly basis. The loan is quoted at the rate of 6.85% fixed US Dollar rate with no expected increase until maturity. The loan was obtained for facilitating micro-finance lending.

BRAC Rwanda Microfinance Company Plc secured a term loan amounting to USD 1.6 million from BRAC International Finance BV (BIFB.V) in April 2023 for a period of 40 months from the date of disbursement with grace period of 4 months on the principal facility and paying interest accruing during the grace period on a quarterly basis. The loan is quoted at the rate of 7.60% fixed US Dollar rate with no expected increase until maturity. The loan was obtained for facilitating micro-finance lending.

USD (Fixed) vs. FRW (Fixed) cross currency swap transaction: Fixing definition for future payments – again, the standard ISDA definition for USD /FRW would be Where "USD/ FRW CB avg." means the USD/ FRW arithmetic mean of Buying and Selling exchange rates of FRW against USD, as displayed on the website of the Central Bank of Rwanda and is expressed as the amount of Rwandan Franc per one United States Dollar, on that Valuation Date. Reference currency is FRW and Settlement currency is USD.

|                           | 2023<br>Frw     | 2022<br>Frw     |
|---------------------------|-----------------|-----------------|
| Cash and cash equivalents | (3,914,101,777) | (3,599,941,645) |
| Short term loan           | 5,730,663,154   | 3,855,236,678   |
| Lease liability           | 517,570,316     | 269,744,719     |
|                           | 2,334,131,693   | 525,039,752     |



**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**18 Term Loan (continued)**

|                           | <b>2023</b><br><b>FRW '000</b> | <b>2022</b><br><b>FRW'000</b> |
|---------------------------|--------------------------------|-------------------------------|
| At start of year          | 3,855,236,678                  | 405,894,904                   |
| Additions during the year | 1,784,823,893                  | 4,244,222,850                 |
| Interest expense          | 381,584,185                    | 148,439,229                   |
| Interest repayments       | (381,584,185)                  | (147,765,751)                 |
| Principal repayments      | (797,368,500)                  | (941,761,060)                 |
| FC Translation adjustment | 887,971,083                    | 146,206,506                   |
| <b>Total borrowings</b>   | <b>5,730,663,154</b>           | <b>3,855,236,678</b>          |

| <b>Net debt reconciliation</b>  | <b>Short term loan</b> | <b>Lease liability</b> | <b>Cash and equivalents</b> | <b>Total</b>  |
|---------------------------------|------------------------|------------------------|-----------------------------|---------------|
| Net debt as at 1 January 2022   | 405,894,904            | 329,522,525            | (803,214,280)               | (67,796,851)  |
| Cash flows                      | 3,449,341,774          | (59,777,806)           | (2,796,727,365)             | 592,836,603   |
| Net debt as at 31 December 2022 | 3,855,236,678          | 269,744,719            | (3,599,941,645)             | 525,039,752   |
| Cash flows                      | 1,875,426,476          | 247,825,597            | (314,160,132)               | 1,809,091,941 |
| Net debt as at 31 December 2023 | 5,730,663,154          | 517,570,316            | (3,914,101,777)             | 2,334,131,693 |

**19 Interest on loans and advances**

|                                 | <b>2023</b><br><b>Frw</b> | <b>2022</b><br><b>Frw</b> |
|---------------------------------|---------------------------|---------------------------|
| Group loans (Microfinance)      | 1,385,366,532             | 984,411,311               |
| Small Enterprises Program (SEP) | 254,949,200               | 177,127,296               |
| Loan appraisal fee              | 112,313,864               | 78,091,900                |
| Agri-business                   | 74,029,737                | 31,604,123                |
|                                 | <b>1,826,659,333</b>      | <b>1,271,234,630</b>      |

**20 Interest & other financial expense**

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| Interest on member savings       | 79,039,700         | 47,454,389         |
| Management fees Expense to BIFBV | 57,562,858         | -                  |
| Other financial expenses         | 422,790,306        | 181,683,126        |
| Interest on term loan            | 381,584,185        | 148,439,229        |
| Interest on lease liability      | 51,823,784         | 54,540,051         |
|                                  | <b>992,800,833</b> | <b>432,116,795</b> |

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 DATE... **02/14/2024**  
 PwC Rwanda Limited

**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

| 21 Membership and other fees | 2023              | 2022              |
|------------------------------|-------------------|-------------------|
|                              | Frw               | Frw               |
| Membership fee               | 30,183,000        | 30,190,000        |
| Loan application fee         | 724,000           | 518,000           |
| Sales of passbook            | 11,902,000        | 10,498,500        |
|                              | <u>42,809,000</u> | <u>41,206,500</u> |

| 22 Other income | 2023               | 2022           |
|-----------------|--------------------|----------------|
|                 | Frw                | Frw            |
| Other income    | 64,018,533         | 277,633        |
| Bank interest   | 41,751,233         | -              |
|                 | <u>105,769,766</u> | <u>277,633</u> |

BRAC 50 Years Celebration event was held in Rwanda October 2022, and it's all cost was booked as operating cost. Later in 2023 BRAC International reimbursed this cost and we have accounted it as other income. Bank interest was earned from short term deposit.

| 23 Net foreign exchange income   | 2023               | 2022              |
|----------------------------------|--------------------|-------------------|
|                                  | Frw                | Frw               |
| Unrealised foreign exchange loss | 357,394,815        | (152,394,145)     |
| Fair value of SWAP               | (27,488,552)       | 146,206,506       |
| Realised exchange gain           | 39,784,544         | 58,264,306        |
|                                  | <u>369,690,807</u> | <u>52,076,667</u> |

| 24 Grant income                                     | 2023               | 2022               |
|---|--------------------|--------------------|
|   | Frw                | Frw                |
| Portion of utilized grant - Whole Planet Foundation | 102,728,361        | 365,718,314        |
| Portion of utilized grant - Mastercard Foundation   | 807,022,451        | 408,141,000        |
|   | <u>909,750,812</u> | <u>773,859,314</u> |

| 25 Expected credit loss            | 2023               | 2022               |
|------------------------------------|--------------------|--------------------|
|                                    | Frw                | Frw                |
| Gross Loan loss provision expense  | 231,814,039        | 219,941,977        |
| Loan Write off                     | (94,962,840)       | (39,847,264)       |
| <b>Loan loss provision expense</b> | <u>136,851,199</u> | <u>180,094,713</u> |

| 31 December 2023        | Stage 1    | Stage 2    | Stage 3    | Total       |
|-------------------------|------------|------------|------------|-------------|
|                         | Frw        | Frw        | Frw        | Frw         |
| Loss allowance          | 43,537,208 | 1,940,631  | 91,373,360 | 136,851,199 |
| <b>31 December 2022</b> |            |            |            |             |
| Loss allowance          | 29,037,136 | 56,152,680 | 94,904,897 | 180,094,713 |



**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

| 26 | Employee benefits                             | 2023                 | 2022                 |
|----|---|----------------------|----------------------|
|    |   | Frw                  | Frw                  |
|    | Salaries                                      | 2,101,393,095        | 1,548,138,609        |
|    | Leave salaries                                | 84,800,235           | 51,123,059           |
|    | Social security benefit expense               | 121,595,479          | 86,975,243           |
|    | Staff bonus                                   | 154,649,356          | 111,355,893          |
|    |   | <b>2,462,438,165</b> | <b>1,797,592,804</b> |
| 27 | Other operating expenses                      | 2023                 | 2022                 |
|    |   | Frw                  | Frw                  |
|    | Utilities                                     | 36,514,161           | 21,903,345           |
|    | Travel and transportation                     | 283,472,088          | 188,807,682          |
|    | International travels                         | 2,242,611            | 1,616,897            |
|    | Air tickets & VISA cost                       | 72,721,186           | 110,825,459          |
|    | Accommodation (hotel fare)                    | 49,063,860           | 50,778,976           |
|    | Staff Perdiem                                 | 15,270,072           | 45,242,542           |
|    | Wi-Fi, mobile SIM & bill                      | 150,480,503          | 114,912,241          |
|    | Maintenance and general expenses              | 209,126,265          | 343,429,366          |
|    | Meals   | 151,486,594          | 98,317,864           |
|    | Bank charges                                  | 13,328,607           | 11,289,130           |
|    | Medical expenses                              | 234,828,732          | 150,379,440          |
|    | Business license & registration               | 3,300,000            | 2,428,825            |
|    | Need Assessment cost/Survey cost              | 6,273,000            | 17,884,250           |
|    | Vehicle maintenance & fuel                    | 17,936,269           | 15,200,904           |
|    | Software development & purchase               | 145,248,758          | 94,185,702           |
|    | Digital Field Assistant                       | 205,081,827          | 15,323,200           |
|    | Financial literacy                            | 199,325,918          | 2,112,000            |
|    | Digital financial literacy                    | 14,607,200           | -                    |
|    | Market Research                               | 49,639,167           | -                    |
|    | IT change                                     | 21,379,460           | -                    |
|    | Centralization and streamlining of IT systems | 140,119,705          | 330,419,647          |
|    | Impact Survey 60 decibels                     | 34,501,900           | 28,035,046           |
|    | Member death benefit                          | 3,330,000            | 2,520,000            |
|    | HO logistics expenses                         | 158,987,290          | 81,185,893           |
|    | Local staff training cost                     | 158,709,481          | 93,249,280           |
|    | Stationary expenses                           | 109,440,937          | 68,012,084           |
|    | Data analytics                                | 7,109,165            | -                    |
|    | Visibility & communication expense            | 16,276,100           | 2,863,726            |
|    | Professional & consultancy fees               | 51,727,410           | 54,019,740           |
|    | Audit fees                                    | 24,155,461           | 19,546,796           |
|    |   | <b>2,585,683,727</b> | <b>1,964,490,035</b> |

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DATE 21/1/2024  
D/C PwC Rwanda Limited

**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

| 28 Depreciation & amortization                     | 2023<br>Frw            | 2022<br>Frw            |
|--|------------------------|------------------------|
| Depreciation expense                               | 179,765,174            | 131,570,249            |
| Amortization expense                               | 51,607,799             | 55,548,867             |
| Depreciation on right of use asset                 | 155,407,563            | 129,947,536            |
|  | <u>386,780,536</u>     | <u>317,066,652</u>     |
| <br>   |                        |                        |
| 29 Cash generated from operations                  |                        |                        |
| Loss before income tax                             | (3,309,874,742)        | (2,552,706,256)        |
| Adjustments for:                                   |                        |                        |
| Depreciation & amortization                        | 386,780,536            | 317,066,652            |
| Loan impairment                                    | 136,851,199            | 180,094,713            |
| Foreign exchange gain                              | -                      | -                      |
| Disposal adjustment                                | 508,197                | -                      |
| <br>   |                        |                        |
| <b>Cash flow before changes in working capital</b> | <b>(2,785,734,810)</b> | <b>(2,055,544,891)</b> |
| <b>Changes in working capital:</b>                 |                        |                        |
| Decrease in other assets                           | (799,460,868)          | (261,298,299)          |
| Increase in loans                                  | (1,306,913,049)        | (1,063,461,348)        |
| Decrease in donor grant                            | (276,432,911)          | 183,411,075            |
| Decrease of related party payables                 | (84,151,475)           | (141,513,437)          |
| Increase in deposits                               | 537,958,543            | 459,904,245            |
| Increase/(decrease) of other liabilities           | 84,045,656             | 154,710,040            |
| Increase/(decrease) of ROU (right of use) asset    | (379,474,233)          | (57,384,393)           |
| <br>   |                        |                        |
| <b>Net cash used in operations</b>                 | <b>(5,010,163,147)</b> | <b>(2,781,177,008)</b> |

**30 Related party transaction**

BRAC is 99.9% owned by BRAC international B.V a company incorporated in The Hague, The Netherlands. The ultimate controlling party is BRAC international. There are other companies that are related to the company through common shareholdings or common directorships.

Related party balances and the transactions carried out with related parties are set out below:

The movement for the balances above is as shown below:

| a) Key management personnel compensation | 2023<br>Frw        | 2022<br>Frw        |
|--|--------------------|--------------------|
| Salaries and wages                       | <u>182,788,919</u> | <u>137,585,719</u> |



**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**30 Related party transaction (continued)**

| <b>b) Directors' emoluments</b>                      | <b>2023</b>               | <b>2022</b>               |
|--|---------------------------|---------------------------|
|  | <b>Frw</b>                | <b>Frw</b>                |
| As non-executive                                     | <u>4,717,684</u>          | <u>2,200,000</u>          |
| <br><b>c) Transactions with related party</b>        |                           |                           |
| Management Fees                                      | 158,987,290               | 81,185,893                |
| Interest on term loan                                | 381,584,185               | 148,439,229               |
| Mgt Fees Expense to BIFBV                            | <u>57,562,858</u>         | <u>-</u>                  |
|  | <b><u>598,134,333</u></b> | <b><u>229,625,122</u></b> |
| <br><b>d) Related party payable</b>                  |                           |                           |
|  | <b>2023</b>               | <b>2022</b>               |
|  | <b>Frw</b>                | <b>Frw</b>                |
| BRAC International Holdings B.V.                     | -                         | 92,343,556                |
| BRAC International Holdings B.V. Kenya               | 3,643,913                 | -                         |
| Payable to BRAC Bangladesh                           | 4,900,585                 | 1,668,169                 |
| Payable to Stichting BRAC International              | <u>1,315,752</u>          | <u>-</u>                  |
| <b>As at 31 December</b>                             | <b><u>9,860,250</u></b>   | <b><u>94,011,725</u></b>  |
| <br><b>e) Related party receivable</b>               |                           |                           |
|  | <b>2023</b>               | <b>2022</b>               |
|  | <b>Frw</b>                | <b>Frw</b>                |
| BRAC International Holdings B.V.                     | <u>24,746,505</u>         | <u>-</u>                  |
| <b>As at 31 December</b>                             | <b><u>24,746,505</u></b>  | <b><u>-</u></b>           |
| <br><b>31 Right of Use Asset and Lease liability</b> |                           |                           |
|  | <b>2023</b>               | <b>2022</b>               |
|  | <b>Frw</b>                | <b>Frw</b>                |
| a) Opening balance-Right of use of assets            | 552,393,406               | 495,009,013               |
| Additions  | -                         | 111,634,354               |
| Modifications  | 379,474,233               | (54,249,961)              |
| Accumulated depreciation of ROU assets               | <u>(408,695,327)</u>      | <u>(253,287,764)</u>      |
| Closing balance – Right-of-use assets                | <b><u>523,172,312</u></b> | <b><u>299,105,642</u></b> |
| b) Opening balance-Lease liability                   | 269,744,719               | 329,522,525               |
| Additions  | -                         | 111,634,354               |
| Interest on lease liability                          | 51,823,784                | 54,540,051                |
| Modifications  | 413,006,837               | (50,794,010)              |
| Cash payment   | <u>(217,005,024)</u>      | <u>(175,158,201)</u>      |
| Closing lease liabilities                            | <b><u>517,570,316</u></b> | <b><u>269,744,719</u></b> |
| Depreciation charge of right-of-use assets           | 155,407,563               | 129,947,536               |
| Interest expense                                     | 51,823,784                | 54,540,051                |

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**BRAC RWANDA MICROFINANCE COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**32 Derivatives**

The Company uses the following derivative instruments for non-hedging purposes which comprise solely of currency swaps.

Currency swaps held are commitments to exchange one set of cash flows for another and result in an economic exchange of currencies. The Company's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Company assesses counterparties using the same techniques as for lending activities.

The derivative instruments held become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which the instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The derivatives held by the Company are classified as financial assets at fair value through the profit or loss. The fair values of derivative financial instruments held are set out below:

|                            | <b>2023</b>            | <b>2022</b>            |
|----------------------------|------------------------|------------------------|
|                            | <b>Frw</b>             | <b>Frw</b>             |
| Currency swaps assets      | 5,730,663,154          | 3,854,563,200          |
| Currency swaps liabilities | <u>(4,810,760,771)</u> | <u>(3,708,356,694)</u> |
|                            | <u>919,902,383</u>     | <u>146,206,506</u>     |

**33. Tax**

As per Law N° 006/2021 of 05/02/2021 on investment promotion and facilitation, the company is exempt from taxes for five years from the date of registration of 28 September 2018. As such the Company did not incur income tax expense (2022 Nil) and no deferred income tax has been computed.

**36. Ultimate parent company**

The ultimate parent company is BRAC international B.V a company incorporated in The Hague, The Netherlands.



**Other Quantitative disclosures 31 December 2023 :**

| <b>Item</b>   | <b>Amount (in FRW) /<br/>Ratio/Number</b> |
|---|---|
| <b>1.CAPITAL STRENGTH</b>   |   |
| 1.Core Capital (Tier 1)   | 2,134,555,423                             |
| 2.Supplimentary Capital (Tier 2)  | -   |
| 3.Total Capital   | 2,134,555,423                             |
| 4.Total Risk Weighted Assets  | 7,397,715,138                             |
| 5.Core capital/Total risk wighted assets ratio (Tier 1 ratio)   | 28.85%                                    |
| 6.Total capital/Total risk wighted assets ratio   | 28.85%                                    |
| 7.Total Equity to Total Assets  | 19.26%                                    |
| <b>11.CREDIT RISK</b>   |   |
| 1.Sector distribution of exposures,broken down by major types of credit exposure and aggregated in the following areas: |   |
| a) Agriculture, Livestock, Fishing,Handicraft and Poultry   | 250,708,418                               |
| b) Wholesale and Retail Trade (commerce);Restaurants and Hotels   | 14,365,455                                |
| c) Public Works (Construction), Buildings, Residences/Homes/Hardware business/Electronic business                       | 22,831,926                                |
| d) Transport, Warehouses, Communications,Workshop and small industries  | 55,285,297                                |
| e) Accommodation and Food Service Activities  | -   |
| f) Manufacturing  | -   |
| g) Financial and Insurance Activities   | -   |
| h) Others,Small trade,Tailoring,Beauty parlor, salon,Grocery & stationary business,Shoe business and Clothing business  | 4,289,527,818                             |
| 2.Off-balance sheet items   | -   |
| 3.Non-performing loans indicators:  |   |
| a) Non-performing loans (NPL)   | 278,998,110                               |
| b) NPL ratio  | 6.02%                                     |
| 4.Related parties:  |   |
| a) Loans to directors, shareholders and subsidiaries  | -   |
| b) Loans to employees   | -   |
| <b>III. LIQUIDITY RISK</b>  |   |
| Liquidity Ratio   | 199%                                      |
| <b>IV.OPERATIONAL RISK</b>  |   |
| Number and types of frauds and their corresponding amount   | -   |
| <b>V. MANAGEMENT AND BOARD COMPOSITION</b>  |   |
| 1.Number of Board members   | 4   |
| 2.Number of independent directors   | 2   |
| 3.Number of non-independent directors   | 2   |
| 4.Number of female directors  | 2   |
| 5.Number of male directors  | 2   |
| 6.Number of Senior Managers   | 7   |
| 7.Number of females Senior Managers   | 3   |
| 8.Number of males Senior Managers   | 4   |