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DEVELOPMENT BANK OF RWANDA PROSPECTUS

Development Bank of Rwanda PLC

Regulated by the National Bank of Rwanda
Incorporated in Rwanda under the law governing Companies
No. 007/2021 of 05/02/2021.
Registration No. 100003547

PROSPECTUS

29th September 2023

In respect of

Rwandan Francs One Hundred and Fifty Billion (FRW 150,000,000,000) Medium Term Note Programme

This Prospectus is issued in compliance with all Applicable Laws including the law governing Companies, the law regulating Capital Markets in Rwanda, and the Rwanda Stock Exchange Listing Manual.

Mandated Lead Arrangers and Placement Agents	
bk Capital making more possible	RMB
Legal Advisors	**Reporting Accountants**
EJC Legal Advisors RR ASSOCIATES MMC ASAFO.	KPMG
Receiving Bank, Paying Agent, Calculation Agent, and Registrar	**Note and Security Trustee**
I&M	bpr BANK

DISCLAIMER AND STATEMENTS

A. The Capital Market Authority (CMA or Authority) has given its approval via a letter dated 28th September 2023 and each recipient of this Prospectus acknowledges and agrees that the approval of the CMA shall not be taken to indicate that the CMA recommends the subscription for or purchase of this issue.

B. Application has been made for listing of the Company's debt securities offered by this Prospectus document to the Authority and to the Rwanda Stock Exchange (RSE). The fact that the Rwanda Stock Exchange (RSE), may list the securities of the Company on the RSE Over the Counter Market is not to be taken in any way as an indication of the merits of the Company or the listed securities.

C. The Authority or the Rwanda Stock Exchange (RSE) takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

D. The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains all information with respect to itself and the Notes to be issued by it which is material in the context of the programme. The Issuer further confirms that the information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the intentions and opinions expressed in this Prospectus are held, and that there are no other facts the omission of which would make any such information or the expression of any such opinions or intentions misleading in any material respect.

E. The Issuer has given an undertaking to the Lead Arrangers that if at any time during the duration of the programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of the Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus and shall file such amendment, supplement or replacement Prospectus with the Rwanda Stock Exchange (RSE) and shall supply to the Placing Agent, the Trustee and the RSE such number of copies of such supplement hereto as such Placing Agent, the Trustee and the RSE may reasonably request.

F. Neither this Prospectus nor any other information supplied in connection with the programme is intended to provide the complete basis of any credit or other evaluation, nor should it be considered as a recommendation by the Lead Arrangers and Placement Agents that any recipient of this Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make his/ her own independent investigation of the financial condition and affairs, and his/ her own appraisal of the creditworthiness of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation to any person by or on behalf of the Lead Arranger and Placement Agents to subscribe for or to purchase any Notes.

G. The National Bank of Rwanda has given a letter of no objection for the establishment of the Programme by the Issuer. As a matter of policy, the National Bank of Rwanda does not assume responsibility for the accuracy of any statements, opinions, reports or recommendations made in this Prospectus. Approval by the National Bank of Rwanda of the Programme should not be taken as an indication of the merit of the Issuer or of the Notes.

H. The RSE has no objection to the Issuer listing the Notes on the RSE. The RSE assumes no responsibility for the accuracy of the statements made or opinions or reports expressed or referred to in this Prospectus.

I. The Placement Agent has relied on information provided by the Issuer and, accordingly, does not provide assurance for the accuracy or completeness of the information contained in this Prospectus and therefore does not accept any liability or responsibility in relation to information contained in the Prospectus.

J. The delivery of this Prospectus does not, at any time, imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof, or that any other information supplied in connection with the programme is correct as of any time subsequent to the date indicated in the document containing the same.

K. No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation should not be relied upon as having been authorised by or on behalf of the Issuer.

L. The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons who are in possession of this Prospectus are cautioned to inform themselves and observe any such restriction.

1 Caution Statement

A copy of this Prospectus has been delivered to the CMA for approval and approval has been granted. The Directors of the Issuer, whose names appear on Section "Contact Information" on section 9 of this Prospectus, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.

Prospective investors should carefully consider the matters set forth under the Section "Risk Factors Relating to the Issuer" and "Risk Factors Relating to the Notes" on page 76 and on page 79 respectively.

This Prospectus has been drawn up in compliance with the requirements of Rwandan law and regulations and in accordance with the regulations and requirements of the CMA and the RSE.

This document is important and requires your attention. If you are in any doubt as to the meaning of any information contained in this Prospectus or what action to take, please forthwith consult your banker, stockbroker, advocate, accountant, licenced investment adviser or other professionals.

The distribution of this Prospectus and the offering or sale of the Medium-Term Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Placing Agent, and the Lead Arrangers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be offered, sold or delivered within the United States or to US persons. For a description of certain restrictions on offers and sales of the Medium-Term Notes and on the distribution of this Prospectus, see "Subscription for Notes" under Appendix "C.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Placing Agent to subscribe for or purchase any Notes under the Medium Term Note Programme.

2 Forward-looking Statements

Some statements in this Prospectus may be deemed to be "forward-looking statements." Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this Prospectus, the words "anticipate," "estimates", "believes", "intends", "plans", "may", "should" and any similar expressions are used to identify forward-looking statements. The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance.

These views reflect the best judgment of the Issuer's management but involve uncertainties and are subject to certain risks the occurrence of which could cause actual results to differ materially from those predicted in the Issuer's forward-looking statements and from past results, performance, or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or incorrect, the Issuer's actual performance may vary from that expected, estimated, or projected.

These forward-looking statements apply only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligations or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions, or circumstances on which any forward-looking statement is based. A prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

3 Selling Restrictions

I. **General:** Except as stated above no action has been or will be taken in any jurisdiction by any Issuer, Placing Agent or arrangers that would permit a public offering of the Notes, or possession or distribution of the Prospectus (in draft or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Placing Agent will comply with all Applicable Laws and regulations in each jurisdiction in which it acquires offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in draft or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Placing Agent in any such jurisdiction as a result of any of the foregoing actions. The Issuer and the Placing Agent will have no responsibility for, and each Placing Agent will obtain any consent, approval or permission required by it for the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. Neither the Placing Agent nor the Issuer is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained in the Prospectus (in final form) or any amendment or supplement to it.

The distribution of this Prospectus and the offer to invest may be restricted by law in certain jurisdictions. Recipients of this Prospectus should therefore inform themselves about and observe all applicable legal requirements in the jurisdiction in which those recipients are situated. It is the responsibility of each prospective investor to satisfy itself as to full compliance with the applicable laws and regulations of any relevant jurisdiction, including obtaining any requisite governmental or other consent and observing any other formality applicable in such jurisdiction.

The approval of the Capital Markets Authority has been obtained for the issue and offering of the Notes in Rwanda. The sale or transfer of listed Notes by Noteholders will be subject to the rules of the Rwanda Stock Exchange, the CSD the Conditions and the provisions of the Agency Agreement. There are no other restrictions on the sale or transfer of Notes under Rwandan law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents.

II. **United States:** The Notes have not been and will not be registered under the U.S. Securities Act, 1933 as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulations under the Securities Act ("Regulation S") or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. The Issuer, the Arranger and Placing Agent represent and agree that they have only and will only offer and sell Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither it, its Affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each of the Issuer, Arranger and Placing Agent agree that at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period, a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Rule 903 of Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

III. **United Kingdom:** The Issuer, the Arranger and Placing Agent have represented and agreed and any further Placing Agent appointed under the Issue will be required to represent and agree that:

(a) It has not offered or sold and will not offer or sell any Notes, prior to the expiry of six months from the Issue Date in respect of such Notes, to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of Public Offers of Securities Regulations 1995;

(b) It has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom, and;

(c) It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitations or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

4 Documents Incorporated by Reference

This Prospectus should be read and construed in conjunction with:

1. All supplements to this Prospectus circulated by the Issuer from time to time in accordance with the undertakings given by the Issuer in the Trust Deed;
2. Each Pricing Supplement relating to a Series or Tranche of Notes issued under this Prospectus.
3. The Trust Deed as amended or replaced from time to time, constituting and establishing the terms and conditions of the notes; and
4. The Agency Agreement, as amended or replaced from time to time, appointing the initial Agents and any other agreement for the time being in force appointing successor Agents in relation to the Notes.
5. The Collateral Agreement, as amended or replaced from time to time, providing financial security for fulfilment of the obligations or liabilities of the Issuer from time to time.
6. The audited annual financial statements (and Notes thereto) and any un-audited interim financial statements published subsequent to such annual financial statements of the Issuer for the five financial years prior to each issue of Notes under this Issue.
7. The Sustainability-Linked Finance Framework developed and adopted by the Issuer from September 2023, as amended or replaced from time to time, a copy of which is available at the following link https://www.brd.rw/

Which shall be deemed to be incorporated in, and to form part of, this Prospectus and which shall be deemed to modify and supersede the contents of this Prospectus as appropriate.

The Issuer will provide free of charge to each person, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents shall be directed to the Issuer at its Specified Office as set out in this Prospectus.

5 Legal Advisor's Opinion

Equity Juris Chambers (DLA Piper Africa, Rwanda), the Legal Advisors to the Issuer, have given and not withdrawn their written consent to the inclusion in this Prospectus of their legal opinion and the references to their names, in the form and context in which they appear and have authorized the contents of their letter set out in the Appendix under "Legal Opinion"of this Prospectus.

6 Reporting Accountants' Report

This Prospectus contains a statement from **KPMG,** the Reporting Accountants which constitutes a statement made by an expert in terms of Article 152 (2°) of the law governing Companies and have not withdrawn their consent to the issue of the said statement in the form and context in which it is included in the Appendix under "Accountants Report: Incorporated by Reference"of this Prospectus.

The financial statements provided in the Accountants Report are the only information that has been audited in this Prospectus.

7 Note & Security Trustee's Declaration

BPR Bank Rwanda PLC has been appointed by Development Bank of Rwanda PLC to act as Note and Security Trustee, as is applicable under the relevant Note Transaction Documents, to the Notes under the Medium-Term Note Programme and has declared that they understand the responsibilities of the office of Note and Security Trustee as contained in the relevant Note

Transaction Documents and that they are independent from and in no way affiliated to the Development Bank of Rwanda or any other party to the Notes.

8 Agent's Declaration

I&M Bank Rwanda has been appointed by Development Bank of Rwanda PLC to act as Receiving Bank, Paying Agent, Calculation Agent, and Registrar to the to the Initial Notes under the Medium-Term Note Programme and has declared that they understand the responsibilities of the offices of the Receiving Bank, Paying Agent, Calculation Agent, and Registrar and that they are independent from and in no way affiliated to Development Bank of Rwanda PLC or any other party to the Notes.

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CONTACT INFORMATION

9 Contact Information

9.1 Issuer

PRINCIPAL ADDRESS	
Development Bank of Rwanda Plc KN3 Ave, Kigali P. O. Box 1341 Kigali – Rwanda. Tel: (+250) 788388168 Email: secretariat@brd.rw	
BOARD OF DIRECTORS	
Name	**Position**
Bobby Jene Pittman	Chairman (Non-Executive, Independent)
Callixte Nyilindekwe	Vice-Chairman (Non-Executive, Independent)
Louise Kanyonga Ingabire	Non-Executive, Non-Independent Director
Alice Rwema Umuhoza	Non-Executive, Independent Director
Angelique Karekezi	Non-Executive, Independent Director
Joseph M. Mudenge	Non-Executive, Non-Independent Director
Ghislain Nkeramugabo	Non-Executive, Independent Director
Stella Rusine Nteziryayo	Non-Executive, Non-Independent Director
Dr. Emmanuel Habineza	Non-Executive, Non-Independent Director

Company Secretary	Gloria Tengera Development Bank of Rwanda Plc KN3 Ave, Kigali P.O. Box 1341 Kigali, Rwanda.
Financial Calendar	31st December
Auditor	Ernst & Young Rwanda Ltd Certified Public Accountants Makuza Plaza, 6th Floor. KN3 Ave, Kigali P.O. Box 3638 Kigali, Rwanda

Legal Advisors	Equity Juris Chambers ltd, KG 566 St 14 P.O Box 6381, Kigali, Rwanda Kigali Allied Advocates, KG 566 St 14 P.O Box 675, Kigali, Rwanda Me Bimenyimana Eric, P.O Box 4067 Kigali, Rwanda Fountain Advocates P.O Box 6368 Kigali, Rwanda Me. Kazeneza Theophile P.O Box 1635 Kigali, Rwanda Me. Rwigema Vincent P.O Box 2653 Kigali, Rwanda Paradise Law Chambers P.O Box 4637 Kigali, Rwanda RR Associates P.O Box 1104Kigali, Rwanda Rukangira Law Firm P.O Box 7097 Kigali,Rwanda ENSafrica Rwanda Ltd Blue Star House, 35 KG 7 Ave P.O Box 6571, , Kigali, Rwanda K-Solutions & Partners Ltd P.O Box 4062 Kigali, Rwanda Certa Law Chambers P.O Box 1341 Kigali, Rwanda CM Advocates P.O Box 493 Kigali, Rwanda Trust Law Chambers Ltd P.O Box 6679 Kigali, Rwanda Landlab Law Firm Ltd P.O Box 6679 Kigali, Rwanda

9.2 Transaction Advisors and Agents

<table>
<tr><th colspan="2">LEAD ARRANGER AND PLACEMENT AGENTS</th></tr>
<tr><td>BK Capital Limited
KN 30 St
P.O. Box: 175, Kigali/Rwanda,
Contact: Siongo Kisoso, Managing Director
Email: skisoso@bk.rw</td><td>Rand Merchant Bank, a division of FirstRand Bank Limited
1 Merchant Place
Corner Rivonia and Fredman Drive, Sandton, 2196
P.O. Box 786273 Sandton 2146, South Africa
Email: DLRMBProjectSigasira@rmb.co.za</td></tr>
<tr><th>LEGAL ADVISORS</th><th>REPORTING ACCOUNTANT</th></tr>
<tr><td>Equity Juris Chambers Limited
EJC House, KG 566 ST,
P.O. Box 6381, Kigali, Rwanda
Contact: Calvin Mitali, Partner
Email: calvin.mitali@ejc.dlapiperafrica.com

Muriu Mungai and Company Advocates LLP (t/a MMC ASAFO.)
MMC Arches, Spring Valley Crescent,
Off Peponi Road, Westlands
P.O. Box 75362-00200
Nairobi, Kenya
Contact: Esther Omulele- Managing Partner
Email: eomulele@mmcasafo.com

RR Associates
Ground Floor, Monnier House,
(Adventist Headquarter Building)
KN Street 65 CHUK Road-Nyarugenge,
P.O. Box 1104, Kigali-Rwanda,
Contact: Molly Rwigamba-Managing Partner
Email: molly@rrlaw.rw</td><td>KPMG
Certified Public Accountants
5th Floor, Grand Pension Plaza
Boulevard de la Révolution
P.O. Box 6755
Kigali, Rwanda
Contact: Wilson Kaindi,Country Director
Email: wkaindi@kpmg.com</td></tr>
<tr><th>RECEIVING BANK, PAYING AGENT, CALCULATION AGENT AND REGISTRAR</th><th>NOTE TRUSTEE</th></tr>
<tr><td>I&M Bank Rwanda
9 KN 3 Ave, Kigali-Rwanda
P.O. Box 354
Contact: Benjamin Mutimura, Chief Executive Officer
Email: benjamin.mutimura@imbank.co.rw</td><td>BPR Bank Rwanda PLC
KN 67 Street
P.O. Box 1348, Kigali, Rwanda
Contact: Patience Mutesi-Managing Director
Email: patience.mutesi@bpr.rw</td></tr>
</table>

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10 DEFINITIONS AND ABBREVIATIONS

Unless otherwise stated and as the context allows, the words in the first column have the meaning stated opposite them in the second column, throughout this Prospectus, its appendices and enclosures. Words in the singular include the plural and vice versa, words signifying one gender include the other gender and references to a person include references to juristic persons and associations of persons:

Agency Agreement	means the agreement appointing the initial Agent and any other agreement for the time being in force appointing successor Agent or in relation to the Notes, or in connection with their duties, together with any agreement for the time being in force amending or modifying any such agreements.
Applicable Laws	means any laws or regulations (including any foreign exchange rules or regulations) of the Republic of Rwanda, which may govern the Issue, the Conditions of the Notes and the Notes issued thereunder in accordance with which the same are to be construed.
Authority	means the Capital Markets Authority.
Banking Law	means the Banking Law nº 47/2017 of 23/9/2017 governing the organisation of banking.
Business Day	means a day which is (i) a Business Day within the meaning of the RSE Listing Rules, and (ii) (for the purposes of payment or calculation of Interest) a date on which banks are open for general business in Rwanda.
Calculation Agent	means the person at its Specified office appointed or acting as Calculation Agent pursuant to the Agency Agreement and the Conditions and/or, if applicable, any Successor Calculation Agent at its Specified Office.
Capital Markets Authority (CMA)	means the Capital Markets Authority set up pursuant to the provisions of Capital Markets Act Capital Markets Act Law nº 057/2021 Bis of 18/09/2021 establishing the Capital Market Authority of Rwanda.
Closing Date	means the date upon which there is an exchange of the Notes for the proceeds representing the purchase of the Notes by the Noteholders.
Companies Act	means the law governing Companies No. 007/2021 of 05/02/2021 governing companies.
Conditions	Means, in relation to the Dematerialized Notes or to any Subsequent Notes, the Terms and Conditions to be endorsed on the Notes, in the form or substantially in the form set out in Schedule 1 **(Terms and Conditions of the Notes)** to the Trust Deed and Section 13 (Terms and Conditions of the Notes) of this Prospectus together with the provisions of the relevant Pricing Supplement in relation to each Tranche for the issue of Notes.
Costs	means all relevant costs, charges, fees and expenses.
CSD	means Central Securities Depositories.
CSD Account	means an account with the CSD in which a Noteholder's Notes are registered.
Currency	means Rwandan Franc (FRW).
Dematerialized Notes	means Notes issued in electronic form within the meaning of dematerialized security as defined in the Central Security Depository
Enforcement Notice	means a notice delivered by the Note Trustee to the Issuer upon or any Noteholder, upon the occurrence of an Event of Default, declaring that any outstanding Notes are immediately due and payable.

Event of Default	means any one of the circumstances described in Condition 13.7 **(Event of Default)**.
Final Principal Maturity Repayment Date	means the date so specified in the relevant Pricing Supplement as the last day of payment of the final Principal Amount due on the Notes.
Final Redemption Amount	means amount in respect of any series of Notes, the principal amount of such series or such other amount as may be specified in, or determined in accordance with, the Pricing Supplement.
Finance Documents	means the Agency Agreement, any Transaction Security Document, any Security Agreement and any other document designated by the Issuer and the Note Trustee as a Finance Document.
Financial Reports	means the Annual Financial Statements and the Interim Accounts.
Fixed Rate Note	means a Note in respect of which interest is to be calculated and paid on a fixed rate basis as provided in the Pricing Supplement.
FRW or Rwandan Franc	means Rwandan Francs, the lawful currency of the Republic of Rwanda.
Guarantor	means, in respect of the Notes, any person who guarantees to pay the Issuer's debt with respect to any Secured Notes if the Issuer defaults.
Prospectus	means the Prospectus or prospectus prepared in connection with the Programme, as the same may be amended or supplemented from time to time.
IFRS	International Financial Reporting Standards.
Interest	means the amount of interest payable in respect of each Principal Amount of the Notes as determined in the Pricing Supplement.
Interest Accrual Period	means the period of time over which interest due to the Noteholders is calculated and added to the principal balance of the Notes.
Interest Payment Date	means a date from but excluding an Issue Date to and including the relevant Redemption Date, the Notes bear interest as specified in the relevant Pricing Supplement.
Interest Period	means each period beginning on including the Issue Date to but excluding the first Interest Payment Date and each successive interest period from and including and Interest Payment Date to but excluding the next Interest Payment Date as specified in the relevant Pricing Supplement.
Interest Rate	means either the Floating Rate Notes Rate of Interest or the Fixed Rate Note Rate of Interest determined in accordance with the relevant Price Supplement.
Interim Accounts	means the unaudited unconsolidated and consolidated quarterly financial statements of the Issuer for the quarterly period ending on each Quarter Data in each year, prepared in accordance with IFRS.
ISIN	means International Securities Identification Number- the identification number of the Notes.
Issue	means Senior or Subordinated Floating Rate Notes and/or Fixed Rate Notes denominated in an aggregate amount of Rwandan Francs as described in the relevant Pricing Supplement.
Issue And Paying Agent or Paying Agent	means the person at its Specified Office appointed or acting as Issue and Paying Agent pursuant to the Conditions and the Paying Agency Agreement or, if applicable, any Successor Issue and Paying Agent at its Specified Office.
Issue Date	means the date upon which the relevant Tranche of the Notes is issued.

Issue Price	means the price at which the Notes are issued by the Issuer (being, at the election of the Issuer, at par or at a discount to, or premium over their nominal amount as specified in the relevant Pricing Supplement).
Issuer	means Development Bank of Rwanda PLC or BRD
KPI	means Key Performance Indicators.
Liability	means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax to the extent that the Trustee determines that it is not entitled to credit or repayment from the relevant tax authority in respect of the value added tax, or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.
Maturity Date	means as defined in the Relevant Pricing Supplement.
Net Proceeds	means the proceeds from a Note Issue after deduction has been made for the transaction costs payable by the Issuer to the agents for the services provided in relation to the placement and issuance of the Notes.
Nominal Amount	means in respect of each Note the Initial Nominal Amount, less the aggregate amount by which that Note has been redeemed in part pursuant to Condition 13.4 **(Redemption and Purchase of Notes)**.
Notes	means the instrument in registered form, comprising an aggregate amount of up to one hundred and fifty billion rwandan francs (FRW 150,000,000,000) to be issued in tranches through a Medium Term Note Programme issued pursuant to the Trust Deed.
Noteholder	means a person who is registered in the CSD as directly registered owner or nominee holder of a Note.
Note Transaction Documents	Means, in respect of the relevant issuance of Notes, the Trust Deed, the Agency Agreement, the Pricing Supplement, any Security Document and other document that may be designated as such in writing.
Note Trustee	means [▪], which is party to the Trust Deed and which has the primary responsibility of representing the Interests of the Noteholders by ensuring the terms of the Trust Deed are enforced (may also be referred to as **"Note and Security Trustee"**, where applicable).
Outstanding Notes	means any Note issued in accordance with the Conditions to the extent not redeemed or otherwise discharged.
Placing Agent	means stockbrokers or such other agent that may be appointed as a placing agent.
Pricing Supplement	means a supplement to the Prospectus relating to the Programme, specifying the relevant issue details in relation to each Series/Tranche.
Principal Amount	means the nominal amount of each Note noted in the Noteholders' CSD accounts in respect of that Note.
Programme	means the Medium-Term Note Issuance Programme established by the Issuer pursuant to this Trust Deed.
Programme Limit	means the maximum aggregate nominal amount of notes that may be issued at any time, being, as at the date of this Trust Deed Rwandan Francs One Hundred and Fifty Billion (FRW 150,000,000,000).
Prudential Guidelines	means the Prudential Guidelines for banking institutions licensed under the Banking Act Law nº 47/2017 of 23/9/2017 governing the organisation of banking issued by the National Bank of Rwanda pursuant to the provisions of the said Act.

Register	means the register of Noteholders, which the Issuer will maintain or will procure to be maintained by the Registrar at its Specified Office in accordance with the Conditions and the Agency Agreement.
Registrar	means the person at its Specified Office appointed or acting as Registrar pursuant to the Conditions and the Agency Agreement or, if applicable, any Successor Registrar at its Specified Office.
Repayment Date	means any date for payment of Instalments in accordance with Condition 13.4 (Redemption and Purchase of Notes), any Call Option Repayment Date, the Default Repayment Date or the Maturity Date.
RSE	means Rwanda Stock Exchange.
Rwanda	means the Republic of Rwanda and "Rwandan" shall be construed accordingly.
Secured Obligations	means all present and future obligations and liabilities at any time due, owing or incurred by the Issuer to any of the Secured Parties under the Finance Documents.
Secured Parties	means the Note Trustee (on behalf of itself and the Noteholders).
Security Trustee	means in respect of the Notes, the Note Trustee or other party acting for and on behalf of the Secured Parties in accordance with any relevant Finance Document.
Senior Notes	means the Notes issued with the status and other conditions set out in the relevant Pricing Supplement and "Senior Note" shall be construed accordingly.
Series	means a Tranche of Notes together with any further Tranche or Tranches of Notes which are governed by the terms and conditions set forth in the relevant Pricing Supplement and (i) expressed to be consolidated and form a single series and (ii) identical in all respects in characteristics (including listing) except as for their respective issue dates, issue prices, interest payment dates, principal amount and/or date of issuance.
Settlement Date	means the date provided in the relevant Pricing Supplement.
Subordinated Notes	means the Notes issued with the status and other conditions set out in the Conditions and "Subordinated Note" shall be construed accordingly.
Sustainability-Linked Bond Framework	means the Issuer's sustainability-linked bond framework adopted by the Issuer in ***September 2023*** establishing the Issuer's Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) in line with the Sustainability-Linked Bond Principles.
Sustainability-Linked Bond Principles	means the Sustainability-Linked Bond Principles-Voluntary Process Guidelines, issued by the International Capital Markets Association (ICMA) in June 2023 (as amended).
Tranche	means Notes or debentures which (a) are of the same Series and (b) have identical terms except as to principal amount and/or date of issuance.
Trust Deed	means the agreement entered into between the Issuer and the Note Trustee relating, among other things, to the fees to be paid by the Issuer to the Note Trustee for its obligations relating to the Notes.
VAT	means value added tax.

11 Preamble

Development Bank of Rwanda (BRD) was established in Rwanda on the 5th of August 1967 as a Public Company Limited by Shares, registered at the Officer of the Registrar General, with company code no. 100003547.

The Company is registered to conduct banking operations under banking license No.01 issued by the National Bank of Rwanda on June 14, 2018. BRD has been the sole provider of long-term financing in Rwanda for 56 years and, it has significantly facilitated the emergence of different productive enterprises in the private sector. The Bank's mandate is to ensure that the private sector in Rwanda plays its role of investing in sectors critical to achieving the National Strategy for Transformation (NST1) and the Sustainable Development Goals (SDGs). In this regard BRD's vision focuses on providing innovative and sustainable financial solutions designed towards achieving a social-economic impact, with the mission of becoming a trusted strategic partner for Rwanda's development that offers financial solutions geared for enhanced value to its stakeholders.

Under this Medium Term Note issuance programme (the "Programme"); the Issuer may from time-to-time issue debt securities (the "Notes"), subject to the Conditions contained in or referred to in this Prospectus. Any other terms and conditions not contained in the Conditions which are applicable to any Notes will be set forth in the relevant Trust Deed and Pricing Supplement.

The Notes may rank as senior or subordinated obligations of the Issuer. The aggregate Principal Amount of Notes outstanding will not at any time exceed Rwandan Francs One Hundred and Fifty Billion (FRW 150,000,000,000). It is proposed that the Issue will be in Tranches with the first Tranche of Rwandan Francs Thirty Billion ("FRW 30,000,000,000") issued in 2023 (the "Initial Notes") and the balance within the next five years in various Series or Tranches.

Interest on the Notes of a particular Series shall be calculated and payable in accordance with the Terms and Conditions of the Notes as supplemented by the relevant Pricing Supplement.

Allotment of the Notes of a particular Series shall be in accordance with the Terms and Conditions of the Notes as supplemented by the relevant Pricing Supplement.

The Notes, unless previously redeemed, will be redeemed in full in accordance with the provisions of the relevant Pricing Supplement.

The Notes will be issued as Dematerialized Notes in denominations of FRW 100,000 or Rwandan Franc equivalent and in integral multiples of FRW 100,000 or Rwandan Franc equivalent in excess thereof, subject to a minimum subscription amount as specified in the relevant Pricing Supplement. The Notes shall rank as specified in the Summary of the Programme and as specified under the Terms and Conditions of the Notes.

The Register of Noteholders will be maintained by BPR Bank Rwanda PLC as Registrar (the "Receiving Bank, Paying Agent, Calculation Agent, and Registrar").

The sale or transfer of Notes by Noteholders will be subject to the rules of the Rwanda Stock Exchange ("RSE"), and where applicable, the prevailing CSD Rules and the Terms and Conditions of the Notes.

There are currently no other restrictions on the sale or transfer of Notes under Rwandan law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents of Rwanda.

The Notes have not been and will not be registered under any other securities legislation in any other country other than Rwanda.

A copy of this Prospectus has been filed with the Registrar of Companies in Rwanda, in accordance with the law governing Companies No. 007/2021 of 05/02/2021 governing companies as amended to date.

The Notes to be issued under the Programme shall be placed with investors and thereafter be available for secondary trading on the RSE.

Applications for participation shall be processed through the Placing Agent(s), details of which are provided in the relevant Pricing Supplement. The Notes may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all Applicable Laws, orders, rules and regulations of that country or jurisdiction.

11.1 Key Investment Highlights

The investment considerations below do not constitute a guarantee neither are they indicative of future returns. Potential investors are advised to consult with their investment, legal and tax advisors to determine the suitability of an investment in the Medium Term Note Programme, and the appropriate amount, if any, of an investment of this nature.

11.1.1 Trusted Brand and Heritage

Development Bank of Rwanda (BRD) was established in Rwanda on the 5th of August 1967. BRD has been the sole provider of long-term financing in Rwanda for 56 years and it has significantly facilitated the emergence of different productive enterprises in the private sector.

11.1.2 Strongly Capitalized and Extremely Liquid Bank

BRD was strongly capitalized as of FY 2022, with its total capital buffer being 14%, and its total capital ratio being 29.14% against a regulatory capital ratio of 15%. The bank's asset risk is critical to its creditworthiness, the ratios below imply that BRD is highly solvent with a high liquidity buffer, ensuring adequate cover in the event of credit shocks.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Tier 1 Capital Ratio	13.01%	14.00%	18.99%	22.71%	24.05%
Statutory Requirement	12.5%	12.5%	12.5%	12.5%	12.5%
Buffer Capital	1%	2%	6%	10%	12%
Total Capital Ratio	17.93%	19.03%	23.09%	27.60%	29.14%
Statutory Requirement	15%	15%	15%	15%	15%
Buffer Capital	3%	4%	8%	13%	14%
Liquidity Adequacy Ratio	189.0%	705.0%	128.0%	561.0%	485.0%

11.1.3 Commitment to Rwanda's Social Development Goals

BRD is a specialized financial institution established to address market failure through providing medium and long-term financing to key strategic sectors which have critical importance in fostering the economic and social transformation of Rwanda. The financing needs to support Sustainable Development Goals are enormous. There is inadequate provision of long-term finance and BRD plays a paramount role in costing, coordinating, mobilizing resources and provisioning capital for the SDGs.

BRD as a national development bank occupies a unique and pivotal position in the development ecosystem of Rwanda through resource mobilization and availing long term financing for priority sectors of the economy and contributing to the transformation of Rwanda.

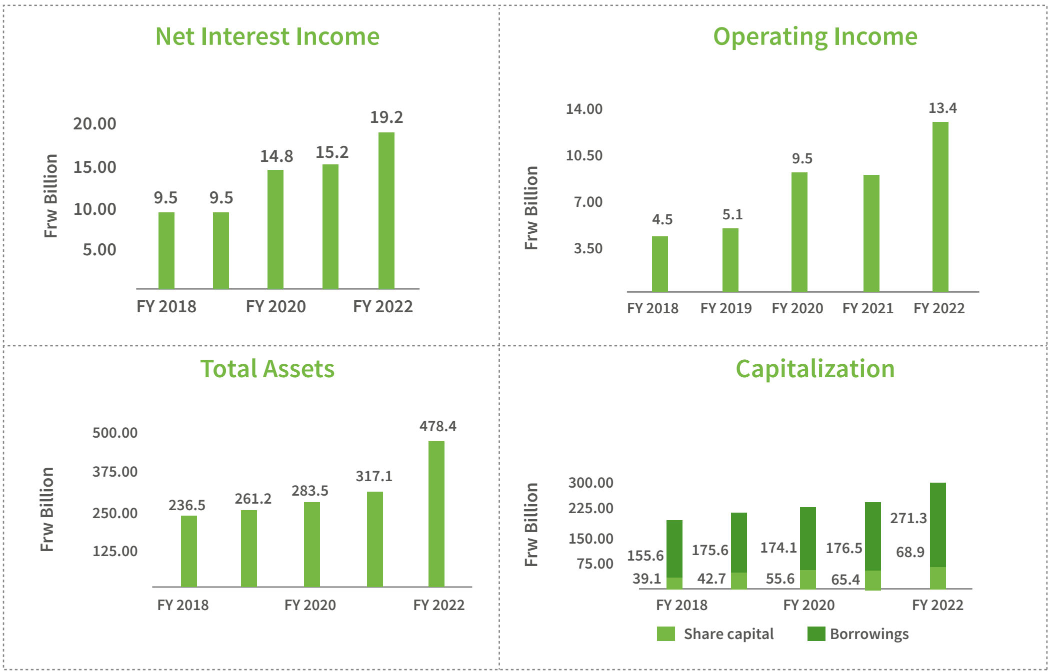
11.1.4 Strong Partnerships

BRD works with a strong group of partners and supporters, who share the same values in financial inclusion schemes. Furthermore, the Bank has partnered with the relevant ministries and communities to develop sustainable community programs for under-resourced individuals and families in order to improve their economic prosperity. The social development sector programs are concentrated on five key areas: Agriculture, Energy, Housing and Infrastructure, Trade and Education.

11.1.5 Track Record of Growth

The Bank has recorded significant growth in Net Interest Income and Operating Income over the last five financial years, at a Compounded Annual Growth Rate (CAGR) of 19.4% and 31.1% respectively from 2018 to 2022. Interest Income grew at a CAGR of 11.3% from FRW 21.14Bn to FRW 32.4 Bn while the interest expense grew at a CAGR of 3.1% from FRW 11.67 billion to FRW 13.19 billion during the same period.

On the balance sheet, capitalization remained strong with an average debt to equity ratio of 2.25 over the 5-year period highlighting significant confidence from BRD's equity and debt partners. The Bank's total assets have recorded significant growth, with Total Assets CAGR of 19.3% as at FY 2022 standing at FRW 478.5 billion up from FRW 236.5 billion in 2017 facilitated by a total loan book growth of CAGR 13.1% from FRW 155.67 billion to FRW 258.08 billion over the period.



11.1.6 Robust Governance Structure

The Board is committed to ensuring that the business is run in a professional, transparent, just and equitable manner so as to protect and enhance shareholder value whilst satisfying the interests of all other stakeholders. The principles and standards adhered to by the Board have been developed with close reference to guidelines on corporate governance issued by the National Bank of Rwanda for the banking industry, and other best practices. The Board members have a broad range of skills, expertise and experience and each brings independent judgment and valuable contribution to the business. The Directors' abridged biographies appear in Section 15.5 of this Prospectus.

All the non-executive directors are subject to retirement by rotation and must seek re-election by shareholders at least once every three years in accordance with the Articles of Association. The Board's responsibilities are set out in the Board Charter.

The roles and responsibilities of the Chairman of the Board and the Chief Executive Officer remain distinct and separate. The Chairman provides overall leadership to the Board without limiting the principles of collective responsibility for Board decisions. The Chief Executive Officer is responsible to the Board and takes responsibility for the effective and efficient running of the Bank on a day-to-day basis.

BRD is led by a management team comprised of well-experienced professionals in the banking industry, having worked for different entities both locally and internationally. The Bank is well equipped to handle all development financing solutions. The members of the Board of BRD also have extensive experience in various industries cutting across Finance, Investments and Banking sectors. Hence, they are vital and capable in formulating the Bank's strategies for growth.

11.1.7 Liquidity

Each Rwandan Franc denominated tranche of the Notes will be listed and quoted on the Rwanda Stock Exchange. Subsequently, there will be an established secondary market for the sale of each tranche of the Notes.

11.1.8 Diversification of Asset Classes

The Notes will give investors an opportunity to diversify their portfolio composition as well as overall risk reduction.

12 Summary Terms of the Issue

The following summary contains a brief description of the Notes. This overview is qualified in its entirety by the remainder of this Prospectus. Capitalised expressions used below in this overview have the definitions ascribed to them in the Terms and Conditions of the Senior and Subordinated Notes unless otherwise defined in this Prospectus.

Issuer	Development Bank of Rwanda Plc
Issuer Rating	As specified in the Relevant Pricing Document
Description	Medium Term Note ("MTN") Programme under which Fixed Rate, Floating Rate, Senior and Subordinated Notes may be issued in either vanilla or sustainability-linked format.
Programme Size	Up to FRW 150,000,000,000, aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Placing Agreement.
Currency	The Notes will be denominated in Rwandan Francs ("FRW") or in other currency as otherwise stated in the relevant pricing supplement.
Minimum Subscription	A minimum subscription amount of FRW 100,000 or as specified in the Relevant Pricing Supplement.
Guarantor	As specified in the relevant Pricing Supplement for any guaranteed Tranches
Guarantee	A Tranche will only be guaranteed where the relevant Pricing Supplement expressly provides for a Guarantee.
Credit Enhancement	As specified in the relevant Pricing Supplement for any Credit Enhanced Tranches
Method of Issue	The Notes will be placed on a syndicated or non-syndicated basis. the Notes will be issued in series (each a "Series") having one or more Issue Dates and on terms otherwise identical (or identical other than in respect of the first payment of Interest, Issue Price, and Interest Rate), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different Issue Dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and Conditions and, save in respect of the Issue Date, Issue Price, Interest Rate, first payment of Interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the "Pricing Supplement").
Issue Price	Notes may be issued on a fully paid basis at their nominal amount at a discount or premium to their nominal amount. Partly paid Notes may be issued, the Issue Price of which will be payable in instalments.
Form of Notes	The Notes will be issued as Dematerialized Notes.
Initial Delivery of the Notes	The Notes will be uploaded into the CSD accounts on the Issue Date.
Maturities	Any maturity subject to compliance with all relevant laws, regulations, and directives. Unless otherwise permitted by the then current laws, regulations, and directives.
Specified Denominations	As specified in the Relevant Pricing Supplement.

Notes	Fixed Rate Notes: Fixed Interest will be payable on the date or dates in each year specified in the relevant Pricing Supplement. Floating Rate Notes will bear Interest determined separately for each Series as follows: • by reference to 91-day, 182-day or 364-day Treasury Bill (or such other Benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or • In any other manner as may be specified in the relevant Pricing Supplement. **Other Notes:** Terms applicable to any other type of Notes that the Issuer and any Placing Agent(s) may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Sustainability features	The Notes may be issued in vanilla or sustainability-linked format in alignment with the Sustainability Linked Financing Framework referenced in paragraph 4 above. The additional terms and conditions for any sustainability-linked notes will be set out in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the Interest periods for the Notes and the applicable Interest Rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum Interest Rate, a minimum Interest Rate, or both. The use of Interest accrual periods permits the Notes to bear Interest at different rates in the same Interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption	a. The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. b. The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Optional early Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and, if so, the terms applicable to such redemption.
Status of the Notes	The Senior Notes will constitute unsubordinated and unsecured obligations of the Issuer and Subordinated Notes will constitute subordinated obligations of the Issuer as further described in the Terms and Conditions.
Use of Proceeds	As specified in the relevant Pricing Supplement
Allotment Policy	The Issuer reserves the right, whether the Issue is oversubscribed or not to reject any application in line with the Allotment policy set in the relevant Pricing Supplement. Applicants as a result may be allotted less than the amount applied for. Allotment will be done on the pro rata basis on the amount applied. Successful applicants will be notified by the Placing Agent of the amount allotted to them no later than the date and time specified in the relevant Pricing
Events of Default	The terms and conditions of the Notes will contain events of default provisions as set out in Terms and Conditions.

Taxation	All payments in respect of the Notes will be made subject to withholding or deduction for or on account of any taxes imposed within the Republic of Rwanda, where such taxes are applicable.
Listing	The Notes will be listed on the Fixed Income Securities Segment of the Rwanda Stock Exchange.
Rating	Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Pricing Supplement. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency will be disclosed in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Governing Law	The Notes will be governed by, and construed in accordance with, Rwandan Law.

12.1 Timetable Of Principal Events

Event	Timeline (Days)
1. Offer Opening Date – the date the Offer opens	Friday, 29 September 2023
2. Offer Closing or Closure Date – the day the Offer closes	Friday, October 13, 2023
3. Date of Allocation	Monday, October 16, 2023
4. Announcement Date	Tuesday, October 17, 2023
5. Settlement Date	Friday, October 20, 2023
6. Announcement of results to CMA	Friday, October 20, 2023
7. Public Announcement	Monday, October 23, 2023
8. Electronic crediting of bonds to CSD accounts	Wednesday, October 25, 2023
9. Refund Date	Thursday, October 26, 2023
10. Listing on RSE and Commencement of Trading	Friday, October 27,2023

12.2 Frequently Asked Questions

12.2.1 What are "medium-term note programmes?

Medium-term note ("MTN") Programmes enable companies to offer debt securities on a regular and/or continuous basis. As compared to other forms of debt securities, MTNs tend to have their own type of settlement procedures and marketing methods, which are similar in some respects to those of commercial paper. Although Medium-Term Notes typically have maturities of between two to ten years, they are not required to have medium terms. It is common for companies to issue both short-term and long-term securities under an MTN Programme.

12.2.2 Why would a company have a medium term note programme?

An MTN Programme enables a company to sell a wide range of debt securities without having to complete the CMA's registration or review process for each issuance it might want to undertake. In addition, an MTN Programme uses a master set of disclosure documents, agreements with selling agents or dealers, and issuing and paying agency agreements to help minimize the new documentation that is needed for each offering.

12.2.3 What types of securities normally are sold through medium term note programmes?

MTN Programmes typically include other types of debt securities, including floating rate, zero coupon, amortizing, multi-currency, subordinated, or indexed securities.

12.2.4 What types of offerings are completed using mtn programmes?

Issuers use MTN Programmes to: effect small and medium-sized offerings of debt securities to investors that seek specific terms (known as "reverse inquiry" trades); to effect large syndicated offerings of debt securities that might, in the absence of an MTN Programme, be offered through a shelf-takedown; to offer structured Notes, such as equity-linked, currency-linked, and commodity-linked securities among others.

12.2.5 What offering documents are used in an MTN Programme?

The Issuer's registration statement for an MTN Programme typically consists of: a "universal" shelf registration statement for debt and other securities; or a shelf registration statement providing only for debt securities; or an Prospectus pertaining to the MTN Programme itself; Preliminary and Final Pricing Supplement, product supplement and press releases.

12.2.6 What types of Interest payments are available?

MTNs are issued with a variety of Interest payment schedules that range from traditional semi-annual payments to custom-tailored frequencies such as monthly, semi-annually or compounded at maturity.

12.2.7 What is disclosed in a "Pricing Supplement" for a MTN offering?

The Pricing Supplement will include the final terms of the offering, such as: the title of the securities; the Issue Date; the maturity date; the Interest Rate; the redemption dates, if any:- the underwriter or selling agent; and the selling agents' compensation for the offering.

13 Terms and Conditions of the Notes

The issue of Medium-Term Notes of up to Rwandan Francs One Hundred and Fifty Billion (FRW 150,000,000,000) (the **"Notes"**) within the Republic of Rwanda by the Development Bank of Rwanda (the **"Issuer"**) has been duly authorised pursuant to a resolution of the Board of Directors of the Issuer, adopted on 14th September 2023

The following are the terms and conditions of the Notes ("the Conditions") which will be deemed to be endorsed upon each Note in the Medium Term Note Programme. The Notes are issued subject to, a Trust Deed between the Issuer and the Note Trustee and an Agency Agreement between the Issue and Paying Agent, the Receiving Agent, the Calculation Agent, the Replacement Agent, the Registrar and the Issuer.

The holders of the Notes (the "Noteholders") are deemed to have notice of and are entitled to the benefit of all the provisions of the Note Transaction Documents, which are binding on them or on the Note Trustee on their behalf. Copies of the Note Transaction Documents are available for inspection at the Specified Offices of the Issuer.

Words and expressions defined in the Trust Deed and the rules of interpretation specified therein shall have the same meanings or apply where used in the Conditions and the relevant Pricing Supplement unless the context otherwise requires or unless otherwise stated.

13.1 Status, Form, Denomination And Title

13.1.1 Status

(a) Unless otherwise specified in the relevant Pricing Supplement, Senior Notes will constitute unsubordinated and secured obligations of the Issuer, and Subordinated Notes will constitute subordinated obligations of the Issuer. The Notes will rank as described in the relevant Applicable Pricing Supplement (the **"Pricing Supplement"**).

13.1.2 Form and Denomination of the Notes

(a) The obligations of the Issuer in respect of each Note constitute separate and independent obligations which each Noteholder is entitled to enforce subject to these Conditions and the Note Transaction Documents. The Notes are issued in dematerialized book entry form, in denominations of Rwandan Francs One Hundred Thousand (FRW 100,000) and in multiples in excess thereof, subject to a minimum subscription of FRW 100,000 or as specified in each relevant pricing supplement. The Notes shall be registered in the registry account of each note holder held with the Central Securities Depository in accordance with the Finance Documents and the Law No 26/2010 of 28/05/2010 governing the holding and circulation of securities in Rwanda.

13.1.3 Title to the Notes

(a) Title to the Notes will be evidenced by book entry and shall pass upon the registration of the allotment in the Register in accordance with the provisions of the Agency Agreement and the Law N° 26/2010 of 28/05/2010 governing the holding and circulation of securities in Rwanda.

(b) The Issuer and the Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the registered owner of any Notes as the absolute owner thereof (whether or not the note shall be overdue and notwithstanding any notice of ownership or other interest therein and neither the Issuer, nor the Paying Agent shall be affected by notice to the contrary).

13.1.4 Transfer

(a) The Notes will only be transferred in whole or in part subject to stamp duty and any charges as may be levied, in the specified Denomination of the Notes and title to such Notes shall pass upon the registration of book-entry transfers in accordance with the RSE Rule Book.

13.1.5 Note Future Issues

(a) Nothing contained in the Note Transaction Documents shall preclude the Issuer from, at any time, issuing further Notes on these or similar terms and conditions or otherwise raising additional capital, borrowings or debt on these or any other terms and conditions subject to approval, if required, by CMA.

13.2 Interest

13.2.1 Interest

(a) Interest Amount on the Notes will be paid on the date specified in the relevant Pricing Supplement.

(b) Each Note bears interest on its Principal Amount from (and including) the Interest Commencement Date to (but excluding) the Final Principal Maturity Repayment Date at the Interest Rate(s) per annum specified in the relevant Pricing Supplement. Such interest shall fall due for payment in arrears on the Interest Payment Date specified in the relevant Pricing Supplement or on the Final Principal Maturity Repayment Date if such date is not specified in the relevant Pricing Supplement.

(c) The amounts payable in respect of the Notes will (unless otherwise specified in the relevant Pricing Supplement) be determined by the Calculation Agent two (2) Business Days before the Interest Payment Date or on the Final Principal Maturity Repayment Date if such date is not specified in the relevant Pricing Supplement.

13.2.2 Certificates to be final

(a) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for purposes of the provisions of this Condition 13.2.2. shall (in the absence of wilful deceit, bad faith or manifest error) be binding on the Issuer, the Paying Agent or, if applicable, the Calculation Agent, as the case may be, and on all Noteholders, and in the absence as aforesaid, no liability to the Issuer or the Noteholders shall attach to the Paying Agent or Calculation Agent (as the case may be) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

13.3 Payment

13.3.1 Payment of principal and interest on the Notes

(a) Payments of the Final Redemption Amount(s) to the Noteholders will be made against the particulars recorded in the Register at 15.00 p.m. (Kigali Time) on the relevant Record Date.

13.3.2 Method of Payment

(a) Payments will be made in Rwandan Francs, by EFT or RTGS, as applicable to the bank account of the Noteholder as recorded on the Register on the Business Day not later than the relevant due date for payment unless prior to the relevant Record Date the Noteholder has applied to the Register and the Registrar has acknowledged such application for payment to be made to a designated Rwandan Franc account maintained by the payee with a bank in Rwanda in which case payment shall be made on the relevant due date for payment by EFT or RTGS transfer to such account.

13.3.3 Payments on Business Dates and late payments

(a) If any day for payment of any amount of principal or interest in respect of the Notes is not a Business Day, then the Noteholders shall not be entitled to payment until the next following Business Day nor be entitled to any interest or other sums in respect of such postponed payment.

13.3.4 Currency of account and payment

(a) The currency of account and for any sum due from the Issuer is the Rwandan Franc.

13.4 Redemption And Purchase Of Notes

13.4.1 Final Redemption

(a) Unless previously redeemed at the Issuer's option, or purchased and cancelled, the Notes shall be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the relevant Pricing Supplement (and which, unless otherwise provided in the relevant Pricing Supplement, is its nominal amount) on the Final Principal Maturity Repayment Date specified in the relevant Pricing Supplement.

13.4.2 Voluntary Early Redemption-Call Option

(a) If early redemption of all or part of the Principal Amount (the "Call Option") is specified in the relevant Pricing Supplement as being applicable, then the Issuer may exercise the option in accordance with the Trust Deed (together with interest accrued to the date of redemption) subject to the following conditions:

(i) the Issuer may upon giving a prior written notice of not less than fifteen (15) but not more than thirty (30) days (which notice shall be irrevocable) to the Noteholders and the Note Trustee, exercise optional redemption of all or some of the Notes outstanding;

(ii) any single partial early redemption of the Notes shall be of an aggregate principal amount of not less than Rwandan Francs One Hundred Thousand (FRw 100,000); and

(iii) No early redemption may be made before the date stipulated in the relevant Pricing Supplement. The amount of each early redemption shall be applied to the instalment amounts in inverse order of maturity (unless otherwise advised in writing by the Issuer), and pro-rated against the Issuer's obligations under the Notes.

13.4.3 Option Redemption Amounts

(a) For the purposes of Condition 13.4.2 (and unless otherwise stated in the relevant Pricing Supplement), the Notes will be redeemed at the Option Redemption Amount calculated as follows:

(i) A Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
(ii) A Final Redemption Amount which is or may be less or greater than the Issue Price, to be determined in the manner specified in the relevant Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount.

13.4.4 Cancellation

(a) All Notes redeemed or purchased by, or on behalf of, the Issuer may be cancelled by the Registrar at the Issuer's request and an entry be made in the CSD book-entry form stating:

(i) the aggregate nominal amount of the Notes redeemed or purchased; and
(ii) the aggregate amount of interest paid on the Notes.

13.5 Taxation

13.5.1 All payments in respect of the Notes will be subject to withholding tax or deduction as per Law no. 027/2022 of 20/10/2022 establishing taxes on income as amended to date. Five percent (5%) withholding tax will be applicable on interest on securities listed on capital market if the beneficiary of the interest is a resident taxpayer of Rwanda or of the East African Community and fifteen percent (15%) withholding tax will be applicable to a person not registered in the Rwandan tax administration or to a registered person who does not have recent income tax declaration.

13.5.2 Notwithstanding Condition 13.5.1 above, the Issuer will not deduct withholding tax to any Noteholder who:

(a) is exempt from such deduction under the provisions of Law No. 027/2022 of 20/10/2022 Establishing taxes on Income as amended to date; and

(b) has provided evidence of such exemption to the reasonable satisfaction of the Issuer and the Paying Agent.

13.6 Unclaimed Assets

13.6.1 The Notes will be presumed abandoned and the Issuer may take action in accordance to the law No.39/2015 of 22/08/2015 relating to management of abandoned property after a period of five (5) years in the case of principal and five (5) years in the case of interest after the Relevant Date (as defined below) if:

(a) for more than five (5) years, a Noteholder has not claimed interest or the Early Redemption Amount or the Final Redemption Amount as applicable, or any other sum payable on the Notes or the Noteholder has not communicated with the Issuer, the Paying Agent or the Note Trustee regarding the interest or the Early Redemption Amount or the Final Redemption Amount as applicable, as evidenced by a memorandum or other record on file with the Issuer, the Paying Agent or the Note Trustee; and

(b) the Issuer, the Paying Agent or the Note Trustee do not know the whereabouts of the Noteholder at the end of the five (5) year period.

13.6.2 Abandoned property shall be managed by the State represented by the Ministry of Justice until the owners show up.

13.6.3 As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.9 (Notices).

13.7 Events Of Default

13.7.1 If any one or more of the following events of default occurs (other than as a result of a Force Majeure Event as is more particularly defined in the Trust Deed) and is continuing, namely:

(a) Default of Payment: if the Issuer has failed to pay any amount due in respect of all the Notes or some of the Notes on the Due Date for payment and such default continues for a period of 15 Business Days unless:

(i) the default was caused by an administrative, logistical or technical error which was earlier notified to the Paying Agent, Note Trustee and subsequently to the Noteholders, and in such an event, payment is made in full within three (3) Business Days; or

(ii) the payment default is in order to comply with any applicable laws or order of any court of competent jurisdiction or in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with written advice as to such validity or acceptability given at any time during such period by independent advisers acceptable to the Note Trustee in its capacity acting on behalf of the Noteholders and notified to and made available to the Noteholders.

(b) **Breach of other obligations:** If the Issuer defaults in the performance or observance of any of its other covenants and obligations under the Note Transaction Documents, and (except where such default is incapable of remedy) such default remains unremedied for a period of 45 Business Days after written notice by the Note Trustee or a Noteholder requiring the same to be remedied, or is waived by the Noteholders;

(c) **Misrepresentation:** any representation, warranty or statement made or repeated in, or in connection with the Agency Agreement or in any accounts, certificate, statement, opinion or the Prospectus delivered by or on behalf of the Issuer or in connection with the Notes or the other Note Transaction Documents is incorrect to a material extent when made or is continuing or repeated and, if the circumstances giving rise to such breach are capable of remedy, such breach is not remedied within forty five (45) Business Days of the earlier of the Note Trustee giving notice to the Issuer or the Issuer becoming aware of such non-compliance; or

(d) **Insolvency and Bankruptcy proceedings:** In case there is commencement of insolvency proceedings in accordance with the law no. 075/2021 of 06/12/2021 relating to insolvency.

(e) If any creditor commences action to enforce any security over the assets of the Issuer;

(f) **Legal Process:** a lawful distress, sequestration, execution or attachment of the assets of the Issuer either by virtue of any court order, provided that any such proceedings shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within thirty (30) days of commencement.

13.7.2 Upon the occurrence of any such event and at any time thereafter, if any such event shall then be continuing, the Issuer on behalf of the Noteholders or any Noteholder may issue an Enforcement Notice to the Issuer declaring that any outstanding Notes are immediately due and payable, whereupon the same shall become immediately due and payable together with all interest accrued thereon and all other amounts payable under the Note Transaction Documents.

13.7.3 Remedies in Case of Default

(a) If an Event of Default that is under Condition 13.7 (Events of Default) occurs and is continuing, the Note Trustee on behalf of the Noteholders of not less than 25 per cent in aggregated Principal Amount of the Notes then outstanding in the Programme may, by written notice to the Issuer, declare the Principal Amount of the Notes and all interest accrued thereon to the date of acceleration to be immediately due and payable.

(b) At any time after such a declaration of acceleration has been made and before the entry of a judgment or decree for payment of the money due, the Note Trustee in its capacity as acting for the Noteholders, of not less than 25 per cent in aggregate Principal Amount of the Notes then outstanding in the Programme, may by written notice to the Issuer and the Paying Agent and subject to the requirements of Condition 13.10 (Meeting of the Noteholders, Modification and Waiver), rescind and annul such declaration and its consequences if:

(i) there has been payment made to or deposited to the Noteholder's account of a sum sufficient to pay: (A) all overdue instalments of interest on the Notes; (B) the Principal Amount of and redemption premium if any, on any Notes which have become due other than by such declaration of acceleration and interest thereon; (C) to the extent lawful, interest upon overdue instalments of interest and redemption premium, if any; and (D) all sums paid or advanced by the Paying Agent hereunder;

(ii) all Events of Default, other than including the non-payment of Principal Amount of, redemption premium, if any, and interest on the Notes which have occasioned such acceleration have been cured or waived by an Ordinary Resolution of the Noteholders;

(iii) No such rescission and annulment or waiver shall affect any subsequent default or impair any consequent right.

(c) If an Event of Default under this Condition 13.7 (Events of Default) occurs and is continuing, the Noteholders shall have the right and be entitled to continued access to proceeds from the activities engaged for repayment of the Notes.

(d) In calculating the requirement to pass an Ordinary Resolution, a decision taken by simple majority of the votes of those noteholders entitled to vote on an agenda item subject to the company's incorporation documents and the Companies Act (50 plus one vote), neither the Issuer or any party related to the Issuer shall be entitled to vote in respect of any Notes held by them.

13.7.4 Additional Remedies

(a) The Note Trustee acting on behalf of the Noteholders, upon occurrence of an Event of Default may and subject to the requirements of Condition 13.10 (Meeting of the Noteholders, Modification and Waiver):

(i) exercise any or all rights belonging to Noteholders or the Issuer on behalf of the Noteholders or any Noteholder under the Note Transaction Documents; and

(ii) proceed to protect and enforce their rights under these Conditions or under any law by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in these Conditions or in other Note Transaction Documents or in aid of the execution of any power herein or therein granted or for the enforcement of any other appropriate legal or equitable remedy.

(b) Without limiting the generality of the foregoing and notwithstanding any provision in the Note Transaction Documents to the contrary, the Note Trustee acting on behalf of the Noteholders or any Noteholder shall at all times have the power to institute and maintain such proceedings as it may deem expedient:

(i) to prevent any impairment of the Notes by any acts which may be unlawful or in violation of these Conditions or the Note Transaction Documents; and

(ii) to protect the Noteholders' interests in Notes and in the issues, profits, revenues and other income arising therefrom, including the power to maintain proceedings to restrain the enforcement of/ or compliance with any governmental enactment, rule or order which may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would be prejudicial to the interests of the Noteholders.

13.8 AGENT

The names of the initial Paying Agent, Calculation Agent, Registrar and Receiving Bank, and their initial Specified Offices are set out below:

Paying Agent:	I&M Bank Rwanda
Calculation Agent:	I&M Bank Rwanda
Registrar:	I&M Bank Rwanda
Receiving Bank:	I&M Bank Rwanda
Specified Office:	I&M Bank Rwanda 9 KN 3 Ave, Kigali-Rwanda P.O. Box 354

The Issuer is entitled to amend or terminate the appointment of the Agent provided that it will at all times, while any Note is Outstanding, maintain a Paying Agent, a Calculation Agent and a Registrar having a Specified Office in Rwanda. Any variation, termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after and not more than thirty (30) days prior written notice thereof shall have been given to the Noteholders in accordance with Condition 13.9 (Notices). In acting under the Note Transaction Documents and in connection with the Notes, each of the Note Agents is acting solely as agent of the Issuer and does not assume any obligation toward or relationship of agency or trust for or with any Noteholder or the owner of any interest in the Notes.

13.9 NOTICES

All notices to the Noteholders shall be valid if published in a leading daily newspaper with a wide circulation in Rwanda as the Note Trustee may approve. If publication is not practicable in Rwanda, notice shall be given in such other manner as the Note Trustee may approve. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of the RSE or any other stock exchange or relevant authority on which the Notes are for the time being listed. Such notices shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first publication.

Notices given by any Noteholder shall be in writing and given by lodging the same with the Note Trustee.

13.10 Meeting Of The Noteholders, Modification And Waiver

13.10.1Meeting of the Noteholders

(a) The Trust Deed contains provisions for convening meetings of Noteholders (which may be at a physical location or by way of conference call or video conference) to consider any matter affecting their interests, including modification by Extraordinary Resolution of these Conditions or the provisions of the Trust Deed.

(b) The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that, at any meeting the business of which includes the modification of certain of these Conditions and certain of the provisions of the Trust Deed (including altering the currency of payment of the Notes), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourning meeting not less than one-third, in principal amount of the Notes for the time being outstanding.

(c) A resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding or a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Note Trustee) by or on behalf of the holders of not less than 25% in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an "Extraordinary Resolution of the Noteholders". An Extraordinary Resolution shall be binding on all Noteholders, whether or not they are present at the meeting.

13.10.2Modification and Waiver

(a) The Note Trustee may agree, without the consent of the Noteholders, to any modification of these Conditions or of any of the provisions of the Trust Deed or to any waiver or authorisation of any breach or proposed breach by the Issuer of the provisions of these Conditions or any of the provisions of the Trust Deed which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification of these Conditions or of any of the provisions of the Trust Deed which, in its opinion, is made to correct any manifest error or an error which is, in the opinion of the Note Trustee, proven or is of a formal, minor or technical nature and may also determine that any event, condition or act which would or might otherwise be an Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be so treated. Any such waiver, authorisation, modification and determination shall be binding on the Noteholders, and notice thereof shall be given to the Noteholders unless the Note Trustee agrees otherwise.

13.11 Law And Submission To Jurisdiction

13.11.1 The Note Transaction Documents and the Notes are governed by, and shall be construed in accordance, with the Rwandan law.

13.11.2The Issuer hereby, for the benefit of the Noteholders:

(a) agrees that the courts of Rwanda shall have jurisdiction to hear and determine any such suit, action or proceedings and to settle any such disputes, which may arise out of or in connection with the Notes and accordingly, any legal action or proceedings arising out of or in connection with the Notes shall be brought before a mutually agreed upon neutral mediator in accordance with the laws of Rwanda failure of which the dispute shall be brought before the Competent courts of Rwanda.

(b) irrevocably waives any objection which it might now or hereafter have to mediation in accordance with the laws of Rwanda or the courts with competent jurisdiction in Rwanda.

(c) consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any final Award which may be made or given in such Proceedings;

(d) to the extent that the Issuer may claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in Rwanda to each member of the Issuer or their assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by Rwandan law in respect of its obligations under this Trust Deed, the Notes or the other Transaction Documents.

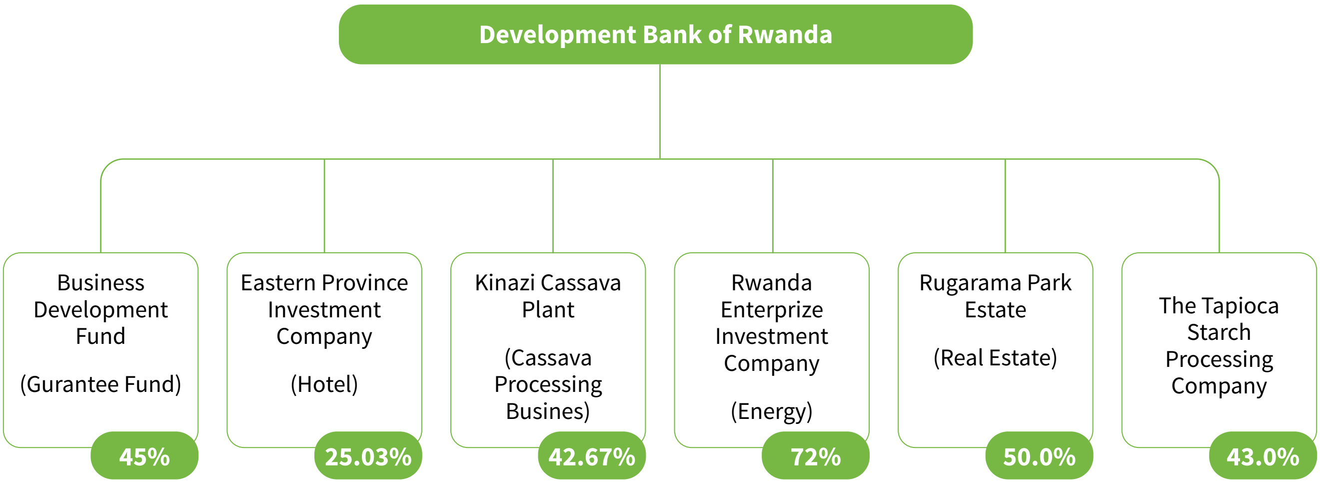
14 Issuer's Business Overview

14.1 Background

Development Bank of Rwanda (BRD) was established in Rwanda on the 5th of August 1967 as a Public Company Limited by Shares, registered at the Officer of the Registrar General, with company code no. 100003547. The Company is registered to conduct banking operations under banking license No.01 issued by the National Bank of Rwanda on June 14, 2018. BRD has been the sole provider of long-term financing in Rwanda for 56 years and, it has significantly facilitated the emergence of different productive enterprises in the private sector.

The Bank's mandate is to ensure that the private sector in Rwanda plays its role of investing in sectors critical to achieving the National Strategy for Transformation (NST1) and the Sustainable Development Goals (SDGs). In this regard BRD's vision focuses on providing innovative and sustainable financial solutions designed towards achieving a social-economic impact, with the mission of becoming a trusted strategic partner for Rwanda's development that offers financial solutions geared for enhanced value to its stakeholders.

As of September 2023, BRD had vested interest and significant influence in the following associate companies. The nature of business of each company is in parenthesis as well as the details of the percentage ownership in each company as follows:



14.2 Historical Milestones

The bank has financed about 80% of the country's medium-term and long-term loan portfolio in the productive ventures. Below are some of the key significant developments that the bank has made over the last forty years:

1967
Incorporation

BRD was incorporated on August 5, 1967; however, its incorporation certificate was issued on 7/7/2011 while a banking license n°003 was issued by the National Bank of Rwanda on August 11, 2009.

2000 - 2009
Growth and Innovation

BRD adopted the new strategic plan 2005-2009, the Bank plans to inject Rwf 132 billion into the Rwandan economy and attain a total loan portfolio of Rwf 74 billion by 2009.

2011
Acquisition of BHR

On the 26th April 2011, BRD officially acquired Banque de l'Habitat du Rwanda (BHR) which grew its asset base to over Rwf 72 Billion.

2011
Merger of BAS and BDF

BRD Advisory Services (BAS Ltd) and BRD Development Fund (BDF Ltd) – the two subsidiaries were merged into BDF Ltd – with a mandate to provide services and products that boost the development of SMEs.

2011 - 2014
Sustaining growth and Innovation phase

BRD adopted new strategic plan 2010-2014 in which the bank planned to inject Rwf 160 billion into the Rwandan economy and grow its portfolio to over Rwf178 billion by 2014.

2014
BRD Commercial sold to Atlas Mara Co-Nvest

BRD completed the sale of its commercial retail banking activities (equivalent to 31% of its business) to Atlas Mara Co-Invest Ltd.

2015
Adoption of new Strategic plan 2016 - 2020

BRD concluded its restructuring process to align the bank's operations and management to its new expanded and refocused mandate as a purely Development Finance Institution (DFI).

2016 – 2017
Performance Decline

The Bank BRD registered significant decline in financial performance characterized by negative profitability, reduced total investment output, and increased non-performing loans. The Bank celebrated 50-years at the forefront of financing Rwanda's socioeconomic transformation.

2018 - 2019
Performance stabilization

BRD shareholders (GoR and RSSB) approved recapitalizing of the Bank to a tune of Rwf31.2B strengthening the bank's lending capacity to support priority sectors of the economy.

The shareholders thus increased the Bank's Tier 1 Capital Subscription from Rwf7.8B to Rwf57B aligning with the implementation of the new Strategic Plan 2018–2024 was aligned and supported implementation of NST1 and SDGs.

GoR consolidated its shareholding (and of NAEB) and transferred them to Agaciro Development Fund.

2020 - 2022
Profitability and Recovery

The Shareholders approved an increase in the Bank's authorized share capital from Rwf57 billion to Rwf150 billion and appointed a new Board of Directors (from 1st July 2020) – New independent Chairman Mr. Bobby Pittman.

After three years of accumulated losses, BRD's performance generally stabilized and registered profitability for 3 consecutive years largely underpinned on effective turnaround strategies implemented.

Navigating COVID-19 pandemic, BRD demonstrated resilience and executed comprehensive turnaround strategies anchored on institutional structural reforms laying foundation for the Bank's long-term growth and financial sustainability prospects.

Adoption of new Strategic plan 2024-2028

The BRD 2024-2028 strategy and business model outlines the Bank's strategic realignment to contribute to supporting GoR's development objectives (Vision 2050) – as well as financing Rwanda's economic recovery from the Covid-19 pandemic; enhancing Employment Creation, Accelerating Green transition agenda – and contributing at least 6% to GDP by 2028.

14.3 Products and Services

BRD BRD offers short-term, medium-term, and long-term investment loans to projects in the priority sectors of the Rwandan economy particularly in Agriculture, Exports, Manufacturing & Infrastructure, Energy, Housing and Education through various loan products designed to suit the needs of the target market segments. The products primarily address the working capital, business expansion and productive financing needs of businesses and trade finance solutions that contribute significantly to improvements in the businesses and life of the borrowers.

A proportion of BRD's target customer segments are Lines of credit to Participating Financial Institutions (PFIs: Commercial banks, Micro Finances Institutions, and Savings and Credit Cooperative Organisations (SACCOs)) under different projects (funds) through on-lending models to avail liquidity to the market.

BRD complements its lending efforts by providing risk sharing products such as Guarantee Funds to cover the risks of prospective projects that impact on sustainable development. Several of these guarantee funds are channelled and managed by the Business Development Fund (BDF) while a few others are granted and managed from other international partners.

The Bank also provides advisory services and capacity building programs geared at turning company ideas into bankable business plans or to manage projects during and after project implementation in partnership with the Business Development Fund (BDF).

The features of the Bank's products offered are as follows:

14.3.1 Financial Instruments

14.3.1.1 Debt Funding

- **Overview:** The Bank offers hard and local currency concessional term loans, with Interest rates and other charges set in accordance with market practice to reflect the socio-economic impact and project risks as well as taking account of a reasonable rate of return. The Bank takes no foreign exchange risk in connection with its loans, which must be serviced in the same currency in which they are disbursed. BRD hedges against the foreign exchange risk with the central bank through ways of a currency swap.

- **Term Maturities:** Bank loans generally run for terms of 5 to 15 years with suitable grace periods reflecting the implementation schedule and projected cash flow of the project.

- **Fees:** The Bank charges fees in accordance with normal market practice. These are set depending on the nature, complexity and risk profile of the projects being financed. The fees, to be negotiated and agreed upon between the client and the Bank, may include front-end, commitment, arrangement, appraisal and syndication fees. Costs associated with the need to recruit external technical experts, legal counsel or other necessary specialists, as determined by the Bank, are normally charged to the client.

- **Security:** The Bank will seek various security arrangements to safeguard its investments. The nature and extent of the required security is determined on a case-by-case basis. For example, this may consist of a mortgage on real property, chattel mortgage or industrial pledge on movables, and a floating charge on cash, inventories and other current assets. The Bank may also require guarantees or other forms of collateral from financial institutions or corporate sponsors.

14.3.1.2 Equity Funding

The Bank's equity investments may take a variety of forms, including common shares and preferred stock, with or without participating features. The Bank will not assume responsibility for managing an enterprise in which it invests but will closely monitor the activities of the company. In making equity investment decisions, the Bank determines its prospective exit strategy. Under normal circumstances, the Bank would divest its equity holding once the project has reached the envisaged performance level and its operations are stable, and when a reasonable return can be achieved

14.3.1.3 Guarantees

The Bank may provide guarantees to cover the payment of principal and interest for loans and debt instruments extended by others. The beneficiary of the Bank's guarantees, i.e., the funding source, may be financial institutions or commercial firms, both local and foreign. Guarantees are payable in one of the Bank's normal lending currencies. In addition to a guarantee fee, the Bank will normally charge front-end fees and other fees similar to those applicable to loans.

14.3.1.4 Lines of Credit

The Bank extends lines of credit (LOCs) to private and public financial institutions (PFIs) for on-lending to small and medium sized enterprises (SMEs) and other corporate clients. The PFI enjoys considerable freedom and flexibility in the utilization of proceeds from the LOC but must demonstrate post-facto that such proceeds have been utilized in accordance with the Bank's policies and the various provisions in the Loan Agreement. The credit risks of the sub-loans are borne by the financial institutions and/or their sub-borrowers. LOCs are usually not secured

14.3.1.5 Loan Syndications

Syndications may involve the Bank acting as arranger of financing, whereby banks and other financial institutions are offered participation in a Bank loan, with the banks taking the same project risk as the Bank on a pro-rata basis. The Bank charges fees to the borrower for syndication services, including the identification of funding sources, the coordination of participants' loans and the on-going administration of the loan participation. The fees are negotiated with the borrower in line with those prevailing for comparable services in the market.

14.3.1.6 Advisory Services

The Bank may offer a wide range of technical assistance and advisory services, including policy advice and technical assistance in order to facilitate the creation of an enabling environment, revise and rationalize investments, promote foreign direct investments, develop the financial sector and capital markets, etc. They include:

- Financial advisory services to private operators on the formation of new projects or the restructuring of existing ventures.
- Technical assistance to private sector clients in order to overcome important constraints or capacity deficiencies.
- Technical assistance to other economic agents, which play a role in promoting private sector development, such as business associations, etc.

14.3.2 Fund Management

BRD manages the following development funds:

A. Export Growth Funds: The Export Growth Fund (EGF) is a fund managed by BRD and was put in place by the Government of Rwanda with an aim of addressing generic constraints to exporters such as limited access to finance (high costs of borrowing, limited post-shipment financing,) low production volumes, high international market entry related costs, generic loans backed by strong collateral. The EGF has 4 windows including the investment catalyst facility, the matching grant facility, the export credit insurance guarantee facility and the industrial start up facility.

B. Renewable Energy Fund: This fund provides concessional lines of credit facilities to SACCOs, banks and microfinance institutions, mini-grid developers, and Off-grid Solar Companies who lend to the final beneficiary households and micro-enterprises for off-grid connections. It has two components: 1) Line of credit, direct financing, and subsidy for off-grid electrification that provides US$ 30 million line of credit facilities and US$ 15 million Results-Based Financing (RBF) subsidy through 5 windows. 2) Technical assistance, capacity building and project implementation support on a need basis to BRD and participating entities (SACCOs, banks, and off-grid companies).

C. Affordable Housing Fund: The Rwanda Housing Finance Project managed by BRD is centred around the provision of long-term finance to support the development of the mortgage market. The project consists primarily of a line of credit to financial institutions to support the expansion of mortgage lending. First time homeowners in the low to middle income category are eligible for 20-year mortgages at 11% from partner financial institutions.

D. Clean Cooking Results Based Financing: The subsidy is designed to address the affordability of clean cooking technologies through the reduction of system prices at varying amounts allocated for Ubudehe 1, 2, and 3 categories, and aiming to reach up to the lowest income population in Rwanda. The subsidy window is co-financed by the World Bank's Clean Cooking Fund through Rwanda Energy Access and Quality Improvement Project (EAQIP). The CC-RBF expects to trigger at least 500,000 households (of which 25% are supposed to be female-headed households) gain access to clean cooking technologies. The RBF will benefit 2.15 million people.

14.3.3 Sectors of Intervention

To achieve its objective of fostering private sector development, within the framework of promoting sustainable socio-economic growth, the Bank gives priority to five key sectors.

14.3.3.1 Agriculture

Agriculture employs more than 70% of the total population in Rwanda. As outlined under the Vision 2020 and EDPR II targets, agriculture is expected to play a critical role in poverty alleviation efforts and overall economic prosperity through job creation and supporting key industries.

The focus of the Agricultural Department at BRD is to provide financing for the development and modernization of the sector.

14.3.3.2 Education

The Bank plays an integral role in increasing access and improving the quality of both basic and tertiary education. This is achieved through investments in Education projects, Education savings programs and efficient management of student loan and bursary schemes. The Bank also provides loans for higher education at both undergraduate and postgraduate levels, and beneficiaries studying in Rwanda and abroad.

14.3.3.3 Housing and Infrastructure

a. **Affordable Housing:** BRD directly finances and on-lends to financial institutions towards housing projects that increase access to decent and affordable homes. These include projects for immediate homeownership, rental schemes, rent-to-own, sustainable projects and climate friendly housing, informal settlement upgrade, and financing for the setting up of factories for alternative and innovative building technologies.

b. **Health Sector Financing:** To ensure social transformation and an improved healthcare system. BRD provides financing solutions to the health sector to meet the financing needs for the health sector towards the construction of healthcare facilities such as hospitals, polyclinics etc., expansion projects, medical equipment, research and development centers, pharmaceutical manufacturing plants and medical consumables.

c. **ICT Infrastructure:** ICT is a crosscutting enabler and driver for economic growth and development, and BRD takes the sector as a strategic sector of intervention to spur social economic development in the country. BRD finances infrastructural development projects related to ICT such a: financing of broadband infrastructure, internet penetration, IT platform developments, ICT gadgets assembly plants, e-commerce facilities, and other ICT projects with a proven social economic impact.

d. **Transport Investments**: Improvements in the transport sector lower the costs associated to the movement of goods and services which drives productivity and growth in the economy. BRD finances transport infrastructure and other transport solutions with proven social economic impact.

e. **Education Infrastructure:** BRD supports the construction and renovation of education projects such as laboratories, research, and development centers, specialized and inclusive education facilities e.g., for people with disabilities, sports academies, etc.

f. **Trade and Logistical Infrastructure**: The Bank finances infrastructure development projects, including the construction and upgrading of modern trading markets, warehousing facilities, bulk storage centers, in-land ports, etc.

g. **Public Utilities:** BRD views public infrastructure as a strategic avenue to improve the social wellbeing of the country and seek to finance public infrastructure such as waste, water and sanitation projects, energy generation and transmission, amusement parks, modern parking yards, construction of stadiums, cultural theatres, arenas, etc.

14.3.3.4 Energy

Access to reliable and affordable energy remains a considerable challenge in Rwanda. For Rwanda's private sector to be competitive, the energy issue must be addressed as it is a crosscutting driver of economic growth. In order to fuel its growth, Rwanda's target is to substantially increase its energy supply from its current level of 276MW to 563 MW and reach universal electrification of Rwanda.

BRD provides solutions to on-grid and off-grid energy developers through the provision of long-term financing (project financing, balance sheet financing, refinancing, working capital financing, etc). The Bank also collaborates with its partners and other financial institutions for technical assistance, on-lending and syndicated financing where necessary.

14.3.3.5 Export and Manufacturing

Export growth and competitiveness are essential to Rwanda's ability to foster economic growth and raise foreign direct investment. BRD has setup two funds: Hatana and the Exports Growth Fund, which are designed towards reducing the country's trade deficit by enabling more exports and the substitution of imports with local goods.

14.4 Special Projects

14.4.1 CDAT Project

CDAT – Commercialization and De-Risking for Agricultural Transformation project was conceived as a solution to the agriculture sector with target beneficiaries of Rwanda-based Agri-entrepreneurs, farmers, farmers' cooperatives, commercial farmers, and Agriculture MSMEs. The total size project is US$300 Million to be implemented by the Rwanda Agriculture and Animal Resources Board (RAB) and the Development Bank of Rwanda (BRD).

14.4.2 Jya Mbere

Socio-Economic Inclusion of Refugees and Host Communities in Rwanda Project (Jya Mbere) was designed by the Government of Rwanda through the Ministry in Charge of Emergency Management (MINEMA) with the aim of improving access to basic services and economic opportunities for refugees and host communities and supporting environmental management, in target areas in Rwanda. It is composed of four components, namely, Access to Basic Services and Socio-economic investments implemented by districts and RTDA, Economic Opportunity implemented by the Development Bank of Rwanda Plc., Environmental Management, and Project Management/M&E implemented by MINEMA.

14.4.3 Cana Uhendukiwe

This fund provides concessional lines of credit facilities to SACCOs, banks and microfinance institutions, mini-grid developers, and off-grid solar companies who lend to the final beneficiary households and micro-enterprises for off-grid connections. It has two components:

i. Line of credit, direct financing, and subsidy for off-grid electrification that provides US$ 30 million line of credit facilities and US$ 15 million Results-Based Financing (RBF) subsidy through 5 windows.
ii. Technical assistance, capacity building and project implementation support on a need basis from BRD and participating entities (SACCOs, banks, and off-grid companies).

14.4.4 Clean Cooking

In a move to support the government of Rwanda's target of reducing the percentage of households that use firewood for cooking from a baseline value of 79.90% in 2017 to 42% by 2024, we have launched a Clean Cooking Results-based Financing subsidy scheme. This scheme will be implemented by BRD and Energy Development Corporation Limited (EDCL).

The subsidy is designed to address the affordability of clean cooking technologies through the reduction of system prices at varying amounts allocated for Ubudehe 1, 2, and 3 categories, and aiming to reach up to the lowest income population in Rwanda. The subsidy window is co-financed by the World Bank's Clean Cooking Fund through Rwanda Energy Access and Quality Improvement Project (EAQIP). The Clean Cooking Results based Financing (CC-RBF) expects to trigger at least 500,000 households (of which 25% are supposed to be female-headed households) gain access to clean cooking technologies. The RBF will benefit 2.15 million people.

14.4.5 Gira Iwawe

The Rwanda Housing Authority (RHA) in partnership with the Development Bank of Rwanda (BRD) has established an Affordable Housing Demand System known as "GIRA IWAWE" to allow on-time registration of Interested applicants into the affordable housing scheme.

The platform facilitates the collection of up-to-date information to be used by RHA in the verification of applicants' eligibility in the process of owning an affordable house.

14.4.6 Export Growth Fund

The Export Growth Fund (EGF) is a fund managed by BRD and was put in place by the Government of Rwanda with the aim of addressing generic constraints to exporters such as limited access to finance (high costs of borrowing, limited post-shipment financing,) low production volumes, high international market entry related costs and generic loans backed by strong collateral.

14.4.7 Hatana

In April 2020, the Government of Rwanda (GoR) established an Economic Recovery Fund (ERF) to support the recovery of businesses hit by the COVID-19 pandemic so that they can survive, resume operations, and safeguard employment, thereby cushioning the economic effects of the pandemic.

The Access to Finance for Recovery and Resilience (AFIRR) is a project designed to further support the ERF by increasing access to finance towards businesses post COVID-19. The total project funding is $257.50 million. The project will be implemented by BRD and BDF.

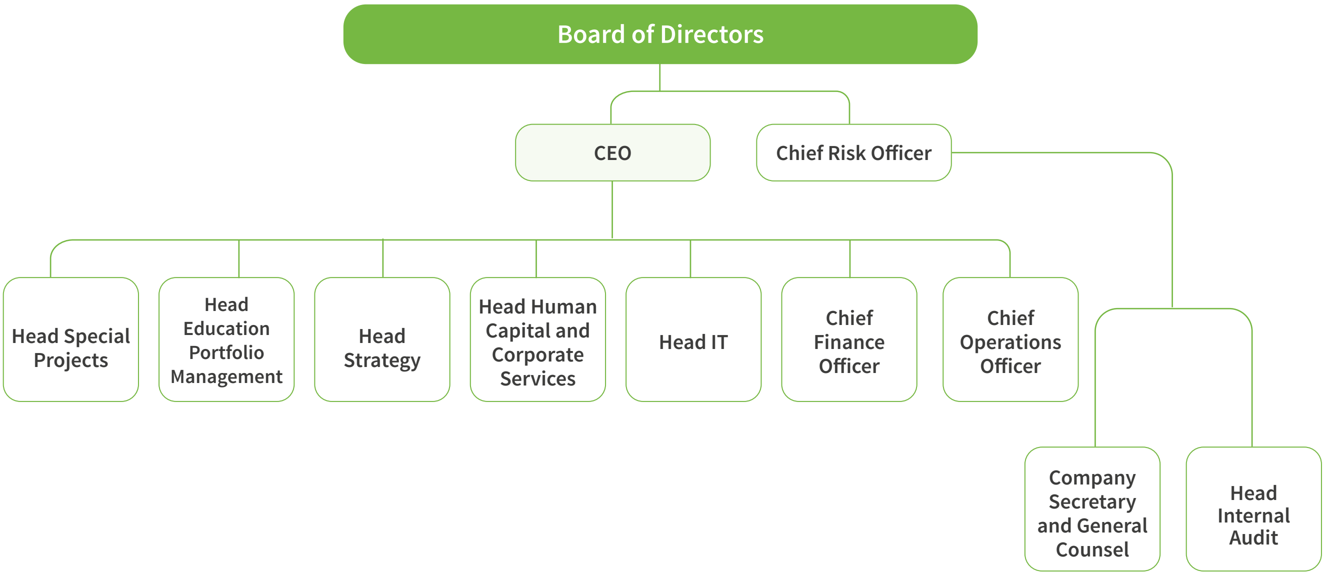
The component of the project that is implemented by BRD is referred to as Hatana - ERF 2. It will provide affordable long-term financing for commercially viable projects in the manufacturing value chains. Hatana encourages businesses to take a risk and participate actively in the recovery of the Rwandan economy with the support of BRD.

14.4.8 Ireme Invest

Launched at COP27, Ireme Invest is a green investment facility powered by the Rwanda Green Fund (FONERWA) and BRD and developed through technical assistance from the World Bank. BRD is currently finalising the identification of a pipeline of private sector projects estimated at EUR 400 million based on a common set of eligibility criteria, governance, and reporting mechanism with its financing contributors for Ireme Invest

15 Issuer's Corporate Governance and Shareholding Structure

15.1 Organisation Structure



15.2 Employees

Development Bank of Rwanda Plc has a work force of 180 as at September 2023. 42% Female and 58% Male

15.3 Board of Directors

Bobby Jene Pittman
Chair of the Board
(Non-Executive , Independent, Director)

Bobby J. Pittman has more than 25 years of professional and leadership experience. He is currently the Managing Partner at Kupanda Capital, a platform to create, capitalize and scale Pan-African companies. He is a US national and was previously the Vice President of Infrastructure, Private Sector, and Regional Integration at the African Development Bank (AfDB).

Bobby holds a Masters degree in Economics from the University of Chicago. Africa Fund Manager magazine named Bobby to its inaugural 'Power 50' list of industry leaders who are shaping investment trends in Africa.

Date of Appointment: 3rd August 2020.

Callixte Nyilindekwe
Vice Chairman of the board
(Non-Executive , Independent, Director)

Mr. Callixte is currently the CEO of Orgmatt Solutions, an SME consulting company. He has occupied several managerial positions in the banking sector including being the Head of Business Banking at I&M Bank Rwanda

He holds a Masters degree in Business Administration – MBA and has more than 20 years of experience in the financial sector.

Date of Appointment: 22nd July 2020.

Alice Rwema Umuhoza
(Non-Executive , Independent, Director)

Alice Rwema is an accomplished lawyer with 14 years of experience in the energy, infrastructure business, Project Finance, and E Mobility.

She has vast strategic management and operational knowledge in the energy sector and Public-private partnership projects, infrastructure and power projects starting from the development phase, construction, and operation. In addition to her management and operation experience, Alice has 10 years of strategic leadership experience she acquired while serving on several boards of directors in Rwanda which include the Rwanda Energy Group and the Rwandan Airports Company.

Alice has a Masters degree in International Business, Trade and Tax Law from the university of Rwanda.

Date of Appointment: 22nd July 2020.

Angelique Karekezi
(Non-Executive , Independent, Director)

Ms. Angelique is currently the Managing Director of RWASHOSCCO LTD, a Rwanda Small Holder Specialty Coffee Farmers Company, driving the overall company's vision of marketing, roasting, and exporting Rwanda's specialty coffee. She is the former Chairperson of the International Women's Coffee Alliance Rwanda Chapter.

She has held various managerial positions in coffee cooperatives and occupied technical development of coffee farmer union's role at the SPREAD USAID Project. Additionally, Angelique has a degree in Economics

Date of Appointment: 22nd July 2020.

Joseph M.Mudenge
(Non- Executive, Non- Independent Director)

Joseph has more than 15 years of professional experience in the strategy and data field. He currently serves as Director of MEL at Inkomoko. Prior to that, he worked as Director of Planning and Research at RSSB(Rwanda Social Security Board) and served on other boards including Prime Economic Zones (PEZ).

Joseph holds a BSc in Statistics from Makerere University and MSc in Actuarial Science from the University of Lausanne in Switzerland. He is also a Certified Enterprise Risk Manager and Certified Data Science Professional.

Date of Appointment: 22nd July 2020.

Ghislain Nkeramugaba
(Non-Executive , Independent, Director)

Ghislain is currently holding the position of IXP Development Expert at the Internet Society. In the past, he held several senior positions in Internet service provider companies in Rwanda. They include: CEO, GVA Rwanda Ltd.; Kigali - Rwanda - Sep 2019 - Jan 2020, Deputy CEO, RevAir Ltd.; Kigali - Rwanda - Jan 2019 - Sep 2019, CEO, Rwanda Internet Community and Technology Alliance (RICTA) Ltd.; Kigali - Rwanda - Jan2014 - Jan 2019, Ag. CEO, Rwanda Internet Community and Technology Alliance (RICTA) Ltd.; Kigali - Rwanda - Nov 2012 - Dec 2013, He thrives to support the development of Peering & Interconnection ecosystems across the globe. He is passionate about contributing to the development of Digital economies across Africa

He holds a Masters in Communications Management

Date of Appointment: 22nd July 2020.

Stella Nteziryayo
(Non- Executive, Non-Independent Director)

Ms. Stella is a Senior Economist, currently serving as the Director General of Debt Management Directorate at the Ministry of Finance and Economic Planning (MINECOFIN) of Rwanda. Stella has a proven track record in debt sustainability analysis and debt negotiations. She led numerous debt management initiatives and played a key role in ensuring that debt portfolios are managed in a responsible and sustainable manner.

Stella holds a Master of Science in Economics from the University of Rwanda. Stella is a certified Debt Management Practitioner (DMP), and a Certified Public Finance Manager

Date of Appointment: 22nd July 2020.

Louise Kanyonga
(Non- Executive, Non-Independent Director)

Louise is the Deputy Chief Executive Officer at the Rwanda Social Security Board. She has been involved in the formulation of key investment policies over the years and served as Rwanda's Registrar General. She sits on various boards such as Rwanda Finance/ Kigali international financial center, EAGI, Rwanda Convention Bureau, National Post Office.

She is a lawyer by profession and holds a Harvard Law degree.

Date of Appointment: 3rd Feb 2023.

Dr. Emmanuel Habineza
(Non- Executive, Non- Independent Director)

Dr. Emmanuel Is the chief Executive Officer of Rwanda Printery Company Ltd a SOE. He is a Doctor of Business Administration, DBA from AMA University-Philippines. He has held several Executive positions namely Director of Administration and Finance (DAF) of Rwanda Cooperative Agency (RCA) for 5 years; Deputy Secretary General and head of Finance and Administration of Rwanda Football Association (FERWAFA) for 2 years; Subsidiary Support Manager at Agaciro Development Fund (AgDF) for 5 years. He has served on many Boards during the last ten years, including BPR Bank PLC for 10 years, and is currently serving on the board of RITCO Ltd for 4 years, GASABO 3D for 4 years; just to mention some.

Dr. Emmanuel has a partial ACCA in addition to his doctorate in business Administration.

Date of Appointment: 6th July 2023.

15.4 Senior Management

Kampeta Pitchette Sayinzonga
Chief Executive Officer

Ms. Kampeta has more than 20 years of experience in the financial sector. She has taken on various leadership positions such as the Permanent Secretary & Secretary of the treasury in the Ministry of Finance and Economic planning and Director of Cabinet.

Ms Kampeta holds a Master's in Economic Development and policy Analysis, Economics and a postgraduate Diploma in Translation and court interpretation from University of Witwatersrand.

Ms Kampeta has been CEO of BRD since December 2019

Vincent Ngirikiringo
Chief Finance Officer

Mr. Vincent has 15 years of experience in finance. Prior to joing BRD he was the Deputy Chief Finance Officer for I&M Bank (Rwanda) Plc.
He is a professional accountant (ACCA) and holds professional leadership qualifications from Harvard Business School and Strathmore Business School.

Vincent has been CFO of BRD since May 2018

Juliet Ingabire
Chief Risk Officer

Ms Juliet is an Investment and Risk management professional with over 10 years' experience in development banking. She has been promoted over the years within BRD from Investment Officer to Risk Manager to Head of Risk.

Ms Juliet has an MBA from Maastricht University School of Business and Economics and a Bachelor of Commerce from Makerere University.

Juliet has been heading the Risk function since January 2021

Fernand Kamanzi
Head of Strategy, Research, Monitoring & Evaluation, and Resource Mobilization

Fernand Kamanzi is a seasoned banking professional with 15 years of experience in the industry. With a strong background in finance and a deep understanding of treasury and other banking functions, he has excelled in senior management positions for the majority of his career. Fernand has also served in Equity Bank for 10 years as the Head of Treasury, in Treasury Department where he managed all aspects of the treasury function, including liquidity management, cash flow forecasting, and investment portfolio management. In addition, he developed and implemented strategic financial plans to optimize the bank's liquidity position and enhance profitability.

Fernand holds a bachelor's degree in Economic Sciences and Management from Kigali Independent University (ULK), he is a Certified Professional Banker by Uganda Institute of Banking & Financial Services, and he is a certified dealer by ACI The Financial Markets Association (ACI FMA).

Fernand joined BRD in July 2023

Martin Ndagijimana
Head of Internal Audit

Martin Ngagijimana is the Head of Internal Audit Function. He has a cumulative 13 years of professional experience in Internal and External Auditing in banking and financial institutions. He joined the BRD in March 2020 in the capacity of Head of Internal Audit Function. Before joining the BRD, he was heading the Internal Audit Function at Equity Bank Rwanda plc and previously worked at I&M Bank Rwanda Plc and in Ernst & Young Rwanda Limited whereas audit team leader in charge of audit services in banking and financial services, manufacturing, construction, telecoms and Governmental and non-governmental institutions.

He is a member of Certified Public Accountants of Rwanda (ICPAR), a member of Association of Chartered Certified Accountants (ACCA UK) and a Certified Forensic Investigation Professional. He is also a Certified Professional Banker. Martin holds a master's degree in financial management from Amity University, a bachelor's degree in accounting sciences from Former National University of Rwanda and an advanced Diploma in Business and Accounting from Association of Certified Chartered Accountants (ACCA).

Martin joined the bank in March 2020

Gloria Tengera
Company Secretary & General Counsel

Gloria is a Lawyer with 10 years of experience. Prior to joining BRD she was the head of the Risk and compliance Department at AB Bank Rwanda PLC.

She holds a Master's degree in LLM Business, Corporate and Maritime from Erasmus University Rotterdam.

Gloria has been the head of legal department since March 2020

Nadine Teta Mbabazi
Head of Human Capital and Corporate services

Nadine has 18 years of experience in Business administration. She has experience in telecom sector including heading the HR function at Airtel and Tigo. She also worked in the public sector where she worked in the HR department at RDB.

Nadine holds a bachelors degree in Economics and an MBA from Mount Kenya University

She has been the head of Human capital and corporate services since May 2020

Jean Clause Iliboneye
Head of business Development

Jean Claude has 17 years of professional experience in banking including service as the Acting Chief Operations Officer at BRD and before that as Senior Manager in charge of Investment. Prior to that Jea Claude was the Senior Manager in Charge of Credit Administration.

Jean Claude holds an MBA in Finance from Maastricht School of Management and has been Head of Business Development Since June 2021

Ngabe Rutagarama
Head of IT and Digital innovation

Ngabe has 18 years of experience and worked with leading telecommunications companies such as MTN and Airtel in managerial positions. Ngabe previously worked as the IT product development manager at MTN Rwanda and prior to that, as the IT Product Manager at Airtel-Tigo Rwanda

He holds a Bachelors Degree in Computer Science and has been Head of IT and Digital Innovation since December 2020.

15.5 Board of Directors Competence and suitability of directors and management

As at the date of the application and for a period of at least two years prior to the date of the application, no director or senior manager of the Issuer has:

i. Had any petition under bankruptcy laws pending or threatened against the directors (for individuals) or senior managers.
ii. Had any criminal proceedings in which the director or senior manager was convicted of fraud or any criminal offence or action either within or outside Rwanda.
iii. Been the subject of any ruling of a court of competent jurisdiction or any governmental body that permanently or temporarily prohibits such director or senior manager from acting as an investment adviser or as a director or employee of a stockbroker, dealer or any financial institution or engaging in any type or business practice or activity.

15.6 Shareholders

The top 10 shareholders based on the Bank's share Register as of 21st July 2023 was as follows:

	Shareholder	No. of Shares	% Shareholding
1	Agaciro Development Fund	53,400,611	73.79%
2	RSSB (Rwanda Social Security Board)	17,892,275	24.72%
3	Belgian Government	672,797	0.93%
4	Sonarwa	257,475	0.36%
5	Bank Of Kigali Plc	80,964	0.11%
6	Bralirwa Plc	27,893	0.04%
7	Somirwa	14,466	0.02%
8	Tadjin Jafer	8,828	0.01%
9	Rwandex	5,570	0.01%
10	Others	12,312	0.02%
	Total	**72,373,190**	**100%**

15.7 Corporate Governance

Governance is how the affairs of an institution are directed and managed thereby promoting corporate accountability and business aptness, to achieve an optimal shareholder value whilst simultaneously taking into consideration the interests of other stakeholders. It is premised on the principles of integrity, accountability, prudence, and openness.

The Board of Directors of any institution are accountable for sound corporate governance vis-à-vis business strategy, practices, and policies. The Bank is committed to sound corporate governance policies and the Board Charter of the Bank contains all the guidelines stipulated by the National Bank of Rwanda Prudential Guidelines.

The primary responsibility of the Board of Directors of the Issuer is to provide governance and stewardship to the Bank in accordance with the banking laws and regulations. It is the duty of the directors to exercise their business judgment in the best interest of the Bank. The Bank's business is conducted by employees, managers and corporate officers led by the Chief Executive Officer with oversight from the Board. The Bank is compliant with the CMA corporate Governance Code.

Article 24 of the Articles of Association of the Issuer provides for a minimum of seven (7) Directors, which may be increased to a maximum of eleven (11) Directors, four (4) of whom shall be independent non-executive directors and the others shall be non-executive Directors. Non-executive directors are independent of the management, and free from any business or other relationship which would interfere with the exercise of their ability to bring an independent judgment to bear on issues of strategy, performance, resources, key appointments, and standards of conduct.

Every director has a duty to attend Board meetings regularly and to effectively participate in the conduct of the business of the Board. Further, every member of the Board must attend at least 75% of the Board meetings of the Bank in any financial year.

15.8 Responsibilities of the Board

The Board's principal duty is to promote the long-term success of the Group by creating and delivering sustainable shareholder value. The Board Charter defines the governance parameter, within which the Board exists and operates, sets out specific responsibilities to be discharged by the Board, its committees, and Directors collectively, as well as certain roles and responsibilities incumbent upon the Directors as individuals.

A summary of the Board's responsibilities is as follows:

- Strategy formulation and ensuring that there are adequate policies, systems and structures to successfully implement the Bank's strategies;
- Monitoring the Bank's performance against its strategic plans and objectives on an ongoing basis, as well as through mandatory quarterly meetings;
- Review and approval of the publication of the quarterly financial statements;
- The selection, appointment and appraisal of senior executive officers who are qualified and competent to manage the affairs of the Bank effectively;
- Approval of the risk management framework, and ensuring that there are adequate structures and systems to identify, measure, control and monitor the key risks facing the Bank, including compliance related risks;
- Reviewing the effectiveness of the systems for monitoring and ensuring compliance with relevant laws, regulations, industry rules and standards;
- Determining the terms of reference of all Board Committees, and the reviewing of reports and minutes of those committee deliberations; and
- Reviewing the Bank's capital levels to ensure that there is adequate capacity for the planned growth and expansion within the strategic cycle, and approving major capital expenditure, acquisitions and divestitures.

The Board has determined the purpose and number of Committees required to support it in carrying out its duties and responsibilities and in guiding management. These Committees have been established with sets of specific terms of reference, which are continuously reviewed and updated. The Board Committees are namely:

1. Risk Committee

The committee was set up to oversee the Bank's mitigation and appreciation of all risks in the business as well as assets and liabilities matters. It meets quarterly to advise the business on all matters pertaining to credit, market, operational, legal, environmental, and other risks. Business continuity issues are also discussed by this committee.

Committee Members

Angelique Karekezi - Chairperson
Bobby Jene Pittman
Joseph Mudenge
Rusine Stella Nteziryayo
Alice Rwema

2. Credit Committee

The committee meets quarterly to review the credit risk profile of the Bank and recommend to the Board for approval policies and standards of credit risk governance and management. The frequency of the meetings has ensured that the needs of the Bank's customers are given timely attention. The committee also reviews the Bank's credit risk appetite and sectorial concentration.

Committee Members

Alice Rwema - Chairperson
Callixte Nyilindekwe
Angelique Karekezi
Rusine Stella Nteziryayo
Emmanuel Habineza

3. Audit Committee

The Audit Committee meets quarterly or as required. In accordance with regulatory requirements, the committee comprises non- executive members of the Board who are independent of the day-to-day management of the Company's operations. The committee deals with all matters relating to the financial statements and internal control systems of the Bank including dealing with independent auditors and National Bank of Rwanda inspectors. All the audits conducted by this committee are risk based.

Committee Members

Callixte Nyilindekwe - Chairperson
Ghislain Nkeramugaba
Emmanuel Habineza

4. Nomination and Remuneration Committee

The committee meets quarterly to review human resource policies and make suitable recommendations to the Board on senior management appointments. This committee oversees the nomination functions and senior management performance reviews.

Committee Members

Alice Rwema
Callixte Nyilindekwe
Ghislain Nkeramugaba - Chairperson
Rusine Stella Nteziryayo
Louise Kanyonga

Emmanuel Habineza
Bobby Pittman

5. IT and Strategy Committee

The Board IT Committee's role is oversight over the Information Technology policies and strategies of the Bank. The Committee also oversees the implementation of the requirements provided in the laws and regulations on cyber security, reviews, approves the Bank's technology planning, strategy, and works in partnership with other board committees and senior management. The Committee is currently composed of three (3) Non-Executive Directors. The committee meets on a quarterly basis or as often as business demands.

Committee Members

Ghislain Nkeramugaba - Chairperson
Joseph Mudenge
Bobby Jene Pittman
Louise Kanyonga

15.9 Board meeting and Attendance as of August 2023

	MAIN BOARD	RISK	Extraordinary RISK	AUDIT	CREDIT	Extraordinary Credit	NOM REM	IT
Meetings held	3	3	1	3	3	1	3	3
Bobby PITTMAN	3	3		-	-	-	3	3
Alice RWEMA	3	3	1	-	3	1	3	-
Joseph MUDENGE	3	3	1	-	-	-	-	3
Dr. Emmanuel HABINEZA	1	-		1	1	-	1	-
Ghislain NKERAMUGABA	3	-	-	3	-	-	3	3
Stella NTEZIRYAYO	3	3	1	-	3	1	3	-
Angelique KAREKEZI	3	3	1	-	3	1	-	-
Callixte NYILINDEKWE	3	-	-	3	3	1	3	-
Louise Ingabire KANYONGA	2	-	-	-	-	-	3	3

15.10 Directors Remuneration

The general meeting shall fix the amount of emoluments allocated to directors.

16 Issuer's Strategy and Prospects

BRD's strategy sets the course for the bank to respond effectively to the country's changing needs. Under its 2018-2024 Strategy, BRD seeks to sustain its efforts to eradicate poverty and expand its vision to achieve a prosperous, inclusive, resilient, and sustainable Rwanda.

BRD's aspirations are aligned with Rwanda's Social Development Goals (SDG) (including public and private sector operations, advisory services, and technical knowledge) focusing on the following key operational priority targets:

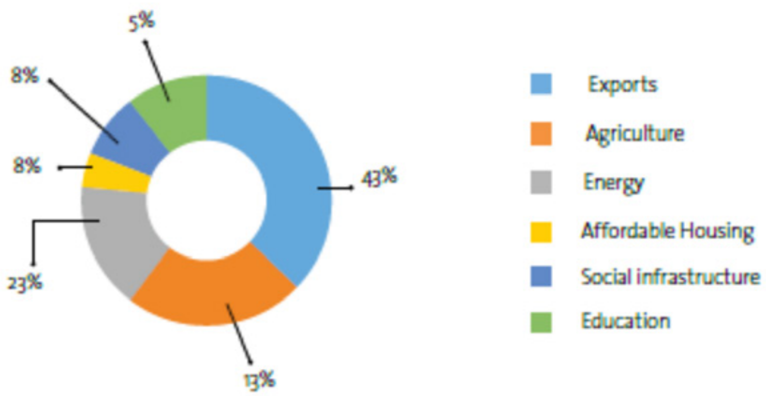
National Strategy for Transformation 1 priorities targets:

i. Create 1,500,000 (over 214,000 annually) off-farm, decent and productive jobs for economic development;
ii. Accelerate sustainable urbanization from 17.3% (2013/14) to 35% by 2024, Establish Rwanda as a globally competitive knowledge-based economy;
iii. Promote industrialization and attain a structural shift in the export base to high-value goods and services with the aim of growing exports by 25.3% annually;
iv. Increase domestic savings and position Rwanda as a hub for financial services to promote investments;
v. Modernize and increase productivity of agriculture and livestock;
vi. Promote sustainable management of natural resources and environment to transition Rwanda towards a carbon neutral economy.

16.1 BRD's Strategic Interventions

BRD has designed sectoral interventions to align with the NST I and to contribute to the objectives set within it. Specifically, BRD will work towards enabling private sector led growth that will result in less Rwandans living under the poverty line. BRD's interventions and activities will seek to drive outcomes in each of the priority sectors that will enable this overall impact.

BRD has designed up to 25 interventions to deliver impact in its priority sectors. These interventions will require about $899.5M over seven years coming from a variety of sources including BRD, GoR, development partners and the private sector. From its own balance sheet, the Bank will invest USD 316 Million as per the following distribution across the priority sectors;



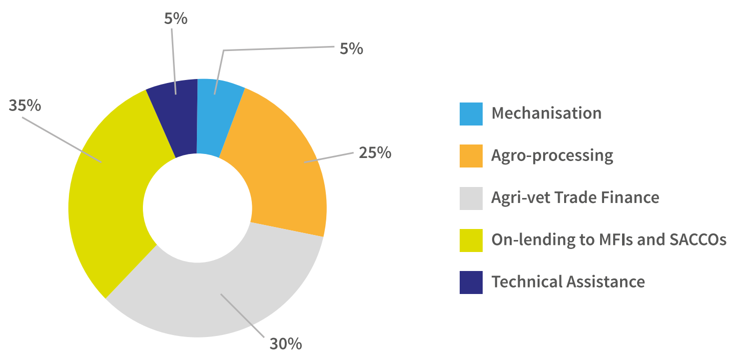
BRD's priority sectors of intervention include: exports and manufacturing, agriculture financing, affordable housing, energy financing and education were carefully selected to show tangible contribution to already laid out targets. 3 to 5 interventions per sector and detailed specific implementation activities will result in BRD making a measurable and unique contribution to Rwanda's development objectives.

<table>
<tr><th>Sector</th><th>Strategic Goals</th></tr>
<tr><td>Agriculture</td><td>
Rwanda's local financing for agriculture remains constrained with total agriculture & livestock activity loans market at RWF4.9 billion as of 30 June of 2017 (compared to RWF6.32 billion in 30 June 2016).

BRD proposed interventions for its Strategy 2018 to 2024 with a total budget of USD39.44 million (RWF33.52 billion) includes the following activities:

• Mechanization and irrigation for; High value crop and seed production; High value livestock& fish production
• Agro-processing industries and post-harvest infrastructure
• Agri-vet Trade finance program
• Facilitating access to finance to farmers' through on-lending to MFIs & SACCOs
• Provide Technical assistance

Proposed Sector Allocation

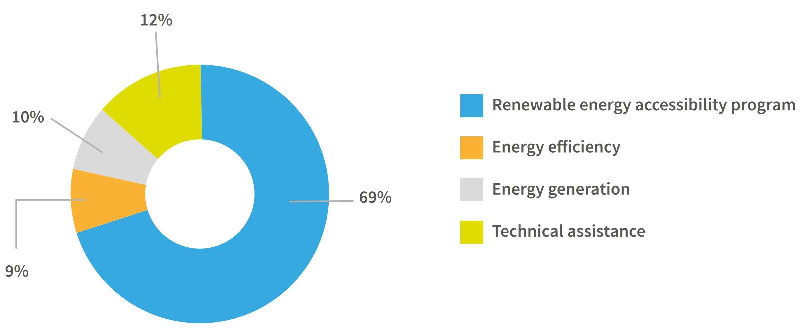


</td></tr>
<tr><td>Energy</td><td>
Rwanda has identified energy as an essential condition for sustainable growth and development. The Vision 2020 ambition to provide "appropriate, reliable and affordable energy supplies for all Rwandans" is still considered unfinished business.

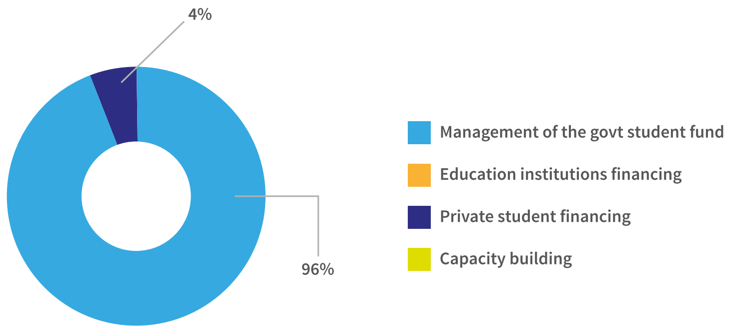
The proposed interventions for the period of this strategy with a total budget of USD73.22 million (RWF62.24 billion) include:

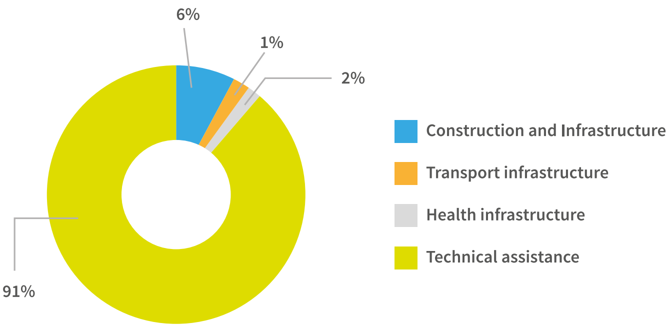
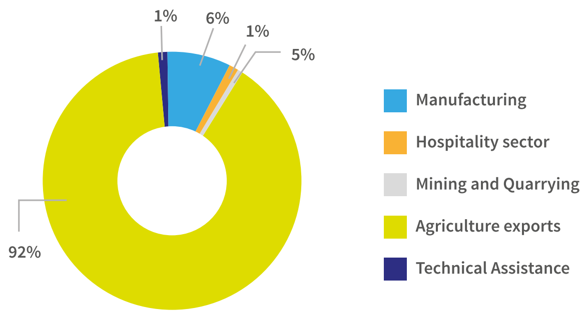
• Renewable energy accessibility program to finance off-grid solutions to increase accessibility
• Co-finance energy efficiency projects to reduce the overall cost of energy
• Co-finance long term energy generation
• Provide targeted technical assistance support for partnerships and capacity building, project
• Project Implementation support and research, technology and innovation.

Proposed Sector Allocation



</td></tr>
</table>

Sector	Strategic Goals
Education	As Rwanda continues its ambition to become a knowledge-based economy, BRD plans to contribute to the development of priority skills of Rwandan private students. BRD will support students' access to tertiary education or apprenticeship by launching new education finance product with the approval of the Regulator. The proposed USD17.18 million for 2018 to 2024 interventions include: • Manage Government students' loans and bursaries • Finance education infrastructure as well as education supplies, equipment and materials • Finance private students through the financing of professional studies, academic programs, apprenticeship/internship and provide guarantee facility to student • Build the capacity for business development The pool of funds recovered will be invested into financial low-risk saving products, such as treasury bonds, in order to provide financing for the government education loans and bursaries programs. This approach is in line with the country's Vision 2050 of being self-sustained. **Proposed Sector Allocation** 
Housing	The supply of houses in the formal market in Kigali is estimated to be 800 to 1000 units6 per year, but mostly targeting the high-end market segment according to the Kigali Housing Market Study conducted in 2012. While the demand for affordable housing was estimated to be18,616 units per year7, representing 54.1% of the total demand for housing. In order to contribute to the national objective of providing affordable housing to Rwandans as laid into the NST1, BRD intends to play a significant role in increasing the supply of affordable housing in the market. The Bank's initiative aims to also tackle the access to mortgage financing to reduce the creation of informal constructions. The Bank is developing a range of financial and implementing partnerships to deal with the challenges of high costs of land, building materials and financing. To achieve its mandate, BRD's has a budget of USD277.1 million for 2018 to 2024 to meet the following strategic objectives for the next 7 years which include: • Facilitating mass housing development (supply side) to address the current deficit of 34,000 units/year, especially in the affordable range by investing in land banking and availing construction loans to developers. • Supporting housing finance (demand side) to address the existing constraints in the mortgage market notably high interest rates, short tenor and limited liquidity. This will be done by scaling-up and standardization of mortgage underwriting as well as setting up alternative off-take vehicles such as MBS, REITs and Rent-Own schemes. • Launching Technical Assistance Schemes to support BRD in setting up and operationalizing the above facilities.

Sector	Strategic Goals
	To achieve these objectives, a combination of equity and debt products will be made available to developers to increase affordable housing production in Rwanda. BRD will also launch a mortgage refinance scheme and a rental scheme granted the Regulator's approval
Social Infrastructure	The proposed interventions for the next seven years with a total budget of USD26.12 million (RWF22.20 billion), will a focus on the following activities: • Finance construction and infrastructure projects which consists of constructing warehouses, commercial buildings, entertainment and sport centers as well as community shopping malls • Finance transport infrastructure and ventures that offer public transports services • Finance hospitals and biomedical equipment, build private clinics and foster the health human capital • Provide technical assistance in terms of project implementation support, capacity building and new product development **Proposed Sector Allocation** 
Trade	A total budget of USD135.61million (RWF107.43 billion) will be allocated for exports development with the following activities: • Finance manufacturing industries (construction materials, textile and garments, leather processing, pharmaceuticals, automobile assembling, packaging materials, soap and detergents) • Strengthen the Hospitality sector by providing loans to hotels and high-end restaurants, finance tourist attraction infrastructure and conservation businesses • Finance the mining and quarrying sector • Finance agriculture exports (coffee, tea, horticulture and livestock) • Provide technical assistance for exports development Different products will be developed by BRD to achieve its exports developments targets. A combination of long term and short terms loans will be provided to exporters based on the market needs, BRD mandate and risk exposure: **Proposed Sector Allocation** 

16.2 Projected Impact

Impact on Jobs and SMEs

Targeted interventions aimed at entrepreneurship development and strengthening of the value chain will ensure job creation through creation of new ventures and growth of existing ventures. BRD is estimated to contribute to the creation of an estimated 18,000 jobs cumulatively by 2024. The Bank aims to support both the growth of SMEs, both in the size of their businesses as well as the creation of new businesses with a projection of up to 750 SMEs impacted. In the same period, up to 40% of the projects financed are projected to be owned by women and youth.

Impact on Exports

This will be a function of export sectors selected and the number and capabilities of export-oriented anchor firms, availability of export and longer-term finance as well as relevant capacity building to ensure adherence to export standards. BRD is estimated to contribute a little over $10Mn cumulatively export revenue generated from the investments that will be implemented over the next 5 years.

Impact on Megawatts generated and households benefiting from generated energy

BRD's interventions in the energy sector focus largely on renewable off-grid energy and comparatively less on-grid in line with the national focus to enhance energy accessibility through provision of both technical assistance as well as concessional loans for those in this sector. These interventions are estimated to contribute up to 24 megawatts by 2024. Households set to benefit from energy generation an accessibility are projected to be around 32,000.

Impact of Affordable Houses Constructed

BRD will create and invest in sustainable market-based institutions and solutions that will be financially successful and economically/socially impactful leading to provision of 3,500 affordable to households who today have inadequate housing solutions. Through the Bank's strategic partnerships, a significant number of first-time homeowners will also be able to afford concessional mortgage financing.

Impact on Skills Development

BRD in collaboration with other implementing partners will upgrade skills and capabilities of new and existing entrepreneurs. All intervention per priority sector include Technical Assistance provision as BRD believes this is important for sustainability and impact.

17 Issuer's Financial Statements

17.1 Five Year AUDITED INCOME Statements

FRW '000	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Interest income	20,735,845	21,136,026	22,202,162	26,437,778	26,471,135	32,410,787
Interest expense	(11,099,902)	(11,673,787)	(12,673,412)	(11,599,933)	(11,284,115)	(13,192,981)
Net interest income	**9,635,943**	**9,462,239**	**9,528,750**	**14,837,845**	**15,187,020**	**19,217,806**
Fee and commission income	385,050	322,160	421,964	468,961	398,870	963,785
Fee and commission expenses	(442,758)	(351,141)	(206,138)	(30,405)	(239,655)	(287,304)
Net fee and commission expense	**57,708**	**28,981**	**215,826**	**438,556**	**159,215**	**676,481**
Net trading income	9,578,235	9,433,258	9,312,924	14,399,289	0	0
Net foreign exchange income	1,695,914	2,816,598	3,411,641	2,376,422	(938,367)	(605,392)
Other operating income	970,462	1,203,656	1,142,854	735,365	2,312,274	2,374,739
Net operating income	**8,852,783**	**7,820,316**	**7,475,789**	**13,635,344**	**16,720,142**	**21,663,634**
Net impairment charge on loans and advances	12,556,843	3,425,355	2,375,531	4,160,060	(7,172,159)	(8,611,365)
Loss on derivatives instrument at fair value through profit or loss	352,898	149,608	4,313	19,769	(158,546)	(361,024)
Operating income	**3,351,162**	**4,544,569**	**5,104,571**	**9,495,053**	**9,389,437**	**13,413,293**
Share of profit of investment in associates	11,224	210,942	79,640	139,356	807,059	(178,470)
Change in the fair value of investment in associates			1,407,391	2,537,897		
Employee benefits expenses	3,843,346	3,976,349	4,674,591	3,682,157	(4,182,879)	(4,875,845)
Depreciation and amortization	561,898	663,315	580,900	717,164	(924,278)	1,045,610
Other operating expenses	14,771,819	10,480,629	2,102,557	5,077,531	(2,097,927)	5,140,293
Profit before tax	**16,472,797**	**3,265,566**	**766,446**	**4,098,232**	**2,991,412**	**5,380,499**
Profit for the year	**16,472,797**	**3,265,566**	**766,446**	**4,098,232**	**2,991,412**	**5,380,499**

17.2 Five Year Audited Balance Sheet Statements

FRW' 000	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ASSETS						
Cash and balances with the national bank of Rwanda	1,406,464	4,505,365	14,563,801	2,042,767	898,579	1,406,950
Amounts due from other banks	20,103,489	29,866,489	35,467,142	59,661,474	74,086,828	161,206,135
Loans and advances	155,374,026	157,671,998	988,464	6,076,673	183,265,173	258,078,788
Investments at amortized cost			157,510,086	167,079,964	6,025,328	6,025,328
Investment in associates	8,960,624	8,589,782	12,510,086	10,640,344	11,447,402	11,268,933
Equity investment at fair values through OCI	15,270,159	14,671,998	16,866,078	16,932,735	20,445,502	19,328,151
Derivatives financial instruments	15,270,159	14,671,362	1,781,245	2,095,814	1,999,828	2,775,040
Property and equipment	9,742,654	13,741,073	13,622,197	14,243,093	13,241,732	14,411,823
Other Assets	4,043,172	5,954,301	8,080,973	4,853,351	5,679,754	4,327,829
Total Assets	**216,115,190**	**236,536,682**	**261,206,204**	**283,546,165**	**317,090,126**	**478,448,977**
LIABILITIES						
Dividends payable	11,017	11,017	11,017	11,017	11,017	11,019
Other payables	11,526,668	11,526,668	6,048,821	10,363,824	21,871,197	17,264,109
Borrowings	148,549,278	155,557,822	175,567,542	174,088,173	176,469,792	271,332,407
Special funds	148,549,278	6,690,087	8,556,307	8,655,277	11,236,258	11,006,460
Grants	517,037	2,619,458	2,563,221	5,547,753	6,335,785	68,938,325
Total Liabilities	**178,280,459**	**172,879,813**	**192,746,908**	**198,666,044**	**215,924,049**	**368,552,320**
EQUITY						
Share capital	7,258,230	39,100,308	42,661,685	55,607,470	65,392,018	68,882,936
Share premium	11,665,569	11,665,569	11,665,569	11,665,569	11,665,569	11,665,569
Other reserves	19,052,258	22,334,606	27,944,626	28,541,592	32,051,588	29,914,936
Accumulated losses			13,812,584	10,934,510	-7,943,098	-566,784
Retained earnings	141,326	9,443,614				
Total Equity	**37,834,731**	**63,656,869**	**68,459,296**	**84,880,121**	**101,166,077**	**109,896,657**
Total Equity and Liabilities	**216,115,190**	**236,536,682**	**261,206,204**	**283,546,165**	**317,090,126**	**478,448,977**

17.3 Projected Financial Statements

17.3.1 Projected Income Statement

FRW '000	FY 2023	FY 2024
Interest Income	33,867,894	42,858,672
Interest Income from Placements/Banks	5,963,052	7,059,946
Interest Expense	(13,699,628)	(16,219,653)
Net interest income	**26,131,318**	**26,639,020**
Fee and Commission income	1,991,149	2,389,379
Fee and Commission expense	(298,444)	(328,288)
Net Fee and Commission income	**1,692,705**	**2,061,091**
FX Gain/(Loss)	(1,721,375)	(1,859,085)
Fair Value gain/(Loss) on Derivatives	874,814	944,799
(Losses)/Gains on Equities	68,070	34,035
Other Operating Income	614,510	737,412
Net gains/(losses) on financial liabilities at fair value through profit or loss	507,460	-
Credit losses	(12,293,430)	(12,293,430)
Net Credit recoveries on W/o book	4,820,205	7,230,308
Staff costs and other benefits	(6,921,232)	(7,751,780)
Depreciation and Amortization	(1,467,273)	(1,643,346)
Other Operating Expenses	(4,930,323)	(5,521,962)
Total Comprehensive Income (Loss)	**7,375,449**	**8,577,061**

17.3.2 Projected Balance sheet

FRW' 000	FY 2023	FY 2024
ASSESTS		
Cash and Bank balances	147,759,544	162,658,160
Held to maturity investments	-	6,239,663
Loans and advances	377,525,803	446,661,185
Equity investments	31,691,110	32,513,130
Derivative financial instruments	3,404,319	3,553,017
Property and equipment	13,566,470	12,888,146
Intangible assets	877,053	964,758
Other assets	7,203,529	13,354,525
TOTAL ASSESTS	**582,027,827**	**678,832,582**
LIABILITIES		
Borrowings	408,051,003	481,069,956
Grants and Special funds	22,723,992	23,723,992
Other Liabilities	22,715,632	31,347,572
TOTAL LIABILITIES	**453,490,627**	**536,141,520**
EQUITY		
Share Capital and Premium	91,683,554	95,760,390
Supplementary Capital Reserve	11,510,321	13,010,321
Other Reserves	20,312,696	20,312,696
Accumulated earnings/(losses)	5,030,629	13,607,690
TOTAL EQUITY	**128,537,200**	**142,691,096**
TOTAL EQUITY AND LIABILITIES	**582,027,827**	**678,832,617**

17.4 Regulatory Capital and Other Ratios

KPI Category	KPI Description	FY 2020	FY 2021	FY 2022	FY 2023
		Actual	Actual	Forecast	Budget
Capital Adequacy	Tier 1 Capital Ratio	18.70%	22.70%	24.30%	22.70%
	Total Capital Ratio	23.80%	27.60%	29.20%	26%
	Debt to Equity	2.05	1.81	1.9	3.2
Earnings and Efficiency	Return on Average Assets (ROA)	1.50%	1.00%	1.10%	1.30%
	Return on Average Equity (ROE)	5.30%	3.00%	4.70%	5.70%
	Net Interest Margin	8.30%	5.3%	6.70%	6.90%
	Cost to Income	50.80%	66.80%	77.80%	78.80%
	Cost (Without FX) to Income	40.60%	62.80%	77%	73.80%
	Cost (Without FX and impairment changes) to income	54.00%	41%	38.80%	38.40%
	Staff costs/Income	14.00%	20%	22%	20%
Liquidity and collections efficiency	Liquid Assets/Total Assets	25%	28%	37%	26%
	Loan collections/contractual collections	60.90%	61.40%	73.40%	75.00%
	Liquidity Coverage Ratio (One Year ahead)	128%	561%	139%	120%
Asset Quality	Balance Sheet NPL Ratio	6.40%	4.50%	3.70%	4%
	Net Loans to Total Assets	59%	58%	52%	65%
	Net NPLs/Total Capital	17.40%	8%	8.90%	5.40%
	NPLs provisions coverage	14%	32%	44%	50%

18 Rwanda Economy Outlook/ Overview

Rwanda iRwanda is a landlocked country, located in the East African Region, and covers an area of 26,338 km2. Rwanda borders Uganda to the North, Tanzania. It has a population of 13,246,394 persons as of August 2022, according to the National Institute of Statistics Rwanda Census 2022. The annual growth rate was estimated at 2.2% and is expected to grow at an average rate of 2.4%, over the next decade, higher than Africa's projected average population growth rate of 2.2%, over the same period.

Based on its geographic position, Rwanda is part of the East African Community, the African, Caribbean and Pacific Group of States (APAC), African Union (AU), Economic Community of Central African States (ECCAS), Common Market for Eastern and Southern Africa (COMESA). By extension, The Commonwealth, Non-Aligned Movement (NAM), Organization International de la Francophonie (OIF), United Nations (UN) and World Trade Organization (WTO).

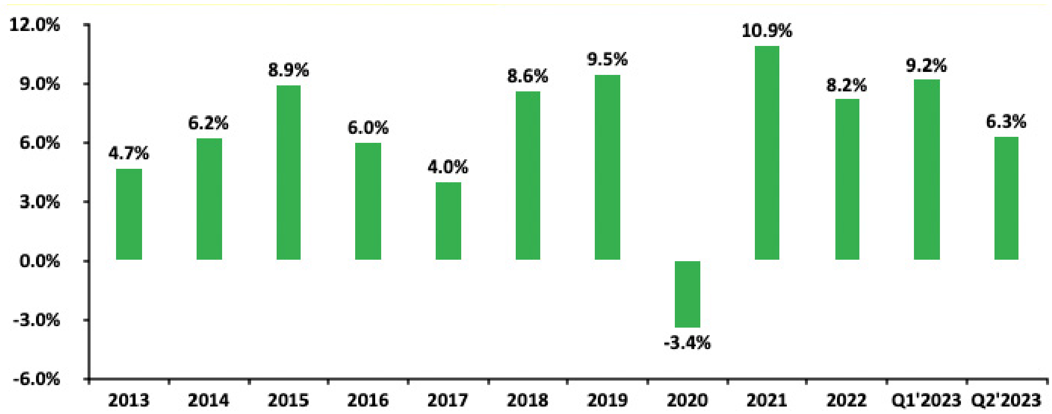
18.1 Macroeconomic indicators

Rwanda recorded an 8.2% GDP Growth in 2022, largely driven by a 12.0% recovery in the services sector, supported by a 5.0% and 2.0% growth in the Industry and Agriculture sectors respectively. Consequently, the services sector remained the largest sectoral contributor to Rwanda's GDP at 47.0%, a slight decline from the 48.0% in 2021. The Industry and Agriculture sectors contributions increased by 1.0% each to 25.0% and 21.0%, from 24.0% and 20.0%, respectively.

GDP growth in 2022 was lower than the 10.9% recorded in 2021, with the lower growth mainly attributed to increased inflationary pressures in the country, mainly because of the spill-over effects of the conflict in Ukraine that increased supply chain constraints. As of 2023 H1, GDP growth was 7.7%. Further details are provided in the figure below.

In the next 10 years, private consumption is expected to drive GDP growth in Rwanda. A combination of population growth, urbanization, and migration of labour into higher value-added sectors will make private consumption the key economic driver.

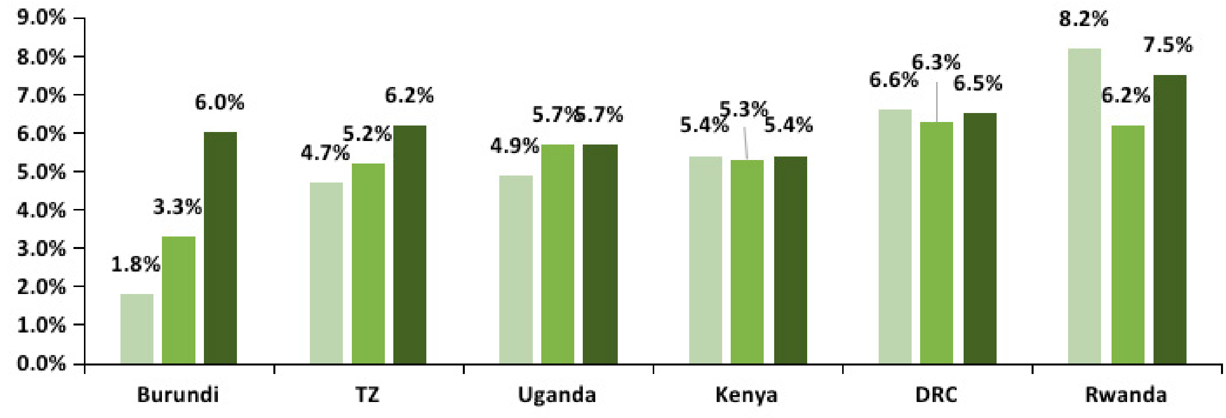
Figure : Rwanda GDP Growth (2013-Q12023)



Source:NISR

Rwanda has enjoyed an extended period of political and economic stability that has seen it continue to solidify its status in the East African Region. According to the International Monetary Fund (IMF)'s Sub Saharan Africa Regional Economic Outlook April 2023, Rwanda's economy is projected to grow at a rate of 6.2% in 2023, coming only behind Senegal and DRC which have projected growth rates of 8.3% and 6.3% respectively. In 2022, Rwanda recorded the highest GDP growth in the East

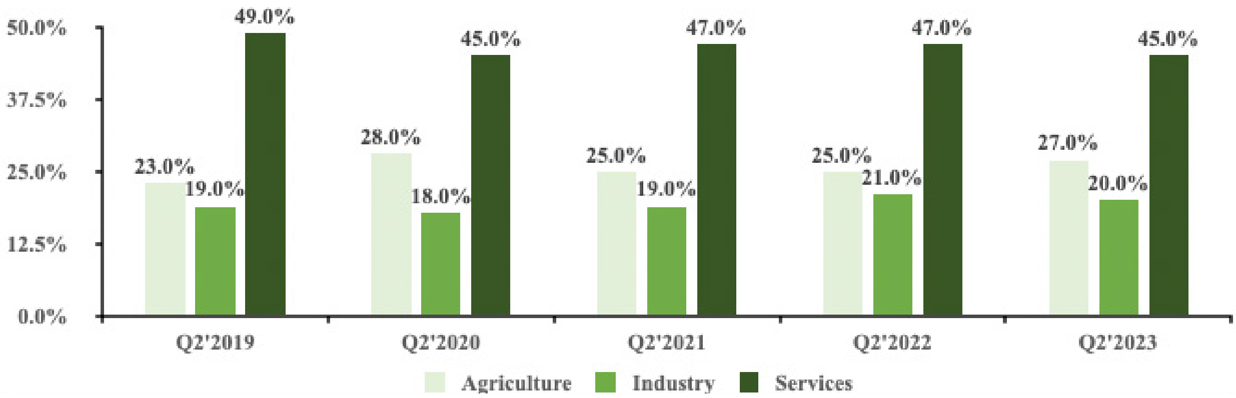
African Region, with growth coming in at 8.2%. In 2023, growth is expected to moderate to 6.2% according to the IMF, mainly because of the high inflationary environment.



Source: NISR

Rwanda's economy is mainly services sector driven, with the sector contributing 45.0% to GDP in Q2 2023. The main constituents of the services sector growth were wholesale and retail trade at 16.0%, given the continued rebound in local and international trade. The Real estate sector contributed 5.0% and is expected to pick up as government initiatives to transition informal settlements with affordable housing developments gathering steam, with about 15,000 new homes targeted to be delivered each year into the affordable segment of the market, while the transport sector contributed 5.0%. The agriculture, forestry and fishing sector contributed 27.0%, while the industrial sector contributed 20.0%, largely supported by manufacturing and construction, at 9.0% and 8.0%, respectively.

Figure: Rwanda sectoral contribution to GDP (2019-2023)



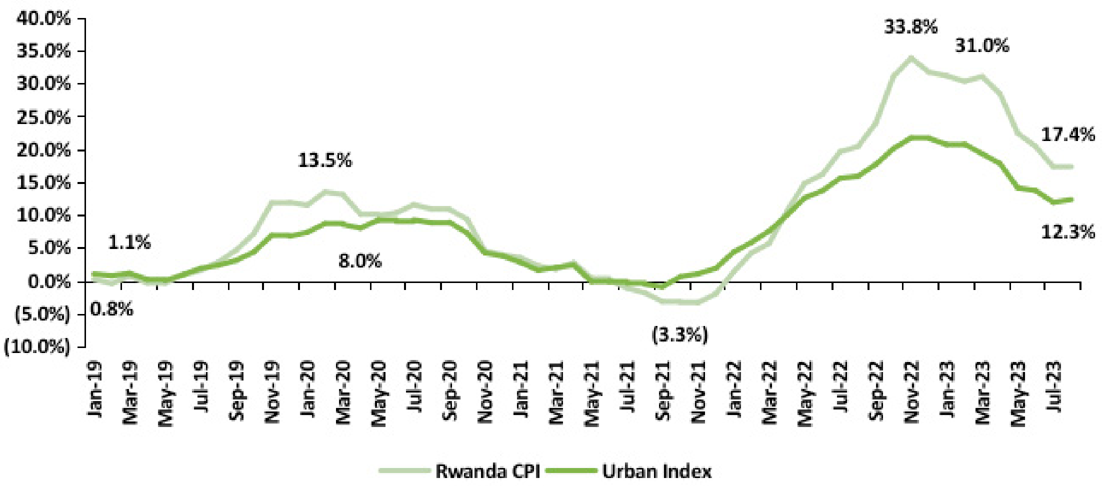
Source: NISR

Rwanda's GDP growth was mainly driven by the services sector which grew by 13.0%, buoyed by sub sectors such as Telecommunication services, Hotel, and restaurants, which recorded significant growth of 43.0% and 42.0%, respectively. The hospitality sector has boomed in the wake of rising economic activity, with more than 10,000 hotel keys being added in the last 20 years. Global brands such as Radisson Blu, Marriott, and Radisson are all jostling for space in the rapidly developing hotel market. Kigali has become one of the preeminent African conference Centre destinations and has been ranked just behind Cape Town as the continent's best conference city by the International Congress and Convention Association. The industry sector grew by 9.0%, mainly driven by growth by manufacturing activities, mining and quarrying which gained by 16.0% and 15.0%, respectively. The Agricultural sector grew slightly by 1.0%, with the slow growth attributable to unfavourable climatic conditions, with production of food crops declining by 3.0%.

18.2 Inflation Rates

Rwanda inflation environment has remained relatively low, and within the BNR's target range of 2.0%-8.0%, with the 5-yr historical average at 6.1%. However, Rwanda has experienced a high inflationary environment since 2022, which was mainly driven pre-existing supply chain constraints arising from the COVID-19 pandemic and worsened by the Ukraine-Russia conflict which led to increases of commodity prices like fertilizers as well as food and energy prices. Currently, Rwanda's y/y inflation rate is at 22.4%, mainly food driven, given the unfavourable climatic conditions that reduced food production. The Rwandan government has made various interventions to reduce the pressures on the food inflation basket such VAT exemptions on staple commodities such as food and rice. These measures coupled with expected better harvest seasons, should see inflationary pressures easing.

Figure: Rwanda Inflation



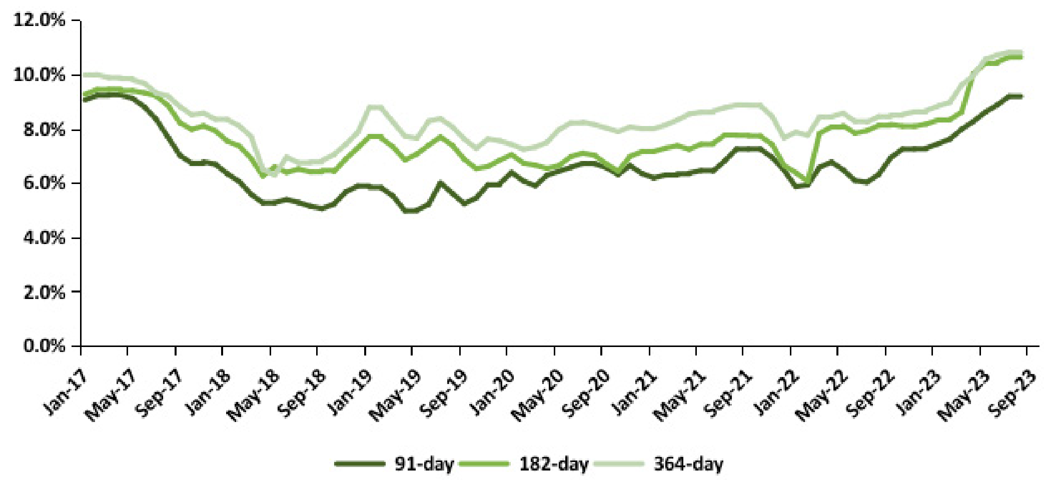
Source: BNR

18.3 Interest rates

Short-term interest rates

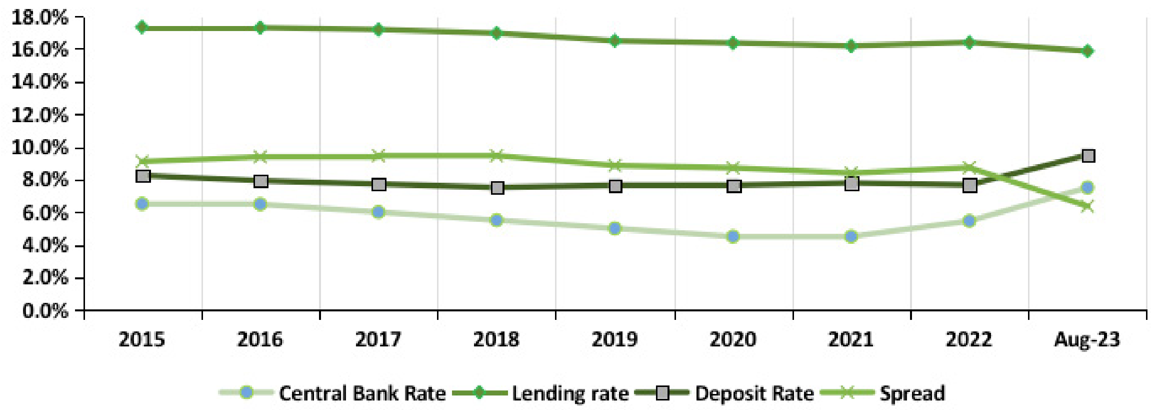
Rwanda's interest rate environment has remained fairly stable over the last few years, mainly backed the inflationary environments being within BNR expectations. However, with inflation remaining sticky owing to persisting supply chain constraints and lower than expected agricultural output, inflation has shot up, necessitating BNR interventions, in the form of interest rate hikes. In the last Monetary Policy Committee meeting in May 2023, the BNR MPC maintained the BNR Rate at 7.0%, ending a series of 3 consecutive hikes.

Figure: 5 T-Bill rates



Source: BNR

Figure: Interest rates

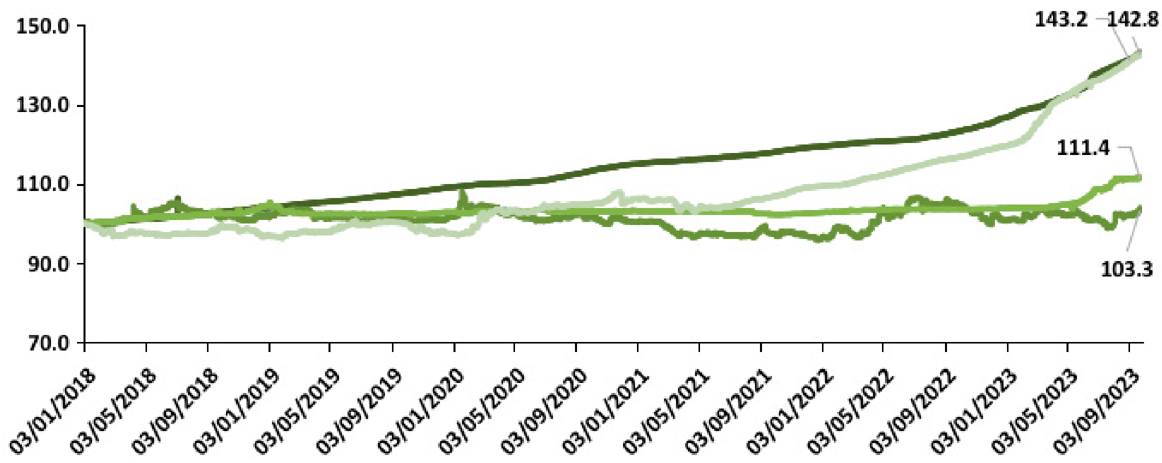


Source: BNR

18.4 Currency

In 2022, the financial sector remained stable with a well-capitalized, profitable and liquid banking sector. Credit quality continued to improve with non-performing loans falling to 4.1% from 5.1% the year before. The FRw remained resilient in 2022, with a depreciation of 6.05% against the USD and 1.17% against the UGX, an appreciation of 2.8% against the KSH. The average yearly depreciation against the USD stands at 5.7% for the period 2013-2022. The main drivers toward the constant depreciation have been the ever-present current account deficit, with Rwanda being a net importer.

Figure 7: Rebased EAC Currencies vs USD



Source: BNR

19 Overview of the Banking Sector

19.1 Introduction

The Banking Sector, which is overseen by the National Bank of Rwanda (BNR), consists of 15 Banks (10 commercial banks, 3 microfinance banks, 1 development bank and 1 cooperative bank). Foreign banks control about 53.9% of the banking sector market share as 10 of the 15 banks are subsidiaries of foreign banks and holding companies.

The Rwandan financial sector comprises a range of institutions, markets, and financial infrastructure. As of June 2020, The BNR regulates 602 institutions, including 15 banks, 14 insurance companies, 459 microfinance institutions (MFI), 13 pension schemes, 97 foreign currency dealers and remittance companies, and 4 registered lending-only institutions. Total assets of these institutions amounted to FRW 5,747 billion at the end of June 2020 (equivalent to 63% of GDP). Total assets of mainstream financial Institutions (Banks, MFIs, Insurance and Pension) stood at FRW 5,718 billion (62% of GDP) in the same period. The capital market, regulated by the Capital Market Authority (CMA), is also an integral component of the Rwandan financial system consisting of 2 Exchanges, 6 Security Brokers, 1 Sponsoring Broker, 2 Investment Banks, 3 Custodians, 3 Credit Rating Agencies, 7 Fund Managers, 2 Collective Schemes and 1 Investment Advisor.

The banking sector remains the primary source of financing for the private sector and plays the role of financial intermediary and therefore the development of the banking sector cannot be overemphasized as it helps the economic growth and transformation process in Rwanda. Financial inclusion in the country remains high compared to other East African counterparts, with a host of opportunities available for market players. Additionally, transactional value over mobile money transactions has been on a steady growth trajectory over the past 3 years, reflective of increased potential in mainstream finance.

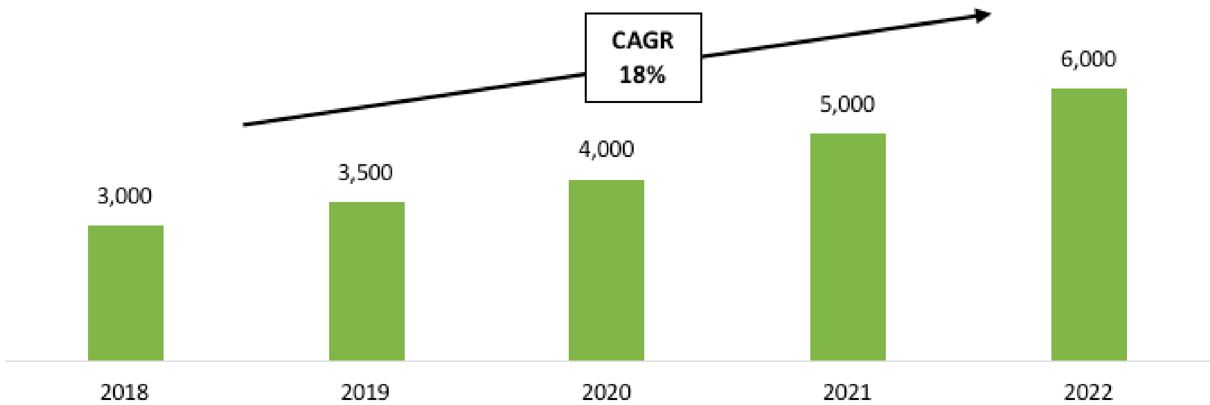
Over the course of 2020 and 2021, Rwanda changed the majority of its investment and commercial laws to align with the Organization for Economic Co-operation and Development (OECD) best practices for financial centers. The 2021 Investment Code provides incentives for companies that operate in the Kigali International Financial Centre (KIFC).

19.2 Introduction

The Rwandan Banking sector remains strong with solid capitalization, earnings and liquidity metrics. Sovereign risks remain over the short to medium term, fueled by twin fiscal and current account deficits.

From a balance sheet perspective, the sector has been growing despite the challenging economic conditions mainly driven by high inflationary pressures. Total assets have grown over the past 5 years as shown in Figure below. The total assets of the banking sector increased by 18.3% to FRW 5,993 billion as at end December 2022 from FRW 5,064 billion as at end December 2021, higher than the growth of 17.5% registered during the 2021 compared to 2020. The improved growth of assets of banks largely reflects the growth of deposits and capital base during the period under review.

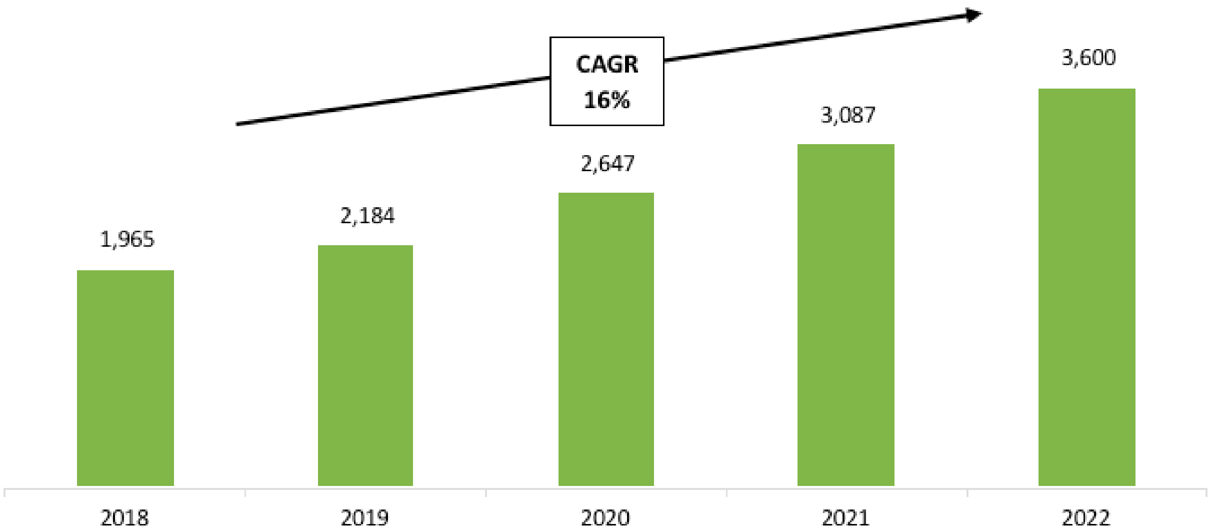
Figure – Rwandan Banking Sector Asset Growth (FRW 'bn)



*Note that these are rounded figures

Net loans accounted for 52% of total assets as of December 2022, while government securities constituted 21%. Interest income is the main source of income, representing about 59% of total revenues. From a liability perspective, the balance sheet of banks is primarily funded by Customers Deposits. Customer Deposits as of December 2022 was 72.2% of total liabilities.

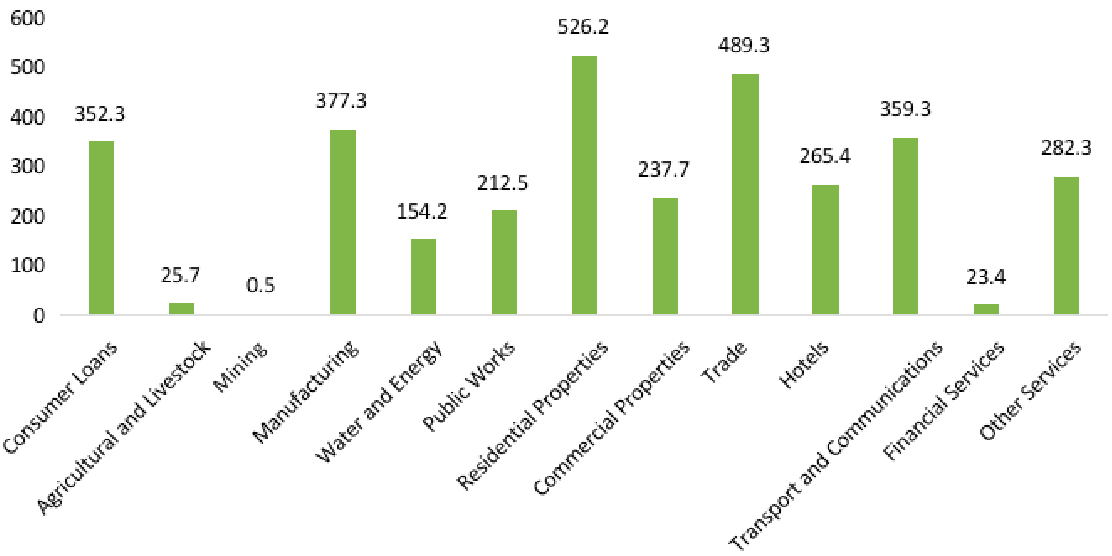
Figure – Rwandan Banking Sector Deposit Growth (FRW 'bn)



Despite global uncertainties, the Rwandan banking sector remains adequately capitalized. Sector aggregate Capital Adequacy Ratio (CAR) stood at 21.7%, higher than the minimum regulatory requirement of 15%. The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), the key liquidity indicators of banks, remained above the minimum prudential requirement, at 215.9% and 136.98% respectively, higher than 100% minimum regulatory requirement.

Banks continue to implement credit diversification strategies to cushion risks that could arise from sectoral credit concentration. Economic diversification and transformation benefits banks in terms of diversifying their credit portfolio, creating investment opportunities to economic sectors that have been underfinanced. Contrary to historical trends, where banks credit was mainly driven by lending to trade, real estate, and hotels, recently, there have been a significantly uptick in credit for sectors like manufacturing, services, water and energy and in transport[1]

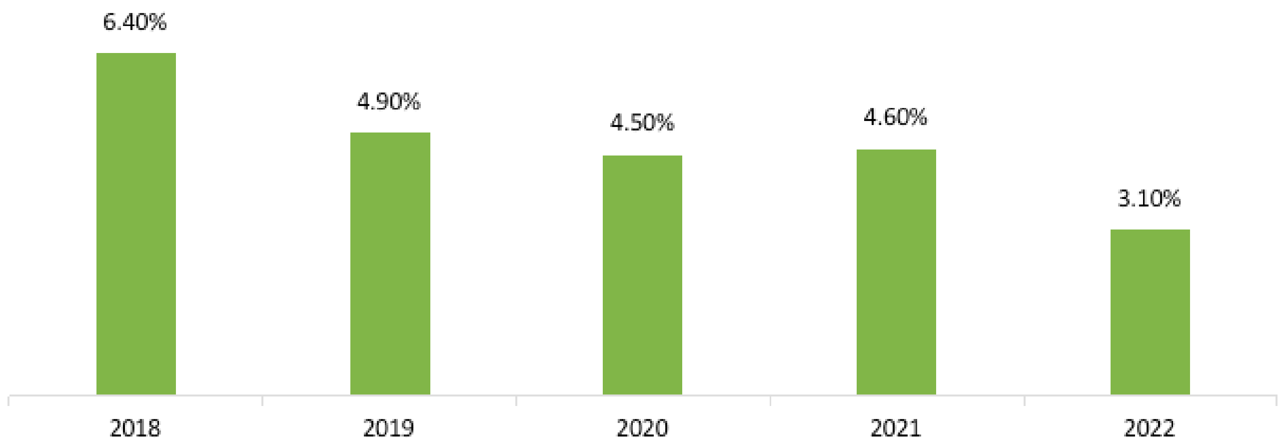
Figure – 2022 Banks Outstanding Loans by sector (FRW'bn)



[1] Monetary Policy and Financial Stability Statement March 2023

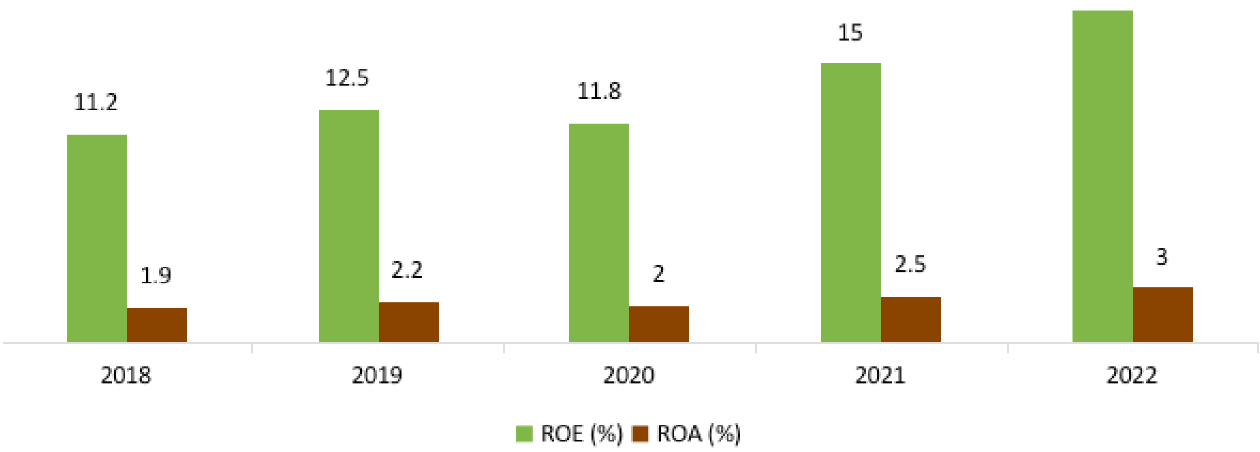
The impact of inflation on debt servicing has so far been moderate. Non-Performing Loans (NPLs) in the banking sector dropped to FRW 127 billion in December 2022 from FRW 158 billion in 2021, largely due to write offs of overdue loans (FRW 37.9 billion in 2022) and recoveries from non-performing loans. As a result, the NPL ratio declined to 3.1% in December 2022, from 4.6% in December 2021. This reduction is also partly driven by the growth of outstanding loans during the period under review.

Figure 5 – Rwandan Banking Sector NPL Ratio (%)



Banks remain profitable and their high reserves continue to boost capital buffers. The aggregate net profits of banks increased by 40% to FRW 175.7 billion as at end December 2022. Similarly, the Return on Assets (ROA) increased to 3% as at end December 2022 from 2.5% in 2021, while the Return on Equity (ROE) increased to 17.8% as at end December 2022 from 15.0% in 2021.

Figure – Rwandan Banking Sector Return on Equity and Return on Asset Chart (%)



19.3 Regulator

BNR was established in 1964 with the aim of issuing the Rwandan currency named Rwandan Francs (FRW). Over the years, the role of the BNR has evolved. The current Law N°48/2017 of 23/09/2017 as amended to date, confers a clear mandate on the BNR with a mission of ensuring price stability and a sound financial system.

The current Board of Directors is composed of two (2) Executive Members (Governor and the Deputy Governor) and seven (7) Non-executive Members. The Board is responsible for providing the strategic direction of the Bank and oversees the conduct of its business. The Board has four Committees, namely,

- Legal and Regulatory Board Committee
- Audit and Risk Board Committee

- Strategy & IT Board Committee
- HR Board Committee

These committees are exclusively composed of non-executive members. The Board sits quarterly for its ordinary meetings and at any time that it deems necessary for extraordinary meetings.

BNR is responsible for promoting and safeguarding the financial stability of Rwanda. The BNR's role is mainly achieved through regulation and licensing, macro prudential analysis and micro prudential supervision of the FIs. The BNR strengthened the legal and regulatory framework to address challenges faced by the financial sector and comply with international standards. For the 2022 financial year, fifteen (15) legal instruments were published of which 5 were laws and 10 regulations, and seventeen (17) legal instruments approved by the Board of Directors of which 16 regulations and 1 presidential order. The Bank also continued to monitor the soundness of individual financial institutions (Banks, MFIs, Insurance and pension schemes) using the risk-based supervision approach whereby specific attention is given to each financial institution per its risk profile.

The BNR is also responsible for supervision of the credit reference bureau that provides credit reporting services. In order to promote the efficiency of credit reporting system, the Advisory Credit Reporting Council was established mainly to ensure compliance with international best practices especially Credit Reporting General Principles which focus on completeness, quality and timeliness of data.

19.4 Recent Developments

As at the end of August 2023, credit to the private sector rose by 13.2%, lower than the 16.5% growth observed during the same period in 2022, in line with newly approved loans. During the second quarter of 2023, there was a notable increase of 43.8% in newly authorized loans (NALs) compared to the same period in the previous year, which had experienced a growth of 3.1%. The growth in NALs for 2023Q2 is predominantly reflected in four sectors, namely manufacturing, public works and buildings, personal loans, and trade. In a similar vein, on a quarterly basis, NALs rose by 17.6% in 2023Q2 compared to a drop of 17.6% experienced in 2023Q1.

The Monetary Policy Committee (MPC) meeting held on August 16th, 2023, resulted in an increase in the CBR by 50 basis points to 7.5%. This is in addition to the 50 basis points increase that occurred in the February 2023, aimed at fighting inflationary pressures. Consequently, money market rates were steered around the CBR, and the interbank rate increased by 223 basis points to 7.74% on average in 2023Q2 from 5.51% in 2022Q2.

In 2023Q1, the liquidity in the banking system increased, and money market rates remained steered around the Central Bank Rate (CBR). The interbank rate increased by 223 basis points to 7.74% year-on-year in 2023Q2, following the CBR hikes recorded in August 2023. In terms of market rates, the average lending rate rose by 23 basis points to 16.54% in 2023Q2. During the same period, the outstanding credit to the private sector rose by 13.2%, lower than the 16.5% growth recorded in the corresponding period of 2022.

20 Risk Factors - Relating to the Issuer

BRD is exposed to the following risk as a result of its operations and from its use of financial instruments- Credit risk, Liquidity risk and Market Risk. The following is a brief description of the risk factors that are material in respect of the financial situation of BRD

20.1 Credit Risk

Credit risk is the risk of suffering from financial loss should any of the Banks's customers, clients or market counterparties fail to fulfil their contractual obligations to the bank. Credit risks arises mainly form commercial and loans and advances and loan commitments arising from such lending activities but can also arise from credit enhancements provided such as financial guarantees, letter of credit and acceptances. The bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from trade activities including settlement balances with market counterparties.

Notwithstanding, the bank employs a range of practices to mitigate credit risk with its internal policies on the acceptability of specific classes of risks and overall risk-based approach to lending.

20.2 Liquidity Risk

The bank is set up as a development bank whose main objective is to obtain funds to lend to priority sectors in the economy. Liquidity risk is the risk that the Bank will encounter difficulty in meeting due obligations associated with financial liabilities that are settled by delivering cash or any other financial asset. To mitigate this risk, the bank has a diversified pool of funding sources mainly from development financial institutions and has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required. Also, the BNR requires all development banks to compute and submit to the central Bank monthly, a report of their liquidity status in which their ratio of liquidity shall not be less than 100%.

20.3 Market Risk

This is the risk of losses in on- or off-balance sheet positions that arise from movement in market prices. Changes in equity prices, interest rates, credit spreads, foreign-exchange rates, commodity prices, and other financial assets will impact the Bank's trading book. To address this risk, the bank has set up the Asset and Liabilities Committee who has the overall responsibility of managing market risk. The bank manages interest risk by having a balances portfolio of fixed and variable rate loans and borrowings and since the bank does not actively engage in dealing and trading operations in currencies, the banks' exposure to currency risk is low.

20.4 Operational Risk

This is the risk of direct or indirect loss arising from inadequate and/or failed internal processes, people and systems or external events. They include fraud, fines or expenses incurred because of settlement delays and regulatory infractions; litigation processes including out of court settlements; damage to the physical assets; system downtime, malfunction or disruption and the losses arising thereof. The bank manages operational risk by ensuring adequate training and implementing good internal policies and procedures to every activity and roles in the bank. Also, with the growth and development of the microlending space, heavy digital infrastructure is available for data storage and a host of other functions is available in order to avoid cyber-security attacks and system failures.

20.5 Compliance and Regulatory Risk

The industry in which the Bank operates is highly regulated. There are various Guidelines circulars and directives and provisions which the Bank is required to adhere to, including the requirement to meet certain capital adequacy and cash reserve requirements. Non-compliance by the Bank with the directives may result in the revocation of the Bank's operating licence (BRD is licensed by National Bank of Rwanda). Should the Bank lose its operating licence, it would be unable to meet its obligations under the Programme. Similarly, any failure by the Bank to monitor, report and act on suspected financial crime and money laundering activities could expose the Bank to losses, penalties or reputation damage. The bank manages compliance and regulatory risk by ensuring good risk management policies are implemented to track, monitor, and analyze market changes and assess their potential impact on the business and submitting all regulatory documents and requirements timely.

20.6 Currency Risk

This is the risk of losing earnings and capital that arise from the change in price of one currency against another. The bank undertakes transactions denominated in foreign currencies. Unfavourable movement in exchange rates may affect the Bank's foreign currency transactions, the value of the Bank's foreign currency-denominated assets and liabilities and consequently have a negative impact on its financial condition. The bank manages currency risk by having a balanced portfolio of local and foreign currency transactions.

20.7 Political Risk

These are risks associated with the nation's political climate. Potential changes in government policies can affect the banking landscape and could impact the Bank's business. If the Federal Government is unable to address all these issues, these risks may persist and may adversely affect Rwanda's political and economic stability which may, in turn, further affect the Bank's business, results of operation, and/or financial condition.

20.8 Reputational Risk

Reputational risk in banking and financial services is associated with an institution losing consumer or stakeholder trust. It's the risk that those consumers and stakeholders will take on a negative perception of the bank and its brand following a particular event. Enterprise risk management not only helps financial institutions protect their tangible assets but also the intangible assets and BRD just revised its Enterprise Risk Management Framework (ERMF) which was approved in 2022.

20.9 Strategic Risk

The strategic risk is risk refers to the whether the bank is headed in the right direction with its strategy. The bank manages operational risk by continuous improvement of their credit and risk management system, financial performance and customer services, forming strategic partnerships to deliver their mandate and continuously improving their pool of knowledge to have the most competent and skilled employees.

21 Risk Factor-Relating to the Notes

21.1 Risks relating to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

Prospective investors of Notes should be aware that the range of Notes that may be issued under the Programme is such that the following statements are not exhaustive with respect to the types of Notes that may be issued under the Programme and any particular Series of Notes may have additional risks associated with it that are not described below. Investment in the Notes may involve complex risks related to factors which include debt market risks and may include interest rate, foreign exchange and/or political risks.

The Notes may not be a suitable investment for all investors. Each potential investor must determine the suitability of investing in the Notes in light of its own circumstances. In particular each potential investor should:

- Have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any supplemental Prospectus.
- Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio.
- Have financial resources and liquidity to bear all of the risks of an investment in the Notes
- understand thoroughly the Conditions of the Notes and the Note Transaction Documents and be familiar with the behavior of any relevant indices and financial markets; and
- Be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some forms of notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in notes which are complex financial instruments without consulting a financial advisor who will evaluate how such notes will perform under changing conditions, the resulting effects on the value of such notes and the impact this investment will have on the potential investor's overall investment portfolio.

21.2 The market price of the notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes in the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes.

In particular, the markets for emerging market securities, such as Rwanda, may be volatile and are to varying degrees, influenced by economic conditions in other emerging market countries which may not be in the same geographic region as Rwanda. Although economic conditions are different in each country, investor reactions to the developments in one country may affect securities of issuers in other countries, including Rwanda. Accordingly, the market price of the Notes may be subject to significant fluctuations, which may not necessarily be related to the financial performance of the Issuer.

21.3 Notes may be subject to optional early redemption by the Issuer

An optional early redemption feature in the Notes may negatively affect their market value. During any period when the Issuer may elect to redeem the notes before maturity, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a lower rate.

21.4 The corporate bond secondary market for listed issues in Rwanda may not be very liquid

The Rwandan corporate bond market is not very active with very few trades conducted on the market each day, especially for listed issues. Very few corporate bonds have traded, making the actual pricing of bonds not as objective as it would be in an active developed market. If the listed Notes are traded after their initial issuance, they may trade at a discount to their initial offering prices, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of Rwanda and the Issuer.

If the market does develop the Notes may initially not be very liquid therefore investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of the Notes.

21.5 Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the assigning rating agency at any time. Credit ratings assigned to Notes do not necessarily mean that the Notes are suitable investment. Similar ratings do not address the marketability of any Notes or any market price. Any change in the credit ratings of Notes, or the Issuer, could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analyzed independently from any other rating.

21.6 Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

21.7 Fluctuations in exchange rates and interest rates

The Issuer will pay principal and interest on the Notes in Rwandan Franc. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency other than Rwandan Franc. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Rwandan Franc or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to the Rwandan Franc would decrease the Investor's Currency-equivalent yield on the Notes, the investor's currency equivalent value of the principal payable on the Notes and the Investor's Currency equivalent market value of the Notes. Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. In addition, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

21.8 Change of law

The Conditions of the Notes are based on Rwandan law in effect as at the date of this Prospectus.No assurance can be given as to the impact of any possible judicial decision or change to Rwandan law or administrative practice after the date of this Prospectus.

22 Taxation

The comments below are of a general nature based on taxation law and practice in Rwanda as at the date of this Prospectus and are subject to any changes thereafter. They relate only to the anticipated tax consequences of an investment in the Bonds under Rwanda tax laws. The comments below do not relate to all possible tax consequences of an investment in the Bonds and so should be treated with appropriate caution.

Prospective investors should consult their own professional advisers concerning the possible tax consequences of purchasing, holding and/or selling Bonds and receiving payments of interest, principal and/or other amounts under the Notes under the applicable laws of their country of citizenship, residence or domicile.

22.1 Interest Payments

Payment of interest on the Bonds will be made by the Paying Agent (Fiscal Agent).

22.1.1 All payments in respect of the Interest on the Notes will be subject to withholding tax or deduction as per law no. 027/2022 of 20/10/2022 establishing taxes on income as amended to date.

i. Five (5%) percent withholding tax will be applicable on interest on securities listed on capital market if the beneficiary of the interest is a resident taxpayer of Rwanda or of the East African Community.
ii. Ten (10%) percent withholding tax will be applicable on interest on securities listed on capital market if the beneficiary of the interest is a resident taxpayer of Countries with Double Taxation Agreements with Rwanda; and
iii. Fifteen percent (15%) withholding tax will be applicable to a person not registered in the Rwandan tax administration or to a registered person who does not have recent income tax declaration.

22.1.2 Notwithstanding Condition 22.1.1 above, the Paying Agent on behalf of the Issuer will deduct withholding tax at the prescribed rate on all Interest Amounts or payments to Noteholders other than any Noteholder who:

(a) is exempt from such deduction under the provisions of Law No. 027/2022 of 20/10/2022 Establishing taxes on Income as amended to date.
(b) has provided evidence of such exemption to the reasonable satisfaction of the Issuer and the Paying Agent.

22.2 Double Tax Agreements (DTAs)

Rwanda has DTAs with Mauritius, Belgium and South Africa, United Arab Emirates and China. These treaties aim to eliminate the double taxation of income or gains arising from one territory and paid to residents of another territory. They provide for lower withholding rates on payments of dividends, interest, management and professional fees, and royalties between the two territories. Professional advice is required to understand the operation of double tax treaties, as they include legislative provisions that may not be straightforward.

23 Statutory Information and General Information

23.1 Incorporation Details

BRD was established by the law of August 5, 1967 with its head office in Kigali, Rwanda. However, pursuant to law no 14/2011 of 30/05/2011, BRD ceased to be governed by law and changed to a Public Company Limited by shares, governed by the law governing Companies and having company code 100003547, with powers to execute, deliver and perform development finance activities pursuant to the law governing Companies and its Articles of Association.

The Bank is primarily a development finance institution dedicated to becoming "the financier of Rwanda's development".

Date of establishment:	05 August, 1967
Country of incorporation:	Rwanda
Company number:	100003547
Purpose:	The Development Bank of Rwanda (BRD) Plc has a mandate to ensure that the private sector plays its role in sectors critical to achieving the National Strategy for Transformation (NST1) and the Sustainable Development Goals (SDGs) by providing them with affordable, long-term, and customized development finance.
Registered Office:	KN3 Ave, Kigali P.O. Box: 1341 Kigali, Rwanda.
Status:	Public company limited by shares
Directors:	(i) Bobby Jene Pittman (ii) Callixte Nyirindekwe (iii) Rwema Alice Umuhoza (iv) Angelique Karekezi (v) Joseph M. Mudenge (vi) Rusine Stella Rusine Nteziryayo (vii) Ghislain Nkeramugaba (viii) Louise Kanyonga Ingabire (ix) Dr. Emmanuel Habineza
Company Secretary:	Gloria Tengera
Auditors:	Ernst & Young Rwanda Ltd
Financial Accounting Period	1st January – 31st December
Bankers:	National Bank of Rwanda (NBR) NCBA Bank Rwanda Bank of Africa I&M Bank Rwanda Compagnie Générale de Banque PLC Ecobank Rwanda BPR Bank Rwanda
Authorised Share Capital:	150,000,000,000

23.2 Corporate authorisations

By a resolution of the Board dated 14th September 2023, the Directors of the Company authorised to issue a FRW 150 billion Medium Term Note Programme on the Rwanda capital market.

23.3 Director Disclosures

As at 2022, there are Loans and advances to senior managers and to companies owned by BRD shareholders, FRW 632,584,000 and FRW 54,455,478 respectively. Refer to Reporting Accountants' Report (Section 12), Note 34 – Related parties, for further details.

23.4 Shareholding

The company has different shareholders ranging from Government of Rwanda, local and international investors. The Company's major shareholders are the Government of Rwanda through Agaciro Development Fund and Rwanda Social Security Board. The Company's top 10 shareholding is illustrated in section 15.6

23.5 Licenses and regulatory compliance

The Company has the requisite licenses and permits to operate in the Republic of Rwanda as a development bank. The Bank is licensed to exercise banking activities in the Republic of Rwanda and holds a valid banking license dated 14th June 2018.

23.6 Indebtedness

The Bank has acquired short and long term loan facilities from different institutions in the aggregate amount as at 2022 FRW 335,781,956,000 Refer to Reporting Accountants' Report (Section 12), Note 26 – Short and Long Term Finance, for further details.

23.7 Property

The Company owns different assets, both movable and immovable and holds titles for each of the assets owned with Net asset value of FRW 12,885,093,000 as at 31st December 2022 Refer to Reporting Accountants' Report (Section 12), Note 24 – Property and Equipment, for further details.

23.8 Material and related party contracts

The Company signed material and related party contracts which do not have restrictions on the Issuer from executing the Bond Issuance.

23.9 Material litigation and claims

For the last five (05) years, there is no material litigation, prosecution or other civil or criminal legal action in which the issuer or any of its directors are currently involved in Rwanda or internationally that could have a substantial impact on its financial standing.

23.10 expenses of the offer

Item	FRw
Lead Arranger	127,000,000
Placement Fees*	450,000,000
Receiving Bank, Paying Agent, Calculation Agent, and Registrar Fees	18,750,000
Legal Advisor Fees	46,898,305
Legal fees - EJC	33,898,305
Reporting Accountants Fees	30,000,000
SPO costs	19,000,000
Note Trustee Fees	12,000,000

Marketing Expenses	43,000,000
Collateral Agent Fees	Nil
CMA Approval fees	7,500,000
RSE Application & listing fees	30,000,000
Total	**784,148,305**

**Placing commission shall be set by the issuer at a rate of up to 1.5%. The placing commission shall be payable to members of the RSE appointed as Authorized Agents. Placing commission shall be computed on the value of each successful application accepted in respect of the Entitlement and Acceptance Forms completed and signed by Eligible Investors bearing the stamp of a single Authorized Agent or the Sponsoring Stockbroker.*

** 0.1% of the value of the securities to be listed on RSE*

** Prospectus evaluation fee of 0.025% of the total issue to be paid to CMA*

23.11 Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours (9.00 a.m. to 6.00 p.m.) until maturity of the bond .

1) A copy of this Prospectus and Abridged IM;
2) A copy of the Memorandum and Articles of Association of BRD and the Certificate of Incorporation;
3) A copy of the Board Resolution dated 14th September 2023 approving the issuance of a Medium Term Note Programme;
4) Copies of the audited accounts for the financial years ended 2018, 2019, 2020, 2021, 2022 and Q2 2023
5) A signed copy of the Reporting Accountant's Report in respect to the SLB Issue;
6) A signed copy of the Legal Opinions by the Legal Advisors;
7) A copy of the approval for the Medium Term Note Programme Issue and listing of the Notes from the Capital Market Authority;
8) A copy of the approval for Listing of the Notes from the RSE.
9) A copy of no objection relating to the bond issuance issued by the National Bank of Rwanda.

24 APPENDIX

A. Accountants Report: Incorporated by Reference

DEVELOPMENT BANK OF RWANDA PLC

REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM-TERM NOTE PROGRAMME

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME

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KPMG Rwanda Limited
Certified Public Accountants
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Boulevard de la Révolution
PO Box 6755
Kigali, Rwanda

Telephone +250 788 175 700/ +250 252 579 790
Email: info.rw@kpmg.com
Internet: www.kpmg.com/eastafrica

Introduction to the Reporting Accountant's Report

To

The Chief Executive Officer

Development Bank of Rwanda Plc

KN3 Ave, Kigali

P.O Box: 1341

Kigali, Rwanda

At your request, we submit our Reporting Accountant's Report for the purpose of the potential issuance of Medium Term Note Programme in the Rwanda Capital Markets as required by the Law No. 15 for Issuance of Capital Market Debt Securities.

Responsibilities of the Directors

The Directors of Development Bank of Rwanda Plc are responsible for the preparation and accuracy of the historical financial information of Development Bank of Rwanda Plc for the years ended 31 December 2022, 31 December 2021, and 31 December 2020, the preparation of interim financial information for the six months period 1 January 2023 to 30 June 2023 and the preparation and presentation of the forecasted financial information for years ending 31 December 2023, 31 December 2024 and 31 December 2025 ("Forecasted Financial Information") and the assumptions on which it is prepared ("Directors' Assumptions").

The statutory financial statements for the years ended 31 December 2022 were audited by Ernst and Young and received an unmodified audit report.

Our responsibilities as reporting accountants

Our responsibilities are detailed in our engagement letter. These included compiling a Reporting Accountant's Report that includes the following:

a) An Independent Review Report on Historical Financial Information in accordance with ISRE 2400 (Revised).

b) A compilation of accompanying financial statements of Development Bank of Rwanda Plc ("the Company") based on information you have provided. These financial statements comprise the statements of financial position of Development Bank of Rwanda Plc as at 30 June 2023, 31 December 2022, 31 December 2021 and 31 December 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the for the years then ended, and a summary of significant accounting policies and other explanatory in formation.

c) An Independent Limited Assurance Report to the directors of Development Bank of Rwanda Plc on financial ratios prepared for the purpose of the potential issuance of Medium Term Note Programme in the Rwanda Capital Markets as required by the Law No. 15 for Issuance of Capital Market Debt Securities.

d) A report on the forecasted financial information for the years ending 31 December 2023, 31 December 2024 and 31 December 2025, including a limited assurance conclusion on the reasonableness of the Directors' Assumptions and an opinion on the Forecasted Financial Information in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information (ISAE) 3400. The Examination of Prospective Financial Information is set out on pages 134 to 140.

KPMG

Consent

We as the Reporting Accountants confirm that we have given, and have not, prior to the date of the Prospectus, withdrawn our written consent to the inclusion of the Reporting Accountant's Report in the Information Memorandum in the form and context in which it appears.

The engagement partner responsible for the engagement resulting in this Reporting Accountant's Report is CPA Wilson Kaindi (PC/CPA/0642/0123)

....

CPA Wilson Kaindi (PC/CPA/0642/0123)

For and on behalf of:

KPMG Rwanda Limited

Certified Public Accountants

P.O. Box 6755

Kigali, Rwanda

KPMG Rwanda Ltd
20 SEP 2023
P.O.Box: 6755 KIGALI RWANDA
TEL: +250 788 175 700 / +250 252 579 700

Date: 20 Sept 2023

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INDEPENDENT PRACTITIONER'S REVIEW REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DEVELOPMENT BANK OF RWANDA PLC

We have reviewed the accompanying financial statements of Development Bank of Rwanda Plc set out on pages 5 to 107, which comprise the statements of financial position of Development Bank of Rwanda Bank Plc as at 31 December 2022, 31 December 2021 and 31 December 2020 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Historical Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards). This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical financial statements do not give a true and fair view of the group's and bank's statements of financial position of Development Bank of Rwanda Plc. as at 31 December 2022, 31 December 2021 and 31 December 2020 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the for the years then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

……………………………………………….

CPA Wilson Kaindi (PC/CPA/0642/0123)

For and on behalf of:
KPMG Rwanda Limited
Certified Public Accountants
P.O. Box 6755
Kigali, Rwanda

Date: ……………………………….

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REPORTING ACCOUNTANT'S COMPILATION REPORT TO THE DIRECTORS OF DEVELOPMENT BANK OF RWANDA PLC

We have compiled the accompanying financial statements of Development Bank of Rwanda Plc on pages 5 to 107, based on information you have provided. These financial statements comprise the bank's statements of financial position of Development Bank of Rwanda Plc as at 31 December 2022, 31 December 2021, and 31 December 2020, and the bank's statements of profit or loss and other comprehensive income and bank's statements of changes in equity and the bank's statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements.*

We have applied our expertise in accounting and financial reporting to assist you in the compilation and presentation of these financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on the financial statements.

....

CPA Wilson Kaindi (PC/CPA/0642/0123)

For and on behalf of:

KPMG Rwanda Limited

Certified Public Accountants

P.O. Box 6755

Kigali, Rwanda

KPMG Rwanda Ltd
20 SEP 2023
P.O.Box: 6755 KIGALI RWANDA
TEL: +250 788 175 700 / +250 252 579 790

Date: 20 Sept 2023

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME

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

In FRW'000	Notes	2022	2021	2020
Interest income	5	32,410,787	26,471,135	26,437,778
Interest expense	6	(13,192,981)	(11,284,115)	(11,599,933)
Net interest income		**19,217,806**	**15,187,020**	**14,837,845**
Other interest and similar income:				
Fees and commission income	7 (a)	963,785	398,870	468,961
Fees and commission expense	7 (b)	(287,304)	(239,655)	(30,405)
Net fees and Commission Income		**676,481**	**159,215**	**438,556**
Net foreign exchange losses	8	(605,392)	(938,367)	(2,376,422)
Other Operating income	9	2,374,739	2,312,274	735,365
Net Operating income		**21,663,634**	**16,720,142**	**13,635,344**
Net losses on financial instruments	10	(8,611,365)	(7,172,159)	(4,160,060)
(Loss)/Gain on derivative instruments at fair value through profit or loss	12	361,024	(158,546)	19,769
Operating income		**13,413,293**	**9,389,437**	**9,495,053**
Remeasurement gain/(loss) of investment in associates	11	(178,470)	807,059	(2,398,541)
Employee benefits expense	13	(4,875,845)	(4,193,527)	(3,682,157)
Depreciation and amortization	23-24	(1,045,610)	(924,278)	(717,164)
Other operating expenses	14	(3,536,581)	(2,346,213)	(1,838,245)
Gains on modification of financial liabilities	26	1,603,712	258,934	3,239,286
Profit before Tax		**5,380,499**	**2,991,412**	**4,098,232**
Income tax expense	15	-	-	-
Profit for the year		**5,380,499**	**2,991,412**	**4,098,232**
Other comprehensive income:				
Items that may never be subsequently reclassified to profit or loss				
Fair value gain on equity investments at Fair value through OCI	19	(328,437)	3,512,768	596,966
Fair value gain (loss) on land		187,600	(2,772)	-
		(140,837)	**3,509,996**	**596,966**
Items that may never be subsequently reclassified to profit or loss				
Total comprehensive income for the year		**5,239,662**	**6,501,408**	**4,695,198**

The notes set out on pages 11 to 107 form an integral part of this financial information.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME (CONTINUED)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

In FRW' 000	Note	2022	2021	2020
ASSETS				
Cash and balances with the National Bank of Rwanda	16 (a)	1,046,950	898,579	2,042,767
Amounts due from other Banks	16 (b)	161,206,135	74,086,828	59,661,424
Investments at amortised cost	17	6,025,328	6,025,328	6,076,673
Loans and advances	18	258,078,788	183,265,173	167,079,964
Investment in associates	19(a)	11,268,933	11,447,402	10,640,344
Equity investments at fair value through OCI	19(b)	19,328,151	20,445,502	16,932,735
Derivative financial instruments	20	2,755,040	1,999,828	2,095,814
Other assets	21	3,854,545	5,212,987	4,119,579
Non-current assets held for sale	22	271,015	21,015	21,015
Intangible assets	23	202,269	445,752	632,757
Property and equipment	24	14,411,823	13,241,732	14,243,093
TOTAL ASSETS		**478,448,977**	**317,090,126**	**283,546,165**
LIABILITIES				
Other payable	25 (i)	17,264,109	21,871,197	10,363,824
Dividends payable	25 (ii)	11,019	11,017	11,017
Borrowed funds	26	271,332,407	176,469,792	174,088,173
Special funds	27	11,006,460	11,236,258	8,655,277
Grants	28	68,938,325	6,335,785	5,547,753
TOTAL LIABILITIES		**368,552,320**	**215,924,049**	**198,666,044**
LIABILITIES				
EQUITY				
Share capital	29 (a)	68,882,936	65,392,018	55,607,470
Share premium	29 (b)	11,665,569	11,665,569	11,665,569
Other reserves	30	31,235,624	32,051,588	28,541,592
Accumulated losses		(1,887,472)	(7,943,098)	(10,934,510)
TOTAL EQUITY		**109,896,657**	**101,166,077**	**84,880,121**
TOTAL EQUITY AND LIABILITIES		**478,448,977**	**317,090,126**	**283,546,165**

The notes set out on pages 11 to 107 form an integral part of this financial information.

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER

	Share Capital	Share Premium	Revaluation Reserve	Legal Reserve	Ordinary Reserve	Fair Value Reserve	Supplementary Capital Reserve	Accumulated loss	Total Equity
	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Year ended 31 December 2019									
As at 1 January	39,100,308	11,665,569	10,911,747	1,088,127	232,561	(1,408,151)	11,510,322	(9,443,614)	63,656,869
Loss for the year	-	-	-	-	-	-	-	(766,446)	(766,446)
Issue of new shares Note 28 (a)	3,561,377	-	-	-	-	-	-	-	3,561,377
Reclassification to revaluation reserves	-	-	-	-	-	3,602,524	-	(3,602,524)	-
Fair Value gains on Equity investments at fair value through OCI	-	-	-	-	-	2,007,496	-	-	2,007,496
As at 31 December	**42,661,685**	**11,665,569**	**10,911,747**	**1,088,127**	**232,561**	**4,201,869**	**11,510,322**	**(13,812,584)**	**68,459,296**
Year ended 31 December 2020									
As at 1 January	42,661,685	11,665,569	10,911,747	1,088,127	232,561	4,201,869	11,510,322	(13,812,584)	68,459,296
Profit for the year	-	-	-	-	-	-	-	4,098,232	4,098,232
Issue of new shares Note 28 (a)	12,945,785	-	-	-	-	-	-	-	12,945,785
Fair Value gains on Equity investments at fair value through OCI	-	-	-	-	-	596,966	-	-	596,966
Adjustment on share buy back	(297,293)	-	-	-	-	-	-	(1,220,158)	(1,517,451)
Prorata issue bought buy back shares by existing shareholding	297,293	-	-	-	-	-	-	-	297,293
As at 31 December	**55,607,470**	**11,665,569**	**10,911,747**	**1,088,127**	**232,561**	**4,798,835**	**11,510,322**	**(10,934,510)**	**84,880,121**

The notes set out on pages 11 to 107 form an integral part of this financial information.

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER (CONTINUED)

	Share Capital	Share Premium	Revaluation Reserve	Legal Reserve	Ordinary Reserve	Fair Value Reserve	Supplementary Capital Reserve	Accumulated loss	Total Equity
	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Year ended 31 December 2021									
As at 1 January	55,607,470	11,665,569	10,911,747	1,088,127	232,561	4,798,835	11,510,322	(10,934,510)	84,880,121
Profit for the year	-	-	-	-	-	-	-	2,991,412	2,991,412
Issue of new shares	9,784,548	-	-	-	-	-	-	-	9,784,548
Fair Value gains on Equity investments at fair value through OCI	-	-	-	-	-	3,512,768	-	-	3,512,768
Reversal of Fair value gain on land	-	-	(2,772)	-	-	-	-	-	(2,772)
As at 31 December	**65,392,018**	**11,665,569**	**10,908,975**	**1,088,127**	**232,561**	**8,311,603**	**11,510,322**	**(7,943,098)**	**101,166,077**
Year ended 31 December 2020									
As at 1 January	42,661,685	11,665,569	10,911,747	1,088,127	232,561	4,201,869	11,510,322	(13,812,584)	68,459,296
Profit for the year	-	-	-	-	-	-	-	4,098,232	4,098,232
Issue of new shares Note 28 (a)	12,945,785	-	-	-	-	-	-	-	12,945,785
Fair Value gains on Equity investments at fair value through OCI	-	-	-	-	-	596,966	-	-	596,966
Adjustment on share buy back	(297,293)	-	-	-	-	-	-	(1,220,158)	(1,517,451)
Prorata issue bought buy back shares by existing shareholding	297,293	-	-	-	-	-	-	-	297,293
As at 31 December	**55,607,470**	**11,665,569**	**10,911,747**	**1,088,127**	**232,561**	**4,798,835**	**11,510,322**	**(10,934,510)**	**84,880,121**

The notes set out on pages 11 to 107 form an integral part of this financial information.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME (CONTINUED)

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER (CONTINUED)

	Share Capital	Share Premium	Revaluation Reserve	Legal Reserve	Ordinary Reserve	Fair Value Reserve	Supplementary Capital Reserve	Accumulated loss	Total Equity
	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Year ended 31 December 2022									
As at 1 January	65,392,018	11,665,569	10,908,975	1,088,127	232,561	8,311,603	11,510,322	(7,943,098)	101,166,077
Profit for the year	-	-	-	-	-	-	-	5,380,499	5,380,499
Legal reserves Transferred to retained earnings	-	-	-	- (1,088,127)	-	-	-	1,088,127	-
Ordinary Reserve Transferred to retained earnings	-	-	-	-	(232,561)	-	-	232,561	-
Issue of new shares*	3,490,918	-	-	-	-	-	-	-	3,490,918
Fair Value gains on Equity investments at fair value through OCI	-	-	-	-	-	(328,437)	-	-	(328,437)
Equity fair value reclassified to retained earnings	-	-	-	-	-	(675,127)	-	675,127	-
Fair value gain on land	-	-	187,600	-	-	-	-	-	187,600
As at 31 December	**68,882,936**	**11,665,569**	**11,096,575**	-	-	**7,308,039**	**11,510,322**	**(566,784)**	**109,896,657**
Year ended 31 December 2021									
As at 1 January	55,607,470	11,665,569	10,911,747	1,088,127	232,561	4,798,835	11,510,322	(10,934,510)	84,880,121
Profit for the year	-	-	-	-	-	-	-	2,991,412	2,991,412
Issue of new shares	9,784,548	-	-	-	-	-	-	-	9,784,548
Fair Value gains on Equity investments at fair value through OCI	-	-	-	-	-	3,512,768	-	-	3,512,768
Reversal of Fair value gain on land	-	-	(2,772)	-	-	-	-	-	(2,772)
As at 31 December	**65,392,018**	**11,665,569**	**10,908,975**	**1,088,127**	**232,561**	**8,311,603**	**11,510,322**	**(7,943,098)**	**101,166,077**

The notes set out on pages 11 to 107 form an integral part of this financial information.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME (CONTINUED)

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER

In RWF' 000	Note	Dec 2022	Dec 2021	Dec 2020
Cash flows from operating activities				
Profit before income tax		5,380,499	2,991,412	4,098,232
Adjustment for:				
Depreciation on property and equipment	25	798,988	683,386	451,753
Amortisation of intangible assets	24	246,622	240,912	265,409
Gain on disposal of fixed assets		-	370,753	88,687
Gain on disposal of equity		(560,396)	-	-
Remeasurement gain/(loss) of investment in associates	11	178,470	(807,059)	2,358,423
Fair value change on land		-	(2,772)	-
Net Fair Value change – on Derivative Instrument	12	(361,025)	(158,546)	19,769
Net foreign exchange losses	8	-	938,367	2,376,422
Interest accrued on borrowings	26	3,545,279	3,892,298	4,077,630
Cash flows before changes in operating accounts		**9,228,437**	**8,148,751**	**(13,736,325)**
Increase in Loans and advances	18	(74,813,615)	(16,185,209)	(9,753,747)
Increase in Other assets	21	(1,358,442)	1,437,182	584,733
Decrease in Other payables	25	(4,607,086)	12,691,886	4,315,003
Changes in derivative financial instruments		(394,188)	95,985	(314,568)
Net cash generated from operating activities		**(69,228,010)**	**6,188,595**	**8,567,746**
Cash flows from investing activities				
Purchase of property and equipment	24	(1,781,479)	(205,437)	(1,072,650)
Disposal of property and equipment	24	-	526,203	451,753
Disposal of equity investment		1,349,310	-	-
Change in intangible assets	23	(3,139)	(53,906)	(80,355)
Change in fair value of equity investments	19 (b)	301,387	(3,512,767)	(66,657)
Increase in properties held for sale		(250,000)	-	68,166
Change in investment at amortised cost	17	-	51,345	(5,088,209)
Net cash flows from investing activities		**(685,308)**	**(3,194,562)**	**5,537,952**
Cash flows from financing activities				(5,088,209)
Drawdown of borrowings	26	124,395,457	27,745,171	26,568,630
Repayment of borrowings	26	(33,078,121)	(30,611,533)	(32,774,422)
Drawdown of special funds	26	761,944	2,044,312	137,527
Decrease in special funds	27	(991,742)	(263,247)	(38,559)
Grants Received	28	62,891,323	1,588,032	5,035,750
Decrease in grants	28	(288,783)	-	-
Grants Paid		-	-	(2,011,099)
Share repurchase		-	-	(1,220,158)
Additional share capital	29(a)	3,490,918	9,784,548	12,945,785
Net cash flows from financing activities		**157,180,996**	**10,287,183**	**8,643,454**
Net increase in cash and cash equivalents		**87,267,678**	**13,229,438**	**11,673,248**
Cash and Cash equivalents at the start of the year	16	74,985,407	61,704,191	50,030,943
Cash and Cash equivalents at the end of the year	16	**162,253,085**	**74,985,407**	**61,704,191**

The notes set out on pages 11 to 107 form an integral part of this financial information.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION

1. Reporting Entity

Development Bank of Rwanda (the "Bank") is a Public Limited Liability Company created by the law of August 5, 1967 with its head office in Kigali, Rwanda. The Bank is primarily a development finance institution dedicated to becoming "the financier of Rwanda's development".

The Bank's principal office address is:

Development Bank of Rwanda Plc
KN3 Ave, Kigali
P.O. Box 1341
Kigali – Rwanda.

2. Basis of Preparation

a) Basis of preparation

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by [indicate applicable laws]. The financial statements have been prepared under the historical cost convention, except equity investments at fair value through other comprehensive income, derivative financial instruments, investment properties, land and buildings that have been measured at fair value. The financial statements have been presented in Rwandan Francs (**Frw**) rounded off to the nearest thousand (**Frw '000**).

b) Going concern

The Bank's management has assessed the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

c) Use of estimates and judgements

The COVID-19 pandemic and its effect on the global economy have impacted our customers, operations, and Bank performance necessitating governments to respond at unprecedented levels to protect the health of the population, local economies and livelihoods. This has significantly increased the estimation uncertainty in the preparation of these financial statements including:

- the extent and duration of the disruption to business arising from the actions of governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn, and subsequent recovery;
- the effectiveness of government and central bank measures to support businesses and consumers through this disruption and economic downturn.

The Bank has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as of 31 December 2022 about future events that the Directors believe are reasonable in the circumstances. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses.
The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

2. Basis of Preparation (Continued)

Use of estimates and judgements (Continued)

The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised 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 recognised in the financial statements are described in Note 30.

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

The Bank regularly reviews its assets and makes judgments in determining whether an impairment loss should be recognised in respect of observable data that may impact on future estimated 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.

Impairment losses on loans and advances
The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about the counterparty's financial situation. Each impaired asset is assessed on its merits, and the workout unit estimates of cash flows considered recoverable are independently reviewed by the Management Committee.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well the estimated future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revaluation of Land and Buildings
The Bank carries its Land and Buildings at fair value, with changes in fair value being recognised in OCI. The land and buildings were valued using direct comparison method and replacement cost method.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. Significant Accounting Policies

(a) Current versus non-current classification

The Bank presents assets and liabilities in the notes based on current/non-current classification. An asset is current when it is expected:

- to be realised or intended to be sold or consumed in the normal operating cycle.
- to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Bank classifies all other liabilities as non-current.

(b) Recognition of income and expense

i) The effective interest rate method

Under both IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVPL. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points 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.

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

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

3. Significant Accounting Policies (Continued)

ii) Interest and similar income

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cure and are no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

iii) Fees and Commission

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

Other fees and commission income are recognised as the related services are performed.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

iv) Dividend Income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities.

v) Other income

Other income comprises of gains and income related to non-trading assets and liabilities and includes all realised and unrealised fair value changes.

b) Property and equipment

Property and equipment are stated at cost or fair value, less accumulated depreciation, and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

Property and equipment are de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses arising from disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the item and is included in the statement of profit or loss when the asset is derecognised.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. Significant Accounting Policies (Continued)

b) Property and equipment (continued)

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from it carrying amount.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on the straight-line basis, at annual rates estimated to write off the cost or valuation of the assets over their estimated useful lives. The residual values, useful lives, and methods of depreciation of property, plants and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Management and Directors review the residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the Statement of Comprehensive Income.
Management assesses on each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, Management 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.

Freehold land is not depreciated. Work in progress is stated at cost and not depreciated. Transfer from work in progress is done when then the asset is ready for use. Depreciation on work in progress commences when the assets are ready for their intended use. Depreciation is calculated to write off the cost of the property and equipment on a straight-line basis over the expected useful lives of the assets concerned. The rates for depreciation used are as follows:

Buildings	11% and 8%	Fixture, Fittings & Equipment	25%
Motor Vehicles	20%	Computer Equipment	50%

c) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Acquired computer software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the summarised period or method, as appropriate, and are treated as changes in accounting estimates. The summarised expense on intangible assets with finite lives is summarised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.
These costs are amortised over their estimated useful lives (five years).

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. Significant Accounting Policies (Continued)

c) Intangible Assets (continued)

Costs associated with maintaining computer software programs 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 recognised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as expense are not recognised as assets in subsequent periods. Computer software development costs recognised as assets are amortised over their estimated useful lives, not exceeding five years.

Intangible assets are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is recognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

d) Capital work-in progress

Assets in the course of construction (capital work-in-progress) are not depreciated. Upon completion of the project the accumulated cost is transferred to an appropriate asset category where it is depreciated according to policy.

e) 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 assesses whether:

— The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

— The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

— The Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:

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3. Significant Accounting Policies (Continued)

e) Leases(continued)

- The Bank has the right to operate the asset; or
- The Bank designed the asset in a way that predetermines how and for what purpose it will be used.

Bank as lessee:
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 the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

Bank as lessor:
At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.
To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

f) 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

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3. Significant Accounting Policies (Continued)

f) Financial Instruments

iii) Classification(Continued)

Financial Assets (Continued)

— 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.

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.

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3. Significant Accounting Policies (Continued)

f) Financial Instruments

iii) Classification(Continued)

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 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 after their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

iv) 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.

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.

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3. Significant Accounting Policies (Continued)

f) Financial Instruments

v) Derecognition

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.

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.

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3. Significant Accounting Policies (Continued)

f) Financial Instruments

v) Derecognition

Financial liabilities (Continued)
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.

3. Significant Accounting Policies (Continued)

f) Financial Instruments

vi) Fair value measurement (Continued)

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 30 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.

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3. Significant Accounting Policies (Continued)

f) Financial Instruments

vii)Impairment (Continued)

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'.

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 another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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3. Significant Accounting Policies (Continued)

f) Financial Instruments

vii) Impairment (Continued)

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 assessing 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.

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3. Significant Accounting Policies (Continued)

f) Financial Instruments

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.

ix) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. After initial measurement, borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

x) Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and – under IFRS9 – the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee, or – under IFRS 9 – an ECL provision. The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, under IFRS9, a provision was made if they were an onerous contract but, from 1 January 2019, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

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3. Significant Accounting Policies (Continued)

f) Financial Instruments

xi) Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. These include cross-currency swaps. Derivatives through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

g) Fiduciary assets

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.

h) Offsetting

Financial assets and liabilities are only off set and the net amount reported in the Statement of Financial Position where there is a legally enforceable right to set off the recognised amounts and the Bank intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standard or for gains and losses arising from a group of similar transactions.

i) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where the Bank expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

j) Employee benefits

(i) Short term benefits

Short term benefits consist of salaries, bonuses, and any non-monetary benefits such as medical aid contributions and transport allowance. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A provision is recognised for the amount expected to be paid under short-term cash bonus if the Bank has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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3. Significant Accounting Policies (Continued)

***j) Employee benefits* (Continued)**

(ii) Retirement obligations

The Bank and all its employees also contribute to a statutory defined contribution scheme, the Rwanda Social Security Board (RSSB) which is a defined contribution scheme and contributions are determined by local statue and are currently limited to 5% of the employee's gross salary The company's contributions are charged to the statement of profit or loss and other comprehensive income in the period to which they relate.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The Bank's contributions to the scheme are charged to the Statement of Comprehensive Income in the year in which they are made. Costs relating to early retirement are charged to the Statement of Comprehensive Income in the year in which they are incurred.

(iii) Other entitlements

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

k) Cash and Cash Equivalents

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

l) Investment Properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. They are carried at fair value, determined annually by external independent valuers or management determines the value of the investment property based on relevant assumptions in the market.

Fair value is based on active market prices as adjusted, if necessary, for any difference in the nature, condition, or location of the specific asset.

Investment properties are not subject to depreciation. Changes in their carrying amount between the reporting dates are recorded, net of deferred tax, through the profit or loss for the year.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits is expected from the disposal.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss for the year.

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3. Significant Accounting Policies (Continued)

m) Grants

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

Receipt of a grant does not in itself provide conclusive evidence that the conditions attached 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 attached 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.

n) Special Funds

Special funds are granted by various institutions to fund various schemes. The funds received are recognised as liabilities in the statement of financial position. The specific details are highlighted in Note 25.

o) 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.

p) Dividends

Dividends on ordinary shares are recognised a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Bank and this is when it is authorised and approved by the shareholders. A corresponding amount is recognised directly in equity.

q) Taxation

No provision is made for taxation as the Bank is exempt from income tax.

r) Contingent Liabilities

To meet the financial needs of customers, the Bank enters various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lending. Letters of credit acceptance and guarantees are accounted for as off-balance sheet items and described as contingent liabilities. Estimation of the outcome and financial effect of contingent liabilities is made by management based on the information available up to the date the financial statements are approved for issue by the Directors. Any expected loss is charged to the statement of comprehensive income.

Statement of compliance

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

Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis of regarding recovery or settlement of within 12 months after the reporting date (current) and more than 12 months is presented i**n note 30**

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OFF BALANCE SHEET ITEMS

To meet the financial needs of customers, the Bank enters into various irrevocable commitments consisting of letters of credit and commitments to lend. Even though these obligations may not be recognized in the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Bank. The nominal values of such commitments are listed below:

	31 Dec 2022 Frw'000	31 Dec 2021 Frw'000	31 Dec 2020 Frw'000
Letters of credits issued	9,530,935	246,298	403,914
Undisbursed loan commitments	43,729,473	54,185,721	67,165,781
	53,260,408	**54,432,019**	**67,569,695**

s) Investment in Associates

Associates are all entities over which the company has significant influence but not control, generally accompanying shareholding of between 25% and 50% of the voting right. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investment in associate are accounted using equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise investors share of profit or loss of the investee after the date of acquisition.

If the ownership interest in associate is reduced but the significant influence is retained, only a proportionate share of amounts previously recognised on other comprehensive income is reclassified to profit or loss where appropriate.

The company's share of post-acquisition profit or loss is recognised in profit or loss and share of post-acquisition movement in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the company's share of losses in associates equals or exceeds its interest in associate including any other unsecured receivables, the company does not recognise further losses unless it has incurred legal or constructive obligations or net payments on behalf of the associates.

The Bank also designates unquoted investment in associates at fair value and changes in fair value are recorded in the profit and loss.

t) Non-current assets held for sale.

At the time of classification as held for sale. Immediately before the initial classification of the asset as held for sale, the Bank measures the carrying amount of the asset in accordance with applicable IFRSs. Resulting adjustments are also recognised in accordance with applicable IFRSs.

After classification as held for sale, the Bank measures the assets or disposal groups that are classified as held for sale are at the lower of carrying amount and fair value less costs to sell (fair value less costs to distribute in the case of assets classified as held for distribution to owners).

Impairment is considered both at the time of classification as held for sale and subsequently.

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4. Change in accounting policies and disclosures

New and amended standards and interpretations

The Bank has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these financial statements.

The following new or amended standards and interpretations have become effective for financial years beginning on or after 1 January 2022 but do not have impact on the Bank's financial statements:

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Bank cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Bank did not identify or apply any amendments to the existing contracts for which it had fulfilled all of its obligations at the beginning of the reporting period.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the financial statements of the Bank as there were no contingent assets, liabilities, or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the financial statements of the Bank as there were no sales of such items produced by property, plant and equipment made available for use at or after the beginning of the earliest period presented.

4 Change in accounting policies and disclosures(Continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the financial statements of the Bank as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. *There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.*

In accordance with the transitional provisions, the Bank applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Bank as there were no modifications to the Bank's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the consolidated financial statements of the Bank as it did not have assets in scope of IAS 41 as at the reporting date.

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5. Interest and similar Income

Interest income calculated using the effective interest method.

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Loans and advances to customers	25,564,289	21,746,138	22,856,110
Placements with Banks	5,886,189	3,900,368	2,863,931
Staff benefit fair value adjustment for year	272,809	137,433	110,169
Interest on investments at amortised cost	687,500	687,196	607,568
Total interest and similar income	**32,410,787**	**26,471,135**	**26,437,778**

6. Interest and similar expense

Interest expenses calculated using the effective interest method.

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Interest expense on borrowed funds in local currency	(8,865,127)	(5,524,992)	(5,996,731)
Interest expense on borrowed funds in foreign currency	(4,327,854)	(5,759,123)	(5,603,202)
	(13,192,981)	**(11,284,115)**	**(11,599,933)**

Interest expense is accrued and paid on different medium- and long-term lines of credit secured by the Bank from its various lending partners.

7. Net Fee and Commissions income

(a) ***Fees and commissions income***	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Letters of credit service commission fees	190,179	7,834	-
Credit related fees and commissions	773,606	391,036	468,961
	963,785	**398,870**	**468,961**
(b) ***Fees and commissions expense***			
Commissions fees on borrowings	(237,802)	(211,454)	(30,405)
Commissions fees on banking services	(39,612)	(19,938)	-
Commissions fees on letters of credits	(9,890)	(8,263)	-
	(287,304)	**(239,655)**	**(30,405)**
Net fee and commission income	**676,481**	**(159,215)**	**438,556**

8. Net Foreign exchange losses

(b) ***Fees and commissions income***	2022 Frw'000	2021 Frw'000	2020 Frw'000
Foreign exchange commission income	-	-	242,850
Foreign exchange gains	10,189,990	12,878,274	1,766,805
Foreign exchange losses	(10,795,382)	(13,816,641)	(4,386,077)
Net foreign exchange (losses) gains	**(605,392)**	**(938,367)**	**(2,376,422)**

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

8. Net Foreign exchange losses (Continued)

Foreign exchange commissions are earned from international transfers made on behalf of the Bank's customers. Translation gains and losses are accounted for when balances of assets and liabilities denominated in foreign currencies are converted into the reporting currency (Frw) using rates at the reporting date.

9. Other Operating income

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Advisory and Management fees*	370,496	162,322	124,251
Liabilities written off*	612,045	-	-
Dividends	440,220	339,953	242,056
Rent income	139,907	139,922	118,804
Gains on sale of fixed assets	-	370,753	88,687
Gain on sale of Investment properties	-	380,000	-
Gain on equity investment disposal	560,396	-	-
BNR Economic Recovery Funds (grant)	-	38,285	40,118
Other income	251,675	881,039	121,449
	2,374,739	**2,312,274**	**735,365**

The Advisory and Management is mainly attributable to management and advisory services provided to The National Industrial Research and Development Agency (Frw 148Miln) and the Education Fund (Frw 222Mln) currently managed by the Bank.

*Liabilities written off relate to some long outstanding liabilities reversed by the Bank as it could not trace the ultimate beneficiaries since its merger with the former Rwanda Housing Bank. The bank will settle these liabilities up on their claim or when related information comes to light.
*Other income relates mainly to the gain on disposal of Kigali City Park equity investment.

10. Impairment losses on financial instruments

(i) Impairment losses on loans and advances

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Provision in the year	(12,995,805)	(7,323,748)	10,424,609
Amounts written off	(217,876)	(4,699,810)	283,038
Recoveries on amounts previously provided for	2,471,150	2,637,125	(5,574,383)
Recoveries on amounts previously written off	2,286,773	2,216,232	(925,626)
	(8,455,758)	**(7,170,201)**	**4,207,638**

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Impairment losses on financial instruments *(continued)*

(ii) Impairment losses on other financial assets

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
ECL on Corporate Bond	-	146,408	(197,450)
ECL on amounts due from other Banks	(157,253)	(5,400)	16,764
ECL on other assets	1,646	(142,966)	228,264
Total ECL	**(155,607)**	**(1,958)**	**47,578**
Total impairment losses on financial instruments recorded in the Profit and Loss account	**(8,611,365)**	**(7,172,159**	**4,255,216**

A test of impairment of the balances with the National Bank of Rwanda was carried out during the year and this revealed that no allowance needed to be recognised against reported assets/receivables of the Bank due to materiality. Therefore, no additional impairment was made during the year.

Impairment losses on financial instruments as per the statement of financial position

December 2022	**Stage 1 Frw' 000**	**Stage 2 Frw' 000**	**Stage 3 Frw' 000**	**Total Frw' 000**
Balances with BNR	-	-	-	-
Balances with other Banks	272,740	-	-	272,740
Loans and advances to customers	4,177,883	13,424,899	5,036,120	22,638,902
Other receivables	802,595	-	-	802,595
Loan Commitments	181,548	-	-	181,548
Letter of Credits	-	-	-	-
Corporate Bond	51,042	-	-	51,042
TOTAL IMPAIRMENT LOSS	**5,485,808**	**13,424,899**	**5,036,120**	**23,946,827**

December 2021	**Stage 1 Frw' 000**	**Stage 2 Frw' 000**	**Stage 3 Frw' 000**	**Total Frw' 000**
Balances with BNR	-	-	-	-
Balances with other Banks	115,487	-	-	115,487
Loans and advances to customers	1,698,731	6,992,944	3,497,711	12,189,385
Other receivables	802,595	-	-	802,595
Loan Commitments	181,163	-	-	181,163
Letter of Credits	-	-	-	-
Corporate Bond	51,042	-	-	51,042
TOTAL IMPAIRMENT LOSS	**2,849,018**	**6,992,944**	**3,497,711**	**13,339,673**

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Impairment losses on financial instruments *(continued)*

December 2020	Stage 1 Frw' 000	Stage 2 Frw' 000	Stage 3 Frw' 000	Total Frw' 000
Balances with BNR	110,087	-	-	110,087
Balances with other Banks	204,017	-	-	204,017
Loans and advances to customers	2,073,150	3,927,698	2,715,221	8,716,069
Other receivables	55,872	-	-	55,872
Loan Commitments	206,171	-	-	206,171
Letter of Credits	14,033	-	-	14,033
Corporate Bond	197,450			197,450
TOTAL IMPAIRMENT LOSS	**2,860,780**	**3,927,698**	**2,715,221**	**9,503,699**

11. Remeasurement gain/(loss) of investment in associates

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Business Development Fund	(402,319)	327,216	139,356
Eastern Province Investment Company	-	-	2,252,544
Rwanda Farmers Coffee Company	223,849	479,843	252,414
Kinazi Cassava Plant	-	-	(34,450)
Kinazi Cassava Plant- Tasco	-	-	1,511
Share of profit/(loss) of in associate	**(178,470)**	**807,059**	**(2,398,541)**

This relates to changes in the fair value of unquoted investment in associates that are carried at fair value basis. The fair valuation of the unquoted investments in associates mainly determined on the "average between Discounted Cash Flow and Net Asset Value methodology" was carried out and the gains or losses reported represent differences between the opening and closing investments' values. See note 28 for details on the methodology of valuation used.

12. Net fair value gain on derivative instruments

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Fair value (losses) gains on currency swaps (Note 20)	361,024	(158,546)	19,769

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13. Employee benefits expense

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
Salaries and wages	3,426,496	3,086,442	2,900,851
Retirement benefit costs	163,110	124,862	1,22,690
Medical fees	195,161	175,728	173,512
Other staff costs*	477,201	196,936	256,459
Provision for bonus	347,804	385,382	-
Staff benefit fair value adjustment for year	266,073	224,177	228,645
	4,875,845	**4,193,527**	**3,682,157**

*Other staff costs include mainly other staff benefits such contribution by the Bank to staff provident fund and employees' car subsidies.

14. Other operating expenditures

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
Travel and Accommodation	211,517	42,627	2,667
Training Fees	126,938	27,781	21,850
Consultancy Fees	151,214	469,230	50,869
IT Expenses	821,646	818,760	23,331
Advertising and Publicity	-	-	153,127
Repairs and Maintenance	77,305	71,855	658,602
Land and District Taxes	12,990	6,098	61,235
Communication	96,312	79,443	95,858
Legal Fees	79,514	55,531	105,086
Subscription to Prof. Bodies	226,075	155,289	8,681
Security Fees	33,465	43,272	64,030
Directors' Expenses	158,716	90,299	104,936
Office Stationery & Utilities	39,756	68,869	64,481
Staff Welfare	52,706	49,288	24,346
Audit Fees	48,160	31,340	42,000
Insurance	34,034	26,967	8,566
Cleaning Expenses	43,399	36,008	35,924
Reception Expenses	133,791	37,769	38,503
Donation and Grants	113,582	52,240	20,400
Water and Electricity	70,675	60,794	73,527
Advertising & Marketing	153,058	39,468	48,044
Accrued Leave Days	-	-	25,204
Other Admin. Expenses	16,604	83,285	106,978
Provision expenses	835,124	-	-
Total	**3,536,581**	**2,346,213**	**1,838,245**

*Provisional expenses relate mainly to the provision for litigation of Frw 426Miln and Frw 403Miln provision on the ongoing audit with the Rwanda Social Security Funds (RSSB).

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15. Taxation

The Development Bank of Rwanda is exempt from Income Tax as per the Rwandan Income Tax Law, Article 39 Paragraph 7 on exemption from corporate income tax.

Transfer to the SME Guarantee Fund

In accordance with the 2010 directive from the Government of Rwanda, the Bank should transfer 50% of its deemed corporate income tax (CIT) made in a particular year to the SMEs support Fund managed by Business Development Fund Limited (BDF) and transfer the remaining to the Technical Assistance Fund managed by the Bank. However, given huge losses that the Bank has accumulated in the previous years (Frw 20,504,809,000 cumulative losses for 2018, 2019 and 2020), the Bank couldn't transfer any money due to the above specified funds to ensure the Bank's resilience and to abide with the article 32 of the Rwandan Income tax law where the loss shall be deducted from the business profit in the next five (5) tax periods.

Under normal circumstances, the amounts allocated to the Technical Assistance Fund are utilised by the Bank to support small and micro enterprises (SMEs) capacity building. The amounts allocated to the SME Guarantee Fund are payable to BDF Limited, which uses it to provide financial guarantees to SMEs to support lending to that sector. From the above background no funds will be transferred to the above-mentioned Funds until the Bank fully utilises all the accumulated losses from the previous five years.

16. Cash and Cash Equivalents

(a) Balances with National Bank of Rwanda

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Local Currency	988,769	832,263	1,898,224
Foreign Currency	58,181	66,316	144,543
	1,046,950	**898,579**	**2,042,767**

Balances with National Bank of Rwanda are classified as current assets and are non-interest earning and available for use in the Bank's day-to-day operations.

Cash reserve requirement

Development Bank of Rwanda is not required to maintain the minimum cash reserve as it is not a deposit taking Bank.

(b) Amounts due from other banks.

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Placements with local banks in local currency	112,047,066	35,065,992	26,863,199
Placements with local banks in foreign currency	48,238,827	36,462,489	30,754,189
Placements with overseas Banks	1,192,982	2,673,834	2,154,123
Less: Allowance for ECL	(272,740)	(115,487)	(110,087)
	161,206,135	**74,086,828**	**59,661,424**

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16. Cash and Cash Equivalents

(c) Statement of cash flows

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, and other eligible bills.

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Cash and balances with National Bank of Rwanda (Note 15 (a))	1,046,950	898,579	2,042,767
Amounts due from other Banks (Note 15 (b))	161,206,135	74,086,828	59,661,424
	162,253,085	**74,985,407**	**61,704,191**

17. Investments at amortised cost

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Corporate bonds	5,500,000	5,500,000	5,500,000
Interests accrued on bonds	576,370	576,370	774,123
Less: ECL on balances	(51,042)	(51,042)	(197,450)
Total	**6,025,328**	**6,025,328**	**6,076,673**
Maturities			
Maturing between 0-3 months	6,076,369	-	-
Maturing between 3-12 months	-	687,500	774,123
Maturing between 1-5 years	-	5,388,869	5,302,550
Maturing between 5-10 years	-	-	-
Total	**6,076,369**	**6,076,369**	**6,076,673**

Corporate bond is a debt security issued by Crystal Ventures Ltd and is carried at amortised cost. The contractual interest rates as at 31 December 2022 is 12.5%.

18. Loans and Advances

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Agriculture loans	10,760,817	10,042,623	10,030,290
Export loans	85,797,655	64,403,445	59,989,780
Energy loans	29,622,179	29,407,797	24,623,996
Education loans	5,873,504	7,083,126	6,539,746
Housing loans	28,506,749	10,725,553	5,239,863
SP & Infrastructure loans	124,404,737	78,071,105	75,265,527
Gross loans	**284,885,242**	**199,733,649**	**181,689,202**
Suspended interest	(1,900,035)	(1,258,573)	(3,101,665)
Expected credit losses (ECL)	(22,820,450)	(12,370,550)	(8,936,275)
Staff loan discount	(2,085,969)	(2,839,353)	(2,571,298)
Net loans and advances	**258,078,788**	**183,265,173**	**167,076,964**

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18. Loans and Advances (Continued)

The following table shows movement in expected credit losses against loans and advances by stages:

31 December 2022:

	As at 1 January 2021	Movement in the period	As at 31 December 2022
	Frw' 000	**Frw' 000**	**Frw' 000**
Stage 1(Note 31)	1,698,731	2,479,152	4,177,883
Stage 2(Note 31)	6,992,944	6,431,955	13,424,899
Stage 3(Note 31)	3,497,712	1,538,408	5,036,120
Provision for Letter of credit	-	-	-
Provision for commitment	181,163	385	181,548
	12,370,550	**10,449,900**	**22,820,450**

31 December 2021

	As at 31 December 2020	Movement in the period	As at 31 December 2021
	Frw' 000	**Frw' 000**	**Frw' 000**
Stage 1(Note 31)	3,810,069	(2,111,338)	1,698,731
Stage 2(Note 31)	2,735,077	4,257,867	6,992,944
Stage 3(Note 31)	2,170,924	1,326,788	3,497,712
Provision for Letter of credit	14,033	(14,033)	-
Provision for commitment	206,172	(25,009)	181,163
	8,936,275	**3,434,275**	**12,370,550**

31 December 2020

	As at 31 December 2019	Movement in the period	As at 31 December 2020
	Frw' 000	**Frw' 000**	**Frw' 000**
Stage 1(Note 31)	2,107,515	1,702,554	3,810,069
Stage 2(Note 31)	838,716	1,496,361	2,735,077
Stage 3(Note 31)	1,140,284	1,030,640	2,170,924
Provision for Letter of credit	-	14,033	14,033
Provision for commitment	-	206,272	206,172
	4,086,515	**4,449,860**	**8,936,275**

18. Loans and Advances (Continued)

The reconciliation for changes in positions of ECL against loans and advances is as follows:

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
At start of the year	12,370,550	8,936,275	4,086,515
Additional provisions (Note 9)	12,995,805	7,323,749	10,204,404
Provisions written back (Note 9)	(2,471,150)	(2,637,125)	(5,574,383)
Reversed provisions against written off loans	(292,631)	(1,291,391)	(466)
Amounts written off	217,876	39,042	220,205
	22,820,450	**12,370,550**	**8,936,275**

19. Equity investments

The Bank has advanced financing in the form of equity in exceptional cases where the project is assessed to have a significant impact on the community and its development but where the equity participation is necessary for improving the capital structure of the company or where the sponsors are unable to raise additional equity to enable the borrower to operate on a commercially sound footing. Usually these are companies which have substantial development impact but whose cash flows cannot support continuous repayments for long term loans. These are reported as investments in associates, Equity investments at fair value through OCI and redeemable convertible preference shares as per the Bank's accounting policies.

The equity investment in unquoted entities is recorded at cost on initial recognition and subsequently on adjusted net asset basis less impairment since there is no active market for these investments. See note 30 for a more detailed discussion on the valuation methodology.

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19. Equity investments (Continued)

(a) Investments in associates

As of 31 December 2022	Investment at cost	Reclassification	Cumulative Profit/(losses)	Carrying Value
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Business Development Fund	297,843	-	5,825,273	6,123,116
Kinazi Cassava Plant	4,782,150	-	(3,360,719)	1,421,431
Rwanda Enterprise Investment Company	528,021	-	(528,021)	-
Eastern Province Investment Company	4,604,005	-	(1,826,757)	2,777,248
Rwanda Farmers Coffee Company Limited	530,309	-	416,829	947,138
Great Lakes Cement Company	685,352	-	(685,352)	-
Tapioca Starch Processing Company	70,115	-	(70,115)	-
	11,497,795	**-**	**(228,862)**	**11,268,933**

As of 31 December 2021	Investment at cost	Reclassification	Cumulative Profit/(losses)	Carrying Value
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Business Development Fund	297,843	-	6,227,592	6,525,435
Kinazi Cassava Plant	4,782,150	(48,950)	(3,311,769)	1,421,431
Rwanda Enterprise Investment Company	528,021	-	(528,021)	-
Eastern Province Investment Company	4,604,005	-	(1,826,757)	2,777,248
Rwanda Farmers Coffee Company Limited	-	530,309	192,979	723,288
Great Lakes Cement Company	685,352	-	(685,352)	-
Tapioca Starch Processing Company	70,115	-	(70,115)	-
	10,967,486	**481,359**	**(1,443)**	**11,447,402**

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Equity investments (Continued)

(a) Investments in associates

As of 31 December, 2020	Investment at cost	Reclassification	Cumulative Gains/(losses)	Carrying Value
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Business Development Fund	297,843	-	5,900,376	6,198,219
Kinazi Cassava Plant	4,782,150	(48,950)	(3,311,769)	1,421,431
Rwanda Enterprise Investment Company	528,021	-	(528,021)	-
Eastern Province Investment Company	4,604,005	-	(1,826,757)	2,777,248
Rwanda Farmers Coffee Company Limited	-	530,309	(286,863)	243,446
Great Lakes Cement Company	685,352	-	(685,352)	-
Tapioca Starch Processing Company	70,115	-	(70,115)	-
	10,967,486	**481,359**	**(808,501)**	**10,640,344**

Summary of the most recent available financial information of the investments in associates is as follows:

As at 31 December 2022 (used 2021 Financial statements purposes).

Financial information (Frw'000)	Business Development Fund	Kinazi Cassava Plant	Rwanda Farmers Coffee Company Limited	Eastern Province Investment Company
Current assets	44,990,073	715,467	2,320,422	2,742,214
Non-current assets	5,825,786	5,989,237	1,727,639	10,217,836
Current liabilities	2,429,682	284,777	196,894	424,007
Non-current liabilities	32,545,486	367,289	187,851	6,416,898
Revenue	4,381,931	1,431,704	1,433,166	1,233,100
Profit or loss from continuing operations	726,698	(340,392)	34,667	(2,126,868)
Other comprehensive income	-	-	-	-
Total comprehensive income	726,698	(340,392)	34,667	(2,126,868)

As at 31 December 2021 (used for 2020 Financial statements purposes).

Financial information (Frw'000)	Business Development Fund	Kinazi Cassava Plant	Eastern Province Investment Company
Current assets	31,436,923	1,334,566	3,060,246
Non-current assets	4,047,532	6,413,768	11,480,760
Current liabilities	4,438,210	490,321	400,881
Non-current liabilities	16,532,626	1,045,079	5,854,490
Revenue	4,244,522	2,002,731	744,027
Profit or loss from continuing operations	691,799	76,298	(2,826,144)
Other comprehensive income	-	-	-
Total comprehensive income	691,799	76,298	(2,826,144)

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

19. Equity investments (Continued)

As at 31 December 2020 (used for 2019 Financial statements purposes).

Financial information (Frw'000)	**Business Development Fund**	**Kinazi Cassava Plant**	**Eastern Province Investment Company**
Current Assets	27,824,632	1,188,800	5,061,287
Non-current Assets	3,053,256	6,713,800	12,747,360
Current Liabilities	3,292,133	740,677	816,243
Non-current Liabilities	13,816,934	6,713,800	5,883,412
Revenue	4,116,670	1,433,387	1,179,440
Profit/Loss from Continuing Operations	309,679	(672,678)	(2,896,237)
Other Comprehensive Income	-	-	-
Total Comprehensive Income	309,679	(672,678)	(2,896,237)

The following table shows movement in investment cost during the period:

	2022 Frw' 000	**2021 Frw' 000**	**2020 Frw' 000**
As at 1 January	11,447,402	11,448,845	10,967,486
Net change in fair value	(178,469)	(1,443)	(808,501)
Reclassification	-	-	(48,950)
Reclassifications from cost to fair value change	-	-	530,309
As at 31 December	**11,268,933**	**11,447,402**	**10,640,344**

(a) Investments in associates

The following table shows movement in Cumulative gains/(losses) of Associates during the period:

	2022 Frw' 000	**2021 Frw' 000**	**2020 Frw' 000**
Business Development Fund	(402,319)	466,572	139,356
Eastern Province Investment Company	-	(2,252,544)	-
Rwanda Farmers Coffee Company Limited	223,850	723,288	-
	(178,469)	**(1,062,684)**	**139,356**

The following table provides the nature of business and shareholding percentage of the Bank in each of the associates across the years:

Associate companies	**Nature of business**	**Percentage shareholding 2022**	**Percentage shareholding 2021**
Business Development Fund	Guarantee Fund	45.10%	45.10%
Eastern Province Investment Company	Hotel	25.02%	25.02%
Rwanda Farmers Coffee Company Limited	Coffee Business	25.25%	25.25%
Kinazi Cassava Plant	Cassava Processing	42.67%	42.67%

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

b) Equity investments at fair value through OCI

As of 31 December, 2022	Investment at cost	Shares disposed off	Cumulative change in Fair value	Carrying Value
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Magerwa Limited	37,425	-	1,100,917	1,138,342
Minimex Limited	275,000	-	(195,372)	79,628
Kigali City Park Limited	113,787	(788,914)	675,127	-
Rwanda Investment Group Limited	600,000	-	482,450	1,082,450
Hostel 2020 Limited	465,000	-	112,872	577,872
Prime Economic Zones Limited	1,098,320	-	1,896,607	2,994,927
Bank of Kigali Limited	502,925	-	587,416	1,090,341
Rwanda Stock Exchange	8,000	-	872,605	880,605
New Forest Company Limited	489,889	-	170,202	660,091
Rugarama Park Estate	1,903,596	-	15,087	1,918,683
Crystal Telecom Limited	2,836,785	-	1,891,190	4,727,975
Sopyrwa	499,999	-	281,480	781,479
Ziniya Project	424,673	-	(19,154)	405,519
Kivu Marina	2,725,000	-	-	2,725,000
Ndera Housing Project	147,221	-	-	147,221
Banque de Développement des Etats de Grands Lacs	6,280	-	111,738	118,018
	12,133,900	**(788,914)**	**7,983,165**	**19,328,151**

As of 31 December, 2021	Investment at cost	New shares purchased	Cumulative change in Fair value	Carrying Value
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Magerwa Limited	37,425	-	873,230	910,655
Minimex Limited	275,000	-	(195,372)	79,628
Kigali City Park Limited	113,787	-	675,127	788,914
Rwanda Investment Group Limited	600,000	-	437,551	1,037,551
Hostel 2020 Limited	465,000	-	301,489	766,489
Prime Economic Zones Limited	1,098,320	-	2,136,769	3,235,089
Bank of Kigali Limited	502,925	-	502,925	1,005,850
Rwanda Stock Exchange	8,000	-	355,415	363,415
New Forest Company Limited	489,889	-	830,291	1,320,180
Rugarama Park Estate	1,903,596	-	15,087	1,918,683
Crystal Telecom Limited	2,836,785	-	2,026,275	4,863,060
Sopyrwa	499,999	-	260,231	760,230
Ziniya Project	424,673	-	(19,154)	405,519
Kivu Marina	2,725,000	-	-	2,725,000
Ndera Housing Project	147,221	-	-	147,221
Banque de Développement des Etats de Grands Lacs	6,280	-	111,738	118,018
	12,133,900	**-**	**8,311,602**	**20,445,502**

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Equity investments (Continued)

a) Equity investments at fair value through OCI

As of 31 December, 2020	**Investment at cost**	**New shares purchased**	**Cumulative change in Fair value**	**Carrying Value**
	Frw' 000	**Frw' 000**	**Frw' 000**	**Frw' 000**
Magerwa Limited	37,425	-	508,437	545,862
Minimex Limited	275,000	-	(195,372)	79,628
Kigali City Park Limited	113,787	-	608,838	722,625
Rwanda Investment Group Limited	600,000	-	223,535	823,535
Hostel 2020 Limited	465,000	-	300,859	765,859
Prime Economic Zones Limited	1,098,320	-	1,297,024	2,395,344
Bank of Kigali Limited	502,925	-	434,527	937,452
Rwanda Stock Exchange	8,000	-	8,684	16,684
New Forest Company Limited	489,889	-	1,573,998	2,063,887
Rugarama Park Estate	1,903,596	-	15,087	1,918,683
Crystal Telecom Limited	2,836,785	-	(810,510)	2,026,275
Sopyrwa	499,999	-	721,990	1,221,989
Ziniya Project	424,673	-	-	424,673
Kivu Marina	2,725,000	-	-	2,725,000
Ndera Housing Project	147,221	-	-	147,221
Banque de Développement des Etats de Grands Lacs	6,280	-	111,738	118,018
	12,133,900	**-**	**4,798,835**	**16,932,735**

19. Equity investments (Continued)

(b) Equity investments at fair value through OCI (Continued)

The following Equity Investments were fair revalued during year 2021.

Equity investee name	Value as at 31 Dec 2021 Frw'000	BRD Shareholding %	BRD Share value Frw'000	Valuation Method Used
Magerwa Limited	15,177,583	6%	910,555	Average of Discounted Cashflow & Net Asset Value
Rwanda Investment Group Limited	23,851,752	4%	1,037,551	The average of Discounted Cash Flow, Market capitalization, reported nominal Value, & Fair Value
Prime Economic Zones Limited	33,701,013	10%	3,235,089	Average of Discounted Cashflow & Net Asset Value
Rwanda Stock Exchange	4,542,697	8%	363,416	Average of Discounted Cashflow & Net Asset Value
New Forest Company Limited	38,357,399	8%	1,320,180	Similar sales transaction valuation
Sopyrwa	33,254,387	4%	760,230	Average of Discounted Cashflow & Net Asset Value
Ziniya Project	405,519	100%	405,519	Estimated market Value
Kigali City Estate	6,714,161	11.75%	788,914	Estimated market Value

The table below contains information used to fair value equity investments at fair value through OCI as at 31 December 2020

Equity investee name	Current assets Frw'000	Non-current assets Frw'000	Current liabilities Frw'000	Non-current liabilities Frw'000	Revenue Frw'000	Profit or loss from continuing operations Frw'000	Other comprehensive income Frw'000	Total comprehensive income Frw'000	Financial year Used
Magerwa Limited	5,919,540	5,015,662	1,921,341	262,570	5,991,478	757,439	-	757,439	31-Mar-20
Minimex Limited	1,497,178	5,353,789	384,075	5,789,908	5,563,585	(677,840)	-	(677,840)	31-Dec-19
Rwanda Investment Group	21,414,428	18,013,540	299,412	2,166,857	1,615,783	616,182		616,182	31-Dec-19
Hostel 2020 Limited	5,146,838	6,534,354	6,517	-	-	32,196	-	32,196	31-Dec-19
Prime Economic Zones Ltd	2,849,682	124,958,339	2,445,284	100,409,627	5,401,936	2,441,306	-	2,441,306	31-Dec-19
New Forest Company	59,105,888	57,008,720	627,793	33,194,116	2,636,871	1,330,603	-	1,330,603	31-Dec-19
Rwanda Farmers Coffee Company Limited	231,720	1,128,555	134,942	261,289	465,145	(136,420)	-	(136,420)	31-Dec-19
Sopyrwa	6,145,366	30,169,226	1,501,225	1,858,834	5,912,794	1,270,433	-	1,270,433	31-Dec-19

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(b) Equity investments at fair value through OCI (Continued)

The following Equity Investments were fair revalued during year 2022.

Equity investee name	Value as at 31 Dec 2022 Frw'000	BRD Shareholding %	BRD Share value Frw'000	Valuation Method Used
Magerwa Limited	19,023,943	6.24%	1,138,342	Average of Discounted Cashflow & Net Asset Value
Rwanda Investment Group Limited	24,883,907	4.35%	1,082,450	The average of Discounted Cash Flow, Market capitalization, reported nominal Value, & Fair Value
Prime Economic Zones Limited	31,199,165	9.6%	2,994,927	Average of Discounted Cashflow & Net Asset Value
Rwanda Stock Exchange	11,007,564	8%	880,605	Average of Discounted Cashflow & Net Asset Value
Hostel 2020 Limited	12,912,040	4.48%	577,872	Net Assets Value
New Forest Company Limited	38,357,399	8.45%	660,091	Similar sales transaction valuation
Sopyrwa	21,074,892	4%	781,479	Average of Discounted Cashflow & Net Asset Value
Ziniya Project	405,519	100%	405,519	Estimated market Value

The table below contains information used to fair value equity investments at fair value through OCI as at 31 December 2022

Equity investee name	Current assets Frw'000	Non-current assets Frw'000	Current liabilities Frw'000	Non-current liabilities Frw'000	Revenue Frw'000	Profit or loss from continuing operations Frw'000	Other comprehensive income Frw'000	Total comprehensive income Frw'000	Financial year Used
Magerwa Limited	5,568,619	6,092,904	1,395,646	151,668	5,516,564	1,332,790	-	1,332,790	31-Mar-22
Minimex Limited	1,693,148	5,125,614	1,473,897	3,972,492	7,206,536	(79,169)	-	(79,169)	31-Dec-21
Rwanda Investment Group	4,227,645	5,913,952	630,773	1,660,742	3,112,873	1,910,906	-	1,910,906	31-Dec-22
Hostel 2020 Limited	1,907,173	11,002,692	2,175	-	-	504,001	-	504,001	31-Dec-21
Prime Economic Zones Ltd	2,680,082	99,226,287	1,630,346	67,539,466	6,163,709	1,855,711	-	1,855,711	31-Dec-22
New Forest Company	3,602,140	4,501,098	1,661,793	18,826,716	204,275	(1,980,164)	-	(1,980,164)	30-Jun-22
Rwanda Stock Exchange Ltd	1,719,987	47,094	285,855	-	1,302,421	794,242	-	794,242	31-Dec-22
Sopyrwa	6,451,420	30,372,950	3,758,817	-	4,993,920	473,031	-	473,031	31-Dec-22
Kivu Marina Bay Ltd	2,333,726	21,333,726	2,550,823	16,186,694	639,305	(4,309,160)	-	(4,309,160)	31-Dec-21

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19. Equity investments (Continued)

(b) Equity investments at fair value through OCI (Continued)

Details of the cumulative change in Fair Value

As of 31 December, 2022	Opening cumulative change in FV	Fair value gain/(loss)	Reclassified fair value	Closing cumulative change in FV
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Magerwa Limited	873,230	227,687	-	1,100,917
Minimex Limited	(195,372)	-	-	(195,372)
Kigali City Park Limited*	675,127	-	(675,127)	-
Rwanda Investment Group Limited	437,551	44,899	-	482,450
Hostel 2020 Limited	301,489	(188,615)	-	112,872
Prime Economic Zones Limited	2,136,769	(240,162)	-	1,896,607
Bank of Kigali Limited	502,925	84,491	-	587,416
Rwanda Stock Exchange	355,416	517,189	-	872,605
New Forest Company Limited	830,291	(660,090)	-	170,201
Rugarama Park Estate	15,087	-	-	15,087
Crystal Telecom/MTN Rwanda-Cell	2,026,275	(135,085)	-	1,891,190
Sopyrwa	260,231	21,249	-	281,480
Ziniya Project	(19,154)	-	-	(19,154)
Kivu Marina	-	-	-	-
Ndera Housing Project	-	-	-	-
Banque de Développement des Etats de Grands Lacs	111,738	-	-	111,738
	8,311,603	**(328,437)**	**(675,127)**	**7,308,039**

*Bank's equity investment in Kigali City Park Limited was disposed-off during year 2022 as shown in the below table:

Proceed from of sale of the Bank's equity shares	1,349,310
Book equity shares value at disposal date	(788,914)
Net proceeds	**560,396**

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19.Equity investments (Continued)

(b) Equity investments at fair value through OCI (Continued)

As of 31 December, 2021	Opening cumulative change in FV	Fair value gain/(loss)	Reclassification / (impairment)	Closing cumulative change in FV
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Magerwa Limited	508,437	364,793	-	873,230
Minimex Limited	(195,372)	-	-	(195,372)
Kigali City Park Limited	608,838	66,289	-	675,127
Rwanda Investment Group Limited	223,535	214,016	-	437,551
Hostel 2020 Limited	300,859	630	-	301,489
Prime Economic Zones Limited	1,297,024	839,745	-	2,136,769
Bank of Kigali Limited	434,527	68,398	-	502,925
Rwanda Stock Exchange	8,684	346,732	-	355,416
New Forest Company Limited	1,573,998	(743,707)	-	830,291
Rugarama Park Estate	15,087	-	-	15,087
Crystal Telecom/MTN Rwanda-Cell	(810,510)	2,836,785	-	2,026,275
Sopyrwa	721,990	(461,759)	-	260,231
Ziniya Project	-	(19,154)	-	(19,154)
Kivu Marina	-	-	-	-
Ndera Housing Project	-	-	-	-
Banque de Développement des Etats de Grands Lacs	111,738	-	-	111,738
	4,798,835	**3,512,768**	**-**	**8,311,603**

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19.Equity investments (Continued)

As of 31 December, 2020	Opening cumulative change in FV	Fair value gain/(loss)	Reclassification/ (impairment)	Closing cumulative change in FV
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Magerwa Limited	461,192	47,245	-	508,437
Minimex Limited	15,868	(211,240)	-	(195,372)
Kigali City Park Limited	608,838	-	-	608,838
Rwanda Investment Group Limited	214,674	8,861	-	223,535
Hostel 2020 Limited	82,157	218,702	-	300,859
Prime Economic Zones Limited	1,087,417	209,607	-	1,297,024
Bank of Kigali Limited	563,276	(128,749)	-	434,527
Rwanda Stock Exchange	5,839	2,845	-	8,684
New Forest Company Limited	1,573,998	-	-	1,573,998
Rwanda Farmers Coffee Company Limited	(252,414)	-	252,414	-
Rugarama Park Estate	-	15,087	-	15,087
Crystal Telecom Limited	-	135,085	-	(810,510)
Sopyrwa	(945,595)	47,110	-	721,990
Ziniya Project	674,880	-	-	-
Kivu Marina	-	-	-	-
Ndera Housing Project	-	-	-	-
Banque de Développement des Etats de Grands Lacs	111,739	-	-	111,738
	4,201,869	**344,553**	**252,414**	**4,798,835**

The following table summarizes movement in investment at cost during the year:

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
As at 1 January	12,133,900	12,133,900	15,839,209
Disposal of equity shares in Kigali City Park Ltd	(113,787)	-	(3,175,000)
Reclassification			(530,309)
As at 31 December	**12,020,113**	**12,133,900**	**12,133,990**

The following table summarises the cumulative change in fair value during the period ended:

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
As at 1 January	8,311,603	4,798,836	4,201,870
MTN shares allotment	-	4,863,060	-
Crystal Telecom shares transfer	-	(2,836,785)	-
Disposal of Kigali City Park equity shares*	(675,127)	-	-
Net decrease in fair values of other equity investment through OCI	(328,437)	1,486,492	596,966
As at 31 December	**7,308,039**	**8,311,603**	**4,798,836**

*The disposal of the Bank's equity investment share took place in exchange for a plot of land from the City of Kigali.

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19. Equity investments (Continued)
(b) Equity investments at fair value through OCI (Continued)

The following table provides a movement schedule in balances of Equity investments at fair value through OCI: The equity investments are less than 20% of the shareholding. Only Bank of Kigali and MTN Rwanda-cell Limited are listed. The equity investments are measured at Fair value and in some instances the cost approximates the fair value. Dividends received have been recognised in other operating incomes as Dividends. The fair value was achieved using the Rwanda Stock exchange pricing at the reporting date and no specialist valuer was required in this regard.

	Dec 2022	Dec 2021	Dec 2020
	Frw' 000	Frw' 000	Frw' 000
At start of the year	20,445,502	16,932,735	16,866,078
MTN shares allotment	-	4,863,060	-
Crystal Telecom shares transfer	-	(2,026,275)	-
Disposal of Kigali City Park Ltd equity shares	(788,914)	-	-
Reclassification	-	-	(277,895)
Net Fair Value loss	(328,437)	675,982	344,553
At end of the year	**19,328,151**	**20,445,502**	**16,932,735**
Listed	5,818,316	5,868,908	2,963,727
Unlisted	13,509,835	14,576,594	13,969,008
	19,328,151	**20,445,502**	**16,932,735**

(c) Fair Value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:
Fair value estimation was based on Valuation of shares for Bank of Kigali, Crystal Telecom/MTN Rwanda-Cell as at end December and for other equity investments their fair values were based on their business valuation as at 31 December.

- Level 1 – Fair value is determined using unadjusted quoted prices in an active market for identical assets and liabilities. Types of financial assets include actively traded government and other agency securities, listed derivative instruments and listed equities. Types of financial liabilities include listed derivative instruments.
- Level 2 – Fair value is determined using valuation models with directly or indirectly market observable inputs. Types of financial assets include corporate and other government bonds and loans, and over the counter (OTC) derivatives. Types of financial liabilities include over the counter (OTC) derivatives.
- Level 3 – Fair value is determined using Valuation models using significant non- market observable inputs. Types of financial assets include highly structured OTC derivatives with unobservable parameters and corporate bonds in illiquid markets. Types of financial liabilities include highly structured OTC derivatives with unobservable parameters.

19. Equity investments (Continued)

(c) Fair Value estimation

The following table presents the Company's financial assets and liabilities that are measured at fair value:

As at 31 December 2022:

Financial Assets	Level 1 Frw' 000	Level 2 Frw' 000	Level 3 Frw' 000	Total Frw' 000
Investments in Associates (Note 18 (a))	-	-	11,268,933	11,268,933
Equity investments at fair value through OCI (Note 18 (b))	5,818,316	-	13,509,835	19,328,151
Derivative instruments (Note 19)	-	2,755,040	-	2,755,040
Total	**5,818,316**	**2,755,040**	**24,778,768**	**33,352,124**

As at 31 December 2021:

Financial Assets	Level 1 Frw' 000	Level 2 Frw' 000	Level 3 Frw' 000	Total Frw' 000
Investments in Associates (Note 18 (a))	-	-	11,447,402	11,447,402
Equity investments at fair value through OCI (Note 18 (b))	5,868,908	-	14,576,595	20,445,503
Derivative instruments (Note 19)	-	1,999,828	-	1,999,828
Total	**5,868,908**	**1,999,828**	**26,023,997**	**33,892,733**

As at 31 December 2020:

Financial Assets	Level 1 Frw' 000	Level 2 Frw' 000	Level 3 Frw' 000	Total Frw' 000
Investments in Associates (Note 18 (a))	-	-	10,640,344	10,640,344
Equity investments at fair value through OCI (Note 18 (b))	2,963,727	-	13,969,008	16,932,735
Derivative instruments (Note 19)	-	2,095,814	-	2,095,814
Total	**2,963,727**	**2,095,814**	**24,609,639**	**29,669,180**

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20. Derivative Financial Instruments

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk and indices.

Currency swap: With this currency swap arrangement, the Bank pays a specified amount in one currency and receives a specified amount in another currency.

From 2015, the Bank has been entering various currency swap deals with the National Bank of Rwanda as described below:
On 22 December 2015, an eight-year currency swap transaction was concluded between the Bank and the National Bank of Rwanda. The Bank paid to the National Bank of Rwanda a notional amount of US$ 7,500,000 which was swapped with Frw 5,589,188,700. The Bank will receive interest of 2% on the US$7,500,000 investment and will pay interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

On 15 February 2016, the Bank entered a second eight-year swap transaction with the National Bank of Rwanda. In this SWAP transaction, the Bank paid to National Bank of Rwanda US$ 7,500,000 which was swapped with Frw 5,692,615,380. The Bank will receive interest of 2% on the US$ 7,500,000 investment and will pay interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

On 8 December 2016, the Bank entered a third ten-year swap transaction with the National Bank of Rwanda. In the swap transaction, the Bank paid to National Bank of Rwanda US$ 5,000,000 which was swapped with Frw 4,088,931,055. The Bank will receive interest of 2% on the US$5,000,000 investment and will pay interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

On 20th May 2020, the Bank entered into a fourth three-year swap transaction with the National Bank of Rwanda. In the swap transaction, the Bank paid to National Bank of Rwanda US$ 3,000,000 which was swapped with Frw 2,680,114,305. The Bank will receive interest of 2% on the US$3,000,000 investment and will pay interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

On 11th June 2020, the Bank entered a fifth three-year swap transaction with the National Bank of Rwanda. In the swap transaction, the Bank paid to National Bank of Rwanda US$ 700,000 which was swapped with Frw 654,601,272.

The Bank will receive interest of 2% on the US$700,000 investment and will pay interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

On 05th January 2022, the Bank entered a sixth five-year swap transaction with the National Bank of Rwanda. In the swap transaction, the Bank paid to National Bank of Rwanda US$ 5,000,000 which was swapped with Frw 5,049,591,035. The Bank receives interest of 2% on the US$5,000,000 investment and pays interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

On 11th May 2022, the Bank entered a seventh five-year swap transaction with the National Bank of Rwanda. In the swap transaction, the Bank paid to National Bank of Rwanda US$ 5,000,000 which was swapped with Frw 5,105,107,350. The Bank receives interest of 2% on the US$5,000,000 investment and pays interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

On 09th Jun 2022, the Bank entered an eighth twelve-year swap transaction with the National Bank of Rwanda. In the swap transaction, the Bank paid to National Bank of Rwanda US$ 11,345,000 which was swapped with Frw 11,604,366,724. The Bank receives interest of 2% on the US$11,345,000 investment and pays interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

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20. Derivative Financial Instruments (Continued)

On 30th November 2022, the Bank entered another swap transaction ending on 31st May 2029 with the National Bank of Rwanda. In the swap transaction, the Bank paid to National Bank of Rwanda US$ 5,000,000 which was swapped with Frw 5,110,834,200. The Bank receives interest of 2% on the US$5,000,000 investment and pays interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

In line with IFRS9 financial instruments (Swap) are carried at fair value. As at 31 December 2022, the fair value of the derivative financial instrument (swap) was a net asset of Frw 2,755,040 (2021: net asset of Frw 1,999,828). The Bank's exposure to derivative instruments is monitored as part of the overall management of its market risk.

The outstanding principal receipts and payments for the existing swap contracts and their respective fair values of the derivative asset or liability are as follows:

As at 31 December 2022:

Currency Swap	**Outstanding USD principal receipts**	**Outstanding FRW principal payments**	**Fair Value of Asset**	**Fair Value of Liability**
	Frw ' 000	**Frw ' 000**	**Frw ' 000**	**Frw ' 000**
Contract of 22.12.2015	1,147,866	801,081	346,785	-
Contract of 15.02.2016	1,147,866	815,905	331,961	-
Contract of 08.12.2016	2,414,056	1,859,113	554,943	-
Contract of 31.03.2020	4,861,816	4,327,953	533,863	-
Contract of 30.06.2020	125,060	109,602	15,458	-
Contract of 05.01.2022	4,867,042	4,728,542	138,500	-
Contract of 11.05.2022	4,832,629	4,650,514	182,115	-
Contract of 09.06.2022	11,689,850	11,233,427	456,423	-
Contract of 30.11.2022	4,981,290	4,786,298	194,992	-
Total	**36,067,475**	**33,312,435**	**2,755,040**	**-**

As at 31 December 2021:

Currency Swap	**Outstanding USD principal receipts**	**Outstanding FRW principal payments**	**Fair Value of Asset**	**Fair Value of Liability**
	Frw ' 000	**Frw ' 000**	**Frw ' 000**	**Frw ' 000**
Contract of 22.12.2015	2,164,896	1,603,832	561,064	-
Contract of 15.02.2016	2,164,896	1,633,510	531,386	-
Contract of 08.12.2016	2,782,285	2,273,552	508,733	-
Contract of 20.05.2019	1,022,188	936,891	-	(85,298)
Contract of 31.03.2020	5,195,884	4,907,422	-	(288,462)
Contract of 30.06.2020	353,790	328,903	-	(24,887)
Total	**13,683,939**	**11,684,110**	**1,601,183**	**(398,647)**

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20. Derivative Financial Instruments(Continued)
As at 31 December 2020:

Currency Swap	Outstanding USD principal receipts Frw ' 000	Outstanding FRW principal payments Frw ' 000	Fair Value of Asset Frw ' 000	Fair Value of Liability Frw ' 000
Contract of 22.12.2015	3,128,103	2,408,129	719,974	-
Contract of 15.02.2016	3,128,103	2,452,691	675,412	-
Contract of 08.12.2016	3,167,330	2,688,389	478,941	-
Contract of 20.05.2019	1,969,164	1,873,774	-	(95,389)
Contract of 31.03.2020	5,593,768	5,487,330	-	(106,438)
Contract of 30.06.2020	567,984	548,325	-	(19,659)
Total	**17,554,452**	**15,458,638**	**1,874,327**	**(221,486)**

The following table provides a reconciliation of the change in the value of the net derivative financial instrument between 01 January and 30 June /31 December:

Financial Assets	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Balance of Net Derivative Asset/(Liability) as at 1 January	1,999,828	2,095,814	1,781,245
Receipts during the year under swaps contracts	(7,057,490)	(4,768,412)	(4,180,731)
Payments during the year under swaps contracts	7,451,678	4,830,976	4,475,530
Fair Value gain /(loss) under swaps contracts	361,024	(158,550)	19,769
Balance of Net Derivative Asset as at 30 June/ 31 December	**2,755,040**	**1,999,828**	**2,095,814**

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21. Other Assets

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
Due from the Government of Rwanda and other taxes	-	-	15,739
Other receivables	290,075	825,722	899,928
Prepayments	1,498,152	1,165,876	656,544
Staff fair value adjustment for year	1,737,698	2,483,621	2,302,310
Amounts due from BRD Insurance Brokerage Ltd	20,608	20,608	20,608
Amounts due from Business Development Fund Ltd	321,131	-	184,741
Amounts due from Kinazi Cassava Plant Limited	32,626	32,626	32,626
Amounts due from EDUCATION	106,693	664,666	170,483
Amounts due from RUGARAMA PARK ESTATES	71,790	68,924	67,151
Rwanda Agri-Business Industries assets*	-	-	1,024,051
Interest receivable on Redeemable preference Shares	626,682	626,682	626,682
Receivable from Agaciro Development Fund	-	1,566	50,066
Receivable from PSPE	9,770	6,820	2,540
Rwanda Housing Finance Project	33,703	46,922	48,832
Receivable from TASCO	24,795	24,795	-
Receivable from SEIRHCP	26,362	7,956	-
Receivable Renewable Energy fund	-	28,609	-
Receivable From AFIRR	104,448	10,189	-
Receivables From RDAP	1,265	-	-
Receivables From CDAT	2,834	-	-
Receivables From EAQIP - Clean Cooking	8,302	-	-
Receivable From MINECOFIN	522,661	-	-
Receivables From RGIF	12,510	-	-
Receivables From UEDi	14,510	-	-
Receivables From PRISM	24,003	-	-
	5,490,618	**6,015,582**	**6,102,301**
Less: Expected credit losses (ECL)			
At 1 January	802,595	1,982,722	2,038,968
ECL increase during the year	837,990	122,678	(56,246)
ECL written back during the year	(4,512)	(1,302,805)	-
	1,636,073	**802,595**	**1,982,722**
Net other assets	**3,854,545**	**5,212,987**	**4,119,579**

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22. Non-Current Assets held for sale

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
At Start of year	21,015	21,015	21,015
Additions	25,000	-	-
Less: decline in value	-	-	-
	271,015	**21,015**	**21,015**

The balance of Frw 271 million relates to two properties repossessed by the Bank. The valuation of the Non-Current Assets held for sale was based on an adjusted sales comparison approach where recognized external property valuers give their opinion on any significant changes in the value of the asset. The Directors have determined these inputs based on the size and condition of the investment property.

The reported values for properties held for sale are all level 3 in accordance with the fair value hierarchy. There were no level 1 or level 2 assets. The Cassava plant valued at Frw 21Million was sold to Kinazi Cassava Plant Limited in February 2023 and the Bank is still locating interested buyers of the second property (Elegancia Hotel) acquired at Frw 250Miln.

23. Intangible assets

2022	**Software**	**Software Works in Progress**	**Total**
Cost	**Frw' 000**	**Frw' 000**	**Frw' 000**
At 1 January	1,564,734	10,136	1,574,870
Additions	13,275	-	13,275
Transfer from WIP	-	(10,136)	(10,136)
At 31 December	**1,578,009**	**-**	**1,578,009**
Amortisation			
At 1 January	(1,129,118)	-	(1,129,118)
Charge for the year	(246,622)	-	(246,622)
At 31 December	**(1,375,740)**	**-**	**(1,375,740)**
Net Book Value at 31 December	**202,269**	**-**	**202,269**

2021	**Software**	**Software Works in Progress**	**Total**
Cost	**Frw' 000**	**Frw' 000**	**Frw' 000**
At 1 January	1,514,820	6,144	1,520,964
Additions	49,393	4,513	53,906
Transfer from WIP	521	(521)	-
At 31 December	**1,564,734**	**10,136**	**1,574,870**
Amortisation			
At 1 January	(888,206)	-	(888,206)
Charge for the year	(240,912)	-	(240,912)
At 31 December	**(1,129,118)**	**-**	**(1,129,118)**
Net Book Value at 31 December	**435,616**	**10,136**	**445,752**

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23. Intangible assets (continued)

Additions in land and buildings relates mainly to the land acquired in exchange for equity shares in the Kigali City Park Ltd. Additions in the IT equipment during the year relate to the expenditure made for the acquisition of the new IT infrastructure and computers. Work in Progress relates to the refurbishment of the Bank's building.

2020	**Software**	**Software Works in Progress**	**Total**
Cost	**Frw' 000**	**Frw' 000**	**Frw' 000**
At 1 January	1,200,549	240,060	1,440,609
Additions	22,531	116,787	139,318
Transfer from WIP	291,740	(291,740)	-
Write offs	-	(58,963)	(58,963)
At 31 December	**1,514,820**	**6,144**	**1,520,964**
Amortization			
At 1 January	(622,797)	-	(622,797)
Charge for the year	(265,409)	-	(265,409)
At 31 December	**(888,206)**	**-**	**(888,206)**
Net Book Value at 31 December	**626,614**	**6,144**	**632,757**

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24. Property and Equipment

2022	Land and buildings Frw '000	IT equipment Frw '000	Motor vehicles Frw '000	Furniture & fittings Frw '000	Works in progress Frw '000	Total Frw '000
Cost or valuation						
As at 1 January	12,465,838	986,133	160,067	1,528,123	493,086	15,633,247
Additions	1,349,310	193,961	-	75,258	162,950	1,781,479
Land revaluation	187,600	-	-	-	-	187,600
As at 31 December	**14,002,748**	**1,180,094**	**160,067**	**1,603,381**	**656,036**	**17,602,326**
Depreciation and impairment						
As at 1 January	(869,517)	(788,837)	(160,067)	(573,094)	-	(2,391,515)
Charge for the year	(248,138)	(196,407)	-	(354,443)	-	(798,988)
Write off	-	-	-	-	-	-
Removal of depreciation on Reclassified Assets	-	-	-	-	-	-
As at 31 December	**(1,117,655)**	**(985,244)**	**(160,067)**	**(927,537)**	**-**	**(3,190,503)**
Net Book Value	**12,885,093**	**194,850**	**-**	**675,844**	**656,036**	**14,411,823**

Additions during the year relate to computers purchased during the year and a Land acquired in exchange of shares in an Equity Investment.

Work in Progress relates to technical design for a proposed project of construction of a new building and refurbishment being done on the ground Floor of the Bank's Building.

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24. Property and Equipment (Continued)

2021	Land and buildings Frw '000	IT equipment Frw '000	Motor vehicles Frw '000	Furniture & fittings Frw '000	Works in progress Frw '000	Total Frw '000
Cost / valuation						
As at 1 January	12,959,676	779,185	220,103	1,943,091	493,086	16,395,141
Additions	-	208,228	-	-	-	208,228
Disposal	(493,838)	(1,280)	(60,036)	(382,272)	-	(937,426)
Expensed	-	-	-	(32,696)	-	(32,696)
As at 31 December	**12,465,838**	**986,133**	**160,067**	**1,528,123**	**493,086**	**15,633,247**
Depreciation						
As at 1 January	(621,363)	(705,298)	(220,103)	(605,284)	-	(2,152,048)
Charge for the year	(248,154)	(84,819)	-	(350,413)	-	(683,386)
Write off	-	1,280	60,036	382,272	-	443,588
Removal of depreciation on Reclassified Assets	-	-	-	331	-	331
As at 31 December	**(869,517)**	**(788,837)**	**(160,067)**	**(573,094)**	**-**	**(2,391,515)**
Net Book Value as at 31 December	**11,596,321**	**197,296**	**-**	**955,029**	**493,086**	**13,241,732**

Work in Progress relates to technical design for construction of a new building for the Bank and the refurbishment work that was still undergoing at the end of year 2022.

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24. Property and Equipment (Continued)

2020	Land and buildings Frw '000	IT equipment Frw '000	Motor vehicles Frw '000	Furniture & fittings Frw '000	Works in progress Frw '000	Total Frw '000
Cost / valuation						
As at 1 January	13,142,565	706,429	220,103	565,300	688,075	15,322,472
Additions	-	72,756	-	1,377,791	(194,989)	1,255,558
Disposal	(182,889)	-	-	-	-	(182,889)
Reclassifications	-	-	-	-	-	-
As at 31 December	**12,959,676**	**779,185**	**220,103**	**1,943,091**	**493,086**	**16,395,141**
Depreciation						
As at 1 January	(372,545)	(638,341)	(220,103)	(469,286)	-	(1,700,275)
Charge for the year	(248,818)	(66,957)	-	(135,998)	-	(451,773)
Write off	-	-	-	-	-	-
Removal of depreciation on Revalued Asset	-	-	-	-	-	-
As at 31 December	**(621,363)**	**(705,298)**	**(220,103)**	**(605,284)**	**-**	**(2,152,048)**
Net Book Value	**12,338,313**	**73,887**	**-**	**1,337,807**	**493,086**	**14,243,093**

Work in Progress relates to technical design for construction of a new building.

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25. Other payables

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
Other payables	460,061	822,782	448,223
Other taxes payable	75,896	32,914	36,392
Statutory deductions payable	212,094	134,012	128,608
Kreditanstalt Fur Wiederaufbau (KFW)	106,547	9,949,179	6,259,881
Amounts due to Business development Fund Ltd	97,548	-	272,975
Advances from customers	459,073	1,251,939	1,411,852
Deferred service commissions	842,422	739,183	670,995
Amounts due to local creditors	-	49,037	49,037
Accrued expenses	632,254	907,992	164,311
Deferred EGF interest income	1,598,606	1,338,522	921,550
Rwanda Housing Finance Project-Subsidy	7,365,014	5,867,929	-
REF-WINDOW 5 SUBSIDY	2,975,214	769,986	-
Trade Finance- RAB -Frw	358,906	5,034	-
Trade Finance- BRD -USD	270,220	-	-
Trade Finance- BRD -EURO	1,370	-	-
Trade Finance- RAB -USD	146,060	-	-
Trade Finance- NIRDA -EURO	489,941	-	-
Trade Finance- NIRDA -USD	120,398	2,688	-
Trade Finance- NIRDA -Frw	-	-	-
EAQIP Clean Cooking Subsidy	141,211	-	-
Deferred Interest NIRDA AGRICULTURE	219,819	-	-
Client Repayment Account- RWF	584,138	-	-
Payable to Cana challenge	107,317	-	-
Deferred Interest NIRDA Urbanization	-	-	-
Payable EGF-KFW	-	-	-
Provision for Bonus	-	-	-
	17,264,109	**21,871,197**	**10,363,824**

	2022	Dec 2021	Dec 2020
	Frw' 000	Frw' 000	Frw' 000
(ii) Dividends payable	**11,019**	**11,017**	**11,017**

DEVELOPMENT BANK OF RWANDA PLC
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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

26. Borrowings

	2022	2021	2020
	Frw' 000	**Frw' 000**	**Frw' 000**
Afrexim Bank	8,536,394	5,171,916	8,560,827
Shelter Afrique	-	6,340,720	7,701,621
East African Development Bank	5,924,238	9,154,020	11,112,774
European Investment Bank	21,390,297	16,655,461	19,027,315
African Development Bank (AFDB)	14,206,865	17,149,820	19,451,724
BADEA	15,689,741	12,856,493	9,058,329
BDEGL	14,647,501	14,816,713	14,924,252
Gashora Girls Initiatives	-	185,512	330,281
Kreditanstalt Fur Wiederaufbau (KFW) – Borrowing	21,865,488	12,027,772	5,875,979
Trade and Development Bank (TDB)	-	799,593	2,300,309
Rwanda Social Security Board (RSSB)	45,692,927	50,242,275	54,871,460
MINECOFIN (Rwanda Housing Finance Project)	44,530,923	17,994,466	7,179,654
I&M Bank Plc	-	-	1,963,265
BNR Term loan -Economic Recovery Fund (ERF)	16,445,373	17,232,198	11,317,278
BNR Short term loan	2,294,498	2,287,852	2,295,808
Agence Francaise de Development (AFD)	12,310,140	-	-
MINECOFIN (Access to Finance for recovery and resilience project)	111,672,712	-	-
FONERWA	574,859	-	-
	-	-	
Bank of Kigali Plc	-	-	4,868,864
	335,781,956	**182,914,810**	**180,839,740**
Change in fair value due to borrowings modification*	(2,489,608)	(2,881,111)	(3,239,286)
Fair Value Adjustment on ERF Term borrowings	(61,959,941)	(3,563,907)	(3,512,281)
	271,332,407	**176,469,792**	**174,088,173**

	2022	Dec 2021	Dec 2020
Broken down as follows:	**Frw' 000**	**Frw' 000**	**Frw' 000**
Current	30,555,108	30,994,298	35,970,420
Non – Current	305,226,848	151,920,512	138,117,753
	335,781,956	**182,914,810**	**174,088,173**

DEVELOPMENT BANK OF RWANDA PLC
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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

26. Borrowings (Continued)

The Bank has not had any defaults of principal, interest, or other breach with regard to any liabilities during 2022 or 2021 and the Bank has not given any security for the borrowed funds.

	2022	2021	2020
Unwinding gain on modification of financial liabilities	**Frw' 000**	**Frw' 000**	**Frw' 000**
Gain on modification of financial liabilities	-	-	3,467,713
Unwound gain on modification of financial liabilities	2,756,955	(852,231)	(246,519)
Amortization of the Government Grant	1,603,712	258,934	-

During the year, as part of Rwanda's economic recovery program II, the Bank received a loan at concessional rate, the latter was also fair valued using a market rate and the difference between the fair valued amount and the cost recorded as a grant in accordance with IAS 20.

The details are highlighted in the table below:

December 2022

Borrowing	Book value at modification date	Fair value at modification date	Gain/(loss)	Grant
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
East African Development Bank (EADB)	10,998,231	10,658,730	339,501	-
Shelter Afrique	7,651,748	7,432,094	219,654	-
European Investment Bank (EIB)	18,853,624	17,834,029	1,019,595	-
Rwanda Social Security Board (RSSB)	52,075,098	50,218,700	1,856,398	-
Trade and Development Bank (TDB)	2,270,385	2,277,938	(7,553)	-
BNR Economic Recovery Fund	17,402,245	13,286,073	-	4,116,172
BNR Economic Recovery Fund II	111,672,712	51,585,263	-	60,087,449

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26. Borrowings (Continued)

December 2021

Borrowing	Book value at modification date	Fair value at modification date	Gain/(loss)	Grant
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
East African Development Bank (EADB)	10,998,231	10,658,730	339,501	-
Shelter Afrique	7,651,748	7,432,094	219,654	-
European Investment Bank (EIB)	18,853,624	17,834,029	1,019,595	-
Rwanda Social Security Board (RSSB)	52,075,098	50,218,700	1,856,398	-
Trade and Development Bank (TDB)	2,270,385	2,277,938	(7,553)	-
BNR Economic Recovery Fund	17,402,245	13,286,073	-	4,116,172

December 2020

Borrowing	Book value at modification date	Fair value at modification date	Gain/(loss)	Grant
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
East African Development Bank (EADB)	10,998,231	10,658,730	339,501	-
Shelter Afrique	7,651,748	7,432,094	219,654	-
European Investment Bank (EIB)	18,853,624	17,834,029	1,019,595	-
Rwanda Social Security Board (RSSB)	52,075,098	50,218,700	1,856,398	-
Trade and Development Bank (TDB)	2,270,385	2,277,938	(7,553)	-
BNR Economic Recovery Fund	11,317,278	7,746,787	-	3,570,491

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

26 Borrowings (Continued)

Lender	Purpose	Terms	Maturity Date	Currency
Afrexim Bank	Financing acceptable sub-borrowers engaged in trade and related activities in Rwanda	USD 10m - Aggregate of the six-month LIBOR, plus a margin of 5.05%	31 October 2024	USD
East African Development Bank	Line of credit facility to finance eligible projects	USD 10M for 8 years at an interest rate of 7.255%; USD 15M for 8 years at an interest rate of 6.755%	01 December 2023 25 March 2024	USD USD USD
European Investment Bank	Line of credit facility to finance up to 50% of eligible projects	USD 9.3m at - Aggregate of the six-month LIBOR, plus a margin of 1.36% USD 16.5m at - Aggregate of the six-month LIBOR, plus a margin of 1.903%	28 February 2023 31st August 2029	USD
African Development Bank (AFDB)	Line of credit facility to finance eligible projects primarily, SMEs	USD 8m - Aggregate of the six-month LIBOR, plus a margin of 4.67% USD 20m - Aggregate of the six-month LIBOR, plus a margin of 4.67%	01February 2023 01 August 2027	USD
BADEA	To finance SMEs and MFIs	USD 15m - Aggregate of the six-month LIBOR, plus a margin of 5.0%; USD 3.5m - 2%	1 May 2026 10 July 2029	USD USD USD
BDEGL	To finance SMEs and MFIs	USD 5m at 7.0% USD 8.6m at 5.0%	01 November 2027 01 November 2023	USD USD
Rwanda Social Security Board (RSSB)	Term deposits to finance eligible projects	Frw 50,840m - at an effective interest rate of 10.47%	1 July 2032	Frw
Kreditanstalt Fur Wiederaufbau (KFW)	Promoting growth and export oriented small and medium enterprises (SMEs) in Rwanda	Frw 10,872,400,000 at 1.8%	2027-2028	Frw

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

26 Borrowings (Continued)

BNR Short- & Long term loans	To assist reviving the economic sectors mostly affected by COVID 19	Frw 2.2Bil & 16.4Bil at 4.5% and 0% interest rates respectively	May 2023 & Aug 2035	Frw
MINECOFIN (Rwanda Housing Finance Project)	The objective of the project is to expand access to housing finance to households and support capital market development in Rwanda	Frw 44.5Bil at 3.75% interest rate	Jun 2039	Frw
Fonerwa	To finance private projects in clean technologies, environmental sustainability, climate resilient and green investments.	Frw 574Miln at 2%	28 Feb 2030	Frw
AFIRR (Minecofin)	Access to finance for economic recovery and resilience project	Frw 111Bil at 0%	January 2044	Frw
AFD (Agence Française de Development)	To support BRD by providing liquidity through long term debt funding	USD 11.3Miln at 4%	February 2035	USD

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

26 Borrowings (Continued)

Changes in liabilities arising from financing activities.

December 2022	**Borrowings**	**Special funds**	**Grants**	**Total**
	Frw' 000	**Frw' 000**	**Frw' 000**	**Frw' 000**
As at 1 January	176,469,792	11,236,258	6,335,785	194,041,835
Additions	182,356,658	731,368	3,733,550	186,821,576
Repayments	(33,078,124)	(991,742)	(288,783)	(34,358,649)
Foreign Exchange movement	-	30,576	-	30,576
Accrued interest	3,545,279	-	-	3,545,279
Management fees on borrowings	43,333	-	-	43,333
Movement in Fair value Modification on Borrowing	391,503	-	-	-391,503
Movement in Grant on Economic Recovery Fund	(58,396,034)	-	59,157,773	(761,739)
As at 31 December	271,332,407	**11,006,460**	**68,938,325**	**(351,277,192)**

December 2021	**Borrowings**	**Special funds**	**Grants**	**Total**
	Frw' 000	**Frw' 000**	**Frw' 000**	**Frw' 000**
As at 1 January	174,088,173	9,455,277	4,747,753	188,291,203
Additions	27,745,171	2,024,465	1,340,117	31,109,753
Repayments	(30,611,533)	(263,348)	-	(30,874,881)
Foreign Exchange movement	1,662,232	19,864	1,287	1,683,383
Accrued interest	3,892,298	-	-	3,892,298
Fair value Modification on Borrowing	(358,175)	-	-	(358,175)
Movement in Grant on Economic Recovery Fund	51,626	-	246,628	298,254
As at 31 December	**176,469,792**	**11,236,258**	**6,335,785**	**194,041,835**

DEVELOPMENT BANK OF RWANDA PLC
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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

26. Borrowings (Continued)

Changes in liabilities arising from financing activities

2020	Borrowings	Special funds	Grants	Total
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
As at 1 January	175,567,542	8,556,307	2,563,221	186,687,070
Additions	26,157,983	112,528	1,465,259	27,735,770
Repayments	(25,964,645)	(38,559)	(2,011,100)	(28,014,304)
Foreign Exchange movement	1,001,230	25,001	-	1,026,231
Accrued interest	4,077,630	-	-	4,077,630
Fair value Modification on Borrowing	(3,239,286)	-	-	(3,239,286)
Grant on Economic Recovery Fund	(-3,512,281)	-	3,530,373	18,092
As at 31 December	**174,088,173**	**8,655,277**	**5,547,753**	**188,291,203**

27. Special funds

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
Microfinance Funds - Belgium Cooperation	1,371,483	1,371,483	1,371,483
Other Special Funds	56,336	56,336	123,776
KFW line of credit Investment fund	630,828	630,828	630,828
Rural Investment Facility	463,200	467,780	467,780
FIFAPI ROPARWA fund	892,581	892,581	892,581
MINAGRI-Belgium cooperation fund	262,084	262,084	262,084
MINAGRI/KWAMP Fund	508	478	461
SME technical assistance fund	394,548	411,298	441,691
Minicom – Export Fund	2,562,573	2,681,241	2,846,75
FONERWA	321,726	788,200	788,200
KFW/Kreditanstalt Fur Wiederaufbau	306,539	306,539	306,539
NAEB Export Guarantee Fund*	535,356	504,809	486,238
Government of Rwanda public fund	38,136	38,136	36,860
NIRDA/ Clays and Stone	327,234	275,396	-
NIRDA/P.P &Animal Feeds	1,351,950	1,492,429	-
Enabel /Manufacturer Urbanisation	128,271	128,320	-
Enabel/ Livestock Farmers	128,271	128,320	-
NIRDA- Open Calls Program	555,306	800,000	800,000
NIRDA grant agriculture	494,599	-	-
NIRDA grant urbanization	184,931	-	-
	11,006,460	**11,236,258**	**9,455,277**

* NAEB Export Guarantee Fund is a guarantee fund put in place to facilitate the Rwandan horticulture exporters to have access to finance by increasing outputs in this sector.

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

27. Special funds (Continued)

Fund	Details
Government of Rwanda Public fund	Granted by the government through the Ministry of Finance and Economic Planning to facilitate financing of export, microfinance and mortgage related projects
Microfinance Funds - Belgium Cooperation	Granted by Belgium Cooperation for technical assistance and capacity building of microfinance institutions
KFW line of credit Investment fund	Fund from KFW used to promote training, technical assistance, financing. Forms part of the guarantee to SMEs
Rural Investment Facility	Granted by the government through the Poverty Reduction Strategy Grant to finance ago-industries and other related projects
Education promotion fund	Granted by the government through the Ministry of Education on the implementation of the Education Promotion Fund
FIFAPI ROPARWA fund	Granted by ROPARWA (Le Reseau des Organisations Paysannes du Rwanda) for strengthening the capacity of farmers' organisations
MINAGRI-PDCRE fund	Fund through the government of Rwanda from the International Fund for Agricultural Development to maximise and diversify the revenues of the poorer growers of cash crops, thus promoting commercial transformation activities and financially viable market
MINAGRI Fertiliser fund	Fund from the government via the Ministry of Agriculture and Animal Resources Finance purchase of fertilizer by farmers in Rwanda
MINAGRI-Belgium cooperation fund	Fund from Belgium cooperation via the Ministry of Agriculture and Animal Resources for financing microfinance sector
MINAGRI/KWAMP Fund	Kirehe Community Based Watershed Management Project (KWAMP) is a fund from the Ministry of Agriculture and Animal Resources for building watersheds in Kirehe District, using funds from the International Fund for Agricultural Development (IFAD)
FONERWA	Fund Financing to finance private sector projects in Clean Technology environmental sustainability, & Climate Resilient and green investments
KFW/Kreditanstalt Fur Wiederaufbau	Fund for promoting growth and export oriented small and Medium Enterprises in Rwanda
BDEGL II CAPACITY BUILDING GRANT	Fund granted along with a line of credit to cater for the Bank's capacity building program.
World Bank Technical Assistance Fund	Fund to assist BRD in Scaling up Renewable Energy Program under the Strategic Climate Fund
Other Special Funds	Other special Funds relate to Fund FAD I, FED I, BEI II, BPC II
Export Growth Fund from MINECOM	This relates to the Export Growth Funds from MINECOFIN
NAEB (National Export Growth Fund, Horticulture)	Funds to facilitate the Rwandan horticulture exporters to have access to finance by increasing outputs for only horticulture exports.

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

27. Special funds (Continued)

Fund	Details
NIRDA /P. P& Animal Feeds/Clay and Stone	This relates to Funds that will be disbursed to eligible clients to support eligible private sector operators in selected priority value chains (poultry, piggery, and animal feeds for agriculture and stone and clays for urbanisation)
Enabel - NIRDA Industrial Technology Repayment Facility	This is a fund managed by BRD to support industrial private sector acquisition of modern and clean technology.
National Industrial Research and Development Agency (NIRDA)	A grant managed by the Bank for the open calls program, aimed at supporting industries/enterprises to address their technological and technical barriers to their growth and competitiveness
NIRDA Agriculture interest rate subsidy	The interest rate subsidy facility supports eligible private sector operators in the following selected value chains: poultry, piggery, animal feeds for agriculture.
NIRDA Urbanisation/Interest rate subsidy	The interest rate subsidy facility supports eligible private sector operators in the following selected value chains: clays for urbanization.

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28. Grant

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
UNDP Grant for MFIS	107,545	107,545	1,371,483
Belgium co-operation Microfinance	209,875	209,875	-
FAPA Grant	10,744	10,131	-
PASP Grant	38,880	38,880	-
PRICE Grant	9,000	24,240	103,910
RAB Grant	9,011	9,011	630,828
BDEGL II Capacity Building Grant	88,844	24,850	467,780
World Bank Technical Assistance Fund	421,874	695,417	892,581
SEIRHCO	3,286,644	956,010	262,084
BNR Economic Recovery Funds (fair value modification)	62,974,893	3,817,119	461
Minicom Export Growth Grant	233,168	222,116	441,691
Other special funds	-	-	2,846,756
Rwanda Housing Finance Technical Assistance	665,027	220,591	-
EAQIP project	103,911	-	-
AFD technical assistance	101,390	-	788,200
Government of Rwanda public fund	-	-	36,860
NAEB Export Guarantee Fund*	-	-	486,238
KFW/Kreditanstalt Fur Wiederaufbau	-	-	306,539
Business Plan Competition II	-	-	19,866
AFIRR Grant	677,519	-	-
	68,938,325	**6,335,785**	**8,655,277**

Grant	Details
The Belgium Co-operation Microfinance	The Belgium cooperation grant is used for technical assistance and capacity building to microfinance institutions or for the Bank's operating expenses related to microfinance support
UNDP Grant	The UNDP Grant is a refinancing facility for capacity building of MFIs under the Building Inclusive Financial Sector in Rwanda
FAPA Grant	The purpose of this grant is to finance certain expenditures required for provision of technical assistance for capacity building that will contribute to strengthening BRD's capacity and enabling it to contribute more efficiently and effectively to the economic development of Rwanda
PASP Grant	The PASP grant, Post-harvest and Agribusiness support project, primary objective is to increase smallholder and rural labourer incomes (including women, youth and vulnerable groups) from CIP crops and dairy businesses by supporting aggregation of production for markets, transformation, and value-addition to enable smallholders to capture a higher share of the value. The project's primary focus is the facilitation of inclusive business activities that can thrive on increased agricultural production from CIP crops and dairy development
Price Grant	The purpose of this grant is to raise smallholder farmer's incomes through greater sustainable by increasing the volume and quality of crop production, improve marketing and more effective famer organisations

DEVELOPMENT BANK OF RWANDA PLC
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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

28. Grants (Continued)

Grant	Details
Socio-Economic Inclusion of Refugees and Host Communities in Rwanda Project (SEIRHCO)	This is a grant managed by the Bank in partnership with the Government through MINEMA and World Bank to support the Refugees and Host communities through project financing & matching grants.
Rwanda Housing technical assistance	The purpose of the grant is to provide technical assistance to Rwanda housing projects.
MINICOM - Grant	Grant received from MINICOM to improve access to firm level support in terms of capacity building, access to finance through EGF, logistic support, technology adoption, export capacity) with ultimate objective of increasing Rwanda goods & services on key markets both locally and internationally.
EAQIP Grant	The Ministry of Finance and Economic Planning of Rwanda signed the financing agreement with the World Bank to act as the administrator of the Energy Sector Management Assistance Program Multi-Donor Trust Fund for a grant equivalent to US$ 10 Million of which US$ 7 Million is allocated to BRD to finance the Energy Access and Quality Improvement Project which will set up a clean cooking window to subsidize purchases of clean and efficient cooking solutions by eligible households.
AFD technical assistance	Grant to finance a technical assistance facility to support BDR in achieving the set targets
AFFIR grant	The Ministry of Finance and Economic Planning of Rwanda signed the financing agreement with the World Bank for a grant equivalent to XDR 17,5 Million of which XDR 5,25 Million (U$ 7.5 million) is allocated to BRD to finance the Access to Finance for Recovery and Resilience Project which is Institutional Strengthening and Implementation Support.

29. Share Capital and Share Premium

(a) Share Capital

	Number of shares	Par value	Total
	Frw' 000	**Frw**	**Frw' 000**
2022			
As at 1 January	65,392,018	1,000	65,392,018
Issues of shares during the year	3,490,918	1,000	3,490,918
As at 31 December	**68,882,936**		**68,882,936**
2021	**Frw' 000**		**Frw' 000**
As at 1 January	55,607,470	1,000	55,607,470
Issues of shares during the year	9,784,548	1,000	9,784,548
As at 31 December	**65,392,018**		**65,392,018**

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29.Share Capital and Share Premium (continued)
(b) Share Capital

2020	**Frw' 000**	**Frw**	**Frw' 000**
As at 1 January	42,661,685	1,000	42,661,685
Share buy back	(297,293)	1,000	(297,293)
Issues of shares during the year	12,945,785	1,000	12,945,785
Prorate issue bought back share	297,293	1,000	297,293
As at 31 December	**55,607,470**		**55,607,470**

Authorised share capital.

The main shareholder, Government of Rwanda (GoR) through Agaciro Development Fund, injected additional share capital during the year ended 31 December 2022 amounting to Frw 3,490,918 (2021: Frw 9,784,548,211) in form of cash.

All shareholders have the same voting rights during annual and general meetings, which is equal to the number of paid-up shares held by the member.

(c) Share Premium

	2022	**2021**	**2020**
	Frw' 000	**Frw' 000**	**Frw'000**
Share Premium	11,665,569	11,665,569	11,665,569

The share premium arose on the purchase of shares by one of the minority shareholders and, Government of Rwanda debt to CSR from the export promotion fund, Rwanda Social Security Board Debt outstanding by BRD and on the share swap with Magerwa.

30. Other reserves

	2022	**2021**	**2020**
	Frw' 000	**Frw' 000**	**Frw' 000**
Revaluation reserves	11,096,575	10,908,975	10,911,747
Legal reserves	-	-	1,088,127
Ordinary reserves	-	-	232,561
Fair value reserve*	7,308,039	8,311,603	4,798,835
Supplementary capital reserve	11,510,322	11,510,322	11,510,322
	31,235,624	**32,051,588**	**28,541,592**

Movements in other reserves are shown in the statement of changes in equity.

Revaluation reserve

The revaluation surplus represents the surplus on the revaluation of buildings and freehold land and is non-distributable.

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Legal Reserve

In accordance with Article 9 of law Nº 15/91 of April 1991 related to modification of law of August 5, 1967 creating BRD, legal reserves are mandatory and computed by deducting 5% of net profit after off-setting of previous losses until reserves amount to 10% of share capital. The reserve is not distributable. No new reserves have been transferred during the year 2021 and year 2022 as the legal reserves are above the 10% of the share capital as at 31 December 2021 and as at 31 December 2022.

Ordinary Reserve

Ordinary reserves are voluntary reserves made by the Bank's shareholders. The percentage of transfer to be made is determined by the board of Directors. Supplementary capital reserve relates to a Government of Rwanda subordinated debt that was converted into equity following a Government of Rwanda decision in 2010. The reserve is not distributable.

Fair Value Reserve

*Fair value reserves represent fair value gains on Equity investments at fair value through OCI and are not distributable. Fair value was based on Valuation of Bank of Kigali, MTN Rwanda-cell Shares in December 2022 and others, the fair value was mainly based on business valuation made based on their 2021 and 2022 financial status.

Fair value gain/(loss) on equity investments at FVOCI

	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
Bank of Kigali (BoK)	84,492	68,398	(128,749)
Crystal Telecom (CTL)	-	(2,026,275)	135,085
Multi-sector investment group (MIG)			-
Minimex			(211,240)
MTN Rwandacell	(135,085)	4,863,060	-
Kigali City Park Limited		66,289	-
Prime Economic Zone	(240,162)	839,745	209,607
Rwanda Stock Exchange (RSE)	517,189	346,732	2,845
Magerwa Limited	227,687	364,793	47,245
New Forest Company Limited	(660,090)	(743,707)	-
Rwanda Investment Group Limited	44,899	214,017	8,860
Hostel 2020 Limited (Edge Hostels)	(188,616)	630	218,702
Ziniya Project	-	(19,155)	-
Sopyrwa	21,249	(461,759)	47,110
BDEGL	-	-	-
Rwanda Farmers Coffee Company	-	-	252,414
Rugarama Park Estate			15,087
	(328,437)	**3,512,768**	**596,966**

31. Financial Risk Management

Introduction and overview

The Bank has exposure to the following risks as a result of its operations and from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies, and processes for measuring and managing risk and the Bank's management of capital.

Risk management framework

The Bank's board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The board has established the Risk Committee, Credit Risk Committee and the Risk Management Division which are responsible for developing and monitoring the risk management policies in their specified areas. The Board Risk Committee has both executive and non- executive members and reports regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyses the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank through its procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Board Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Bank also seeks to raise its interest margins by obtaining above-average margins, net of allowances, through lending to commercial and retail borrowers with a good credit standing. The Bank also entered into financial guarantee contracts which are commitments in the form of letters of credit that it discloses as off-balance sheet items.

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Financial Risk Management (Continued)

(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 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.

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.

Credit risk measurement

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.

The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to note 30 (A) (a) for more details.

Credit risk grading

The Bank uses the National Bank of Rwanda (BNR) credit risk gradings to reflect its assessment of the probability of default of individual counterparties. The facilities are rated as either performing, watch, substandard, doubtful or loss, based on the number of days overdue. The classification criteria are as follows:

Performing
These are credit facilities which are up to date in payments. Where there are no fixed payments, these are facilities that are operating within their approval limits and are unexpired.

Watch

These are credit facilities where principal or interest is due and unpaid for 30 days to 89 days, or for facilities with no fixed payments, the approval limit has been exceeded by 30 days to 89 days, or the credit line has expired for more than 30 days to 89 days.

Substandard

Bank's exposure.

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Financial Risk Management (Continued)

(A) Credit Risk (Continued)

These are loan balances due for 90 days but less than 180 days. They are also those credit facilities that display well-defined credit weaknesses that jeopardise the liquidation of the debt such as inadequate cash flow to service the debt, undercapitalized or insufficient working capital, absence of adequate financial information or security documentation and irregular payment of principal or interest.

Doubtful

These are loan balances that are more than 180 days but less than 365 days overdue. They are also those credit facilities which, in addition to the weaknesses existing in substandard credits, have deteriorated to the extent that full repayment is unlikely or that realizable security values will be insufficient to cover a credit facility.

Loss

These are loans that are more than 365 days overdue. These are also those credit facilities that are considered uncollectable, or which may have some recovery value, but it is not considered practicable nor desirable to defer write-off.

They are also accounts classified as "Doubtful" with little or no improvement over the period it has been classified as such.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. Once a facility is classified as substandard, the probability of default reaches 100%.

Expected credit loss measurement.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank;
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Please refer to note 30 (A) (a) for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 30 (A) (b) for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 30 (A) (c) for a description of inputs, assumptions and estimation techniques used in measuring the ECL;
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 30 (A) (d) includes an explanation of how the Bank has incorporated this in its ECL models;
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3);

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Financial Risk Management (Continued)

(A) Credit Risk (Continued)

The following diagram summarizes the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	Credit-impaired assets
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below:

(a) Significant Increase in Credit risk (SICR)

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

For the Bank loan assets, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default;
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans.

The assessment of SICR incorporates forward-looking information (refer to note 30 (A) (d) for further information) and is performed on a quarterly basis at each contract level for all loan instruments held by the Bank. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by management.

Backstop

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Financial Risk Management (Continued)

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(A) Credit Risk (Continued)

(b) Definition of Default and credit impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Qualitative criteria:

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

- The borrower is in long-term forbearance;
- The borrower is deceased;
- The borrower is insolvent;
- The borrower is in breach of financial covenant(s);
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- It is becoming probable that the borrower will enter Bankruptcy.

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Bank's expected loss calculations.

(c) Measuring ECL — Explanation of inputs, assumptions, and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The *PD* represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- *EAD* is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- *Loss Given Default (LGD)* represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.
Financial Risk Management (Continued)

(A) Credit Risk (Continued)

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The 12-month and lifetime EADs are determined based on the expected payment profile:

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type:

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed;
- The Loss Given Write off (LGW) has been assumed to be 100% for the unsecured portfolio.

To consider macroeconomic factors, a downside LGD was estimated. This is the LGD that would occur in case there was an economic downturn. This is because during a downturn, recovery cash flows will most likely be less than would be the case under normal circumstances.

For this model, the formula used to estimate the downside LGD is the US Federal Reserve Formula. That is: Downside LGD= (0.92 x LGD) + 0.08

The Bank will continue to capture data on the recovery cash flows experienced during economic downturns and compare this to the recovery cash flows received during normal economic periods. This will enable a more accurate estimate of the downside of LGD.

(d) Forward-looking information incorporated in the ECL models

The preferred approach to determine macroeconomic assumptions is to develop regression models that develop correlations between various macroeconomic indicators and the PDs, LGDs and EADs. In case a Bank cannot come up with a credible economic model, then IFRS 9 allows the Bank to apply management judgment.

The Bank estimates the effect macroeconomic factors would have on the Bank's loan portfolio as follows:

- PD – A macroeconomic overlay was applied to the PD determined for each Point in Time thus adjusting it to reflect forward looking information. The size of the overlay was influenced by the economic scenario. For the applied ECL model, 3 different economic scenarios were applied. These economic scenarios are:

    i. *Base scenario* – This incorporates aggressive assumptions that are expected to result in the most ideal probability of default outcome.
    ii. *Optimistic scenario* - This is incorporating prudent assumptions that are expected to result in a lower probability of default outcome.
    iii. *Pessimistic scenario* - This is incorporating basic assumptions that are expected to result in a higher probability of default outcome.

- *LGD* – A downside LGD estimate was estimated by applying the Fed formula as shown in section 30 (A) (c) Measuring ECL — Explanation of inputs, assumptions, and estimation techniques.
- *EAD* – the EAD used in the model does not consider any forward-looking information in respect of prepayment and refinancing rates but rather assumes a contractual rundown of the facilities. This is due to the characteristics of the Bank's loan assets that provide less and limited data to reasonably estimate those rates;

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Financial Risk Management (Continued)

(A) Credit Risk (Continued)

- *ECL* – Three economic scenarios were run and a probability weighted ECL was then determined by applying weights to each of these scenarios. The weights reflected management's view of the likelihood of each of the 3 economic scenarios occurring.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, Non-performing loans trend, Lending rates, Treasury Bills rates, REPO rates, Consumer Price Index (CPI), Producer Price Index(PPI), Index of Industrial Production (IIP), Currency depreciation, GDP, precious metals prices, etc.… have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Sensitivity Analysis

The most significant assumptions affecting the ECL allowance are as follows:

(i) Collateral haircuts, and
(ii) Time to realization of collaterals

Set out below are the changes to the ECL as at 31 December 2022 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Bank's economic variable assumptions (for example, the impact on ECL of increasing the estimated recovery period by 1 year mainly on commercial and residential properties in each of the base, optimistic and pessimistic scenarios):

The Macroeconomic forecasts used in the computation of the probability of default includes the following:

- Gross domestic Product trend
- Consumer Price Index pattern
- Interest rates movements

ii. Credit Risk Exposure

(a) Maximum exposure to credit risk — Financial assets subject to ECL

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Bank is exposed to credit risk from its operating activities (primarily loans and advances) and from its financing activities, including deposits with Banks and financial institutions, foreign exchange transactions and other financial instruments.
An impairment analysis is performed at each reporting date to measure expected credit losses.
The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as disclosed below.

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Financial Risk Management (Continued)

(A) Credit Risk (Continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below represents the Bank's maximum exposure to credit risk on these assets.

2022	Stage 1	Stage 2	Stage 3	Total
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Normal	209,699,966	-	-	209,699,966
Watch	-	64,960,413	-	64,960,413
Default	-	-	10,224,863	10,224,863
Gross	**209,699,966**	**64,960,413**	**10,224,863**	**284,885,242**
Less:				
ECL allowance	(4,359,431)	(13,424,899)	(5,036,120)	(22,820,450)
Interests in suspense	-	-	(1,900,035)	(1,900,035)
Staff Benefit fair value adjustment	(2,085,969)	-	-	(2,085,969)
Carrying amount	**203,254,566**	**51,535,514**	**3,288,708**	**258,078,788**

2021	Stage 1	Stage 2	Stage 3	Total
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Normal	125,237,890	-	-	125,237,890
Watch	-	63,532,671	-	63,532,671
Default	-	-	10,963,088	10,963,088
Gross	**125,237,890**	**63,532,671**	**10,963,088**	**199,733,649**
Less:				
ECL allowance	(1,879,894)	(6,992,944)	(3,497,712)	(12,370,550)
Interests in suspense	-	-	(1,258,573)	(1,258,573)
Staff Benefit fair value adjustment	(2,839,353)	-	-	(2,839,353)
Carrying amount	**120,518,643**	**56,539,727**	**6,206,803**	**183,265,173**

2020	Stage 1	Stage 2	Stage 3	Total
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Normal	140,674,128	74,057	-	140,748,185
Watch	18,046	25,308,165	52,575	25,378,786
Default	-	-	15,562,230	15,562,230
Gross	**140,692,174**	**25,382,222**	**15,614,806**	**181,689,202**
Less:				
ECL allowance	(4,030,273)	(2,335,077)	(2,170,924)	(8,936,273)
Interests in suspense	-	-	(3,101,665)	(3,101,665)
Staff Benefit fair value adjustment	(2,571,299)	-	-	(2,571,299)
Carrying amount	**134,090,603**	**23,047,145**	**10,342,217**	**167,079,964**

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Financial Risk Management (Continued)

(A) Credit Risk (Continued)

(b) Collateral and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The Bank seeks to use collateral, where possible, to mitigate its risks on financials assets. The most common of these is accepting collateral for granted loans and advances. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank prepares a valuation of the collateral obtained as part of the loan origination process. The fair value is generally assessed at inceptions and is reviewed periodically. To the extent possible, the Bank uses active market data for valuing financial assets. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs.

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Financial Risk Management (Continued)

(A) Credit Risk (Continued)

The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Commitments and letters of undertaking from the Government of Rwanda and other corporations; and
- Local and foreign credit guarantees

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

The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

The loans and advance and related collateral held to mitigate potential losses as at 31 December 2022 are shown below:

2022

	Gross amount	ECL Allowance	Interests in suspense	Staff Fair-value	Carrying Amount	Discounted Fair Value of collaterals
	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Stage 1	209,699,966	(4,359,431)	-	(2,085,969)	203,254,566	172,772,784
Stage 2	64,960,413	(13,424,899)	-	-	51,535,514	37,483,009
Stage 3	10,224,863	(5,036,120)	(1,900,035)	-	3,288,708	16,690,464
	284,885,242	**(22,820,450)**	**(1,900,035)**	**(2,085,969)**	**258,078,788**	**226,946,257**

The discount applied on the collaterals depends on the type of the collateral:

- The range between 0 to 30% applies to residential property.
- The range between 0 to 50% applies to Commercial properties and listed entities.
- The range between 0 to 70% applies to business assets and others.

2021

	Gross amount	ECL Allowance	Interests in suspense	Staff Fair-value	Carrying Amount	Discounted Fair Value of collaterals
	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Stage 1	125,237,890	(1,879,894)	-	(2,839,353)	120,518,643	122,361,798
Stage 2	63,532,671	(6,992,944)	-	-	56,539,727	57,329,245
Stage 3	10,963,088	(3,497,711)	(1,258,573)	-	6,206,804	11,144,894
	199,733,649	**(12,370,549)**	**(1,258,573)**	**(2,839,353)**	**183,265,173**	**190,835,938**

2020

	Gross amount	ECL Allowance	Interests in suspense	Carrying Amount	Discounted Fair Value of collaterals
	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Stage 1	140,692,174	(4,430,273)	-	136,261,901	148,550,933
Stage 2	25,382,222	(2,335,077)	-	23,047,145	26,172,302
Stage 3	15,614,806	(2,170,924)	(3,101,665)	10,342,217	12,767,732
	181,689,202	**(8,936,273)**	**(3,101,665)**	**169,651,263**	**187,490,967**

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Financial Risk Management (Continued)

(A) Credit Risk (Continued)

Below is a reconciliation of the ECL allowance:

2022 **ECL allowance reconciliation**	**Stage I 12 - Month ECL Frw'000**	**Stage II Lifetime ECL Frw'000**	**Stage III Lifetime ECL Frw'000**	**Total Frw'000**
Balance as at 1 January	1,879,894	6,992,945	3,497,711	12,370,550
Stage transfer				
Stage 1 to stage 2	-	302,647	-	302,647
Stage 1 to stage 3	-	-	-	-
Stage 2 to stage 3	-	-	1,664,597	1,664,597
Stage 2 to stage 1	120,909	-	-	120,909
Stage 3 to stage 1	(269)	-	-	(269)
Stage 3 to stage 2	-	(383,913)	-	(383,913)
Allowance on new Loans and advances	407,207	2,813,630	3,926,284	7,147,121
Allowance on off-balance sheet exposures	385	-	-	385
Charge during the Period	473,089	(225,281)	1,568,491	1,816,299
Write off during the Period	-	-	(217,876)	(217,876)
Total charge to P&L	**1,001,321**	**2,507,086**	**6,941,496**	**10,449,900**
Balance as at 31 December	**2,881,215**	**9,500,028**	**10,439,207**	**22,820,450**

2021 **ECL allowance reconciliation**	**Stage I 12 - Month ECL FRW'000**	**Stage II Lifetime ECL FRW'000**	**Stage III Lifetime ECL FRW'000**	**Total FRW'000**
Balance as at 1 January	4,673,680	1,764,370	2,498,224	8,936,274
Stage transfer				
Stage 1 to stage 2	-	2,422,454	-	2,422,454
Stage 1 to stage 3	-	-	79,046	79,046
Stage 2 to stage 3	-	-	123,717	123,717
Stage 2 to stage 1	(20,160)	-	-	(20,160)
Stage 3 to stage 1	(107,360)	-	-	(107,360)
Stage 3 to stage 2	-	(9,053)	-	(9,053)
Allowance on new Loans and advances	213,093	-	269	213,361
Allowance on off-balance sheet exposures	(39,042)	-	-	(39,042)
Charge during the Period	(2,840,316)	2,815,174	(3,903,355)	(3,928,497)
Write off during the Period	-	-	4,699,810	4,699,810
Total charge to P&L	**(2,793,786)**	**5,228,575**	**999,487**	**3,434,276**
Balance as at 31 December	**1,879,894**	**6,992,945**	**3,497,711**	**12,370,549**

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Financial Risk Management (Continued)

(A) Credit Risk (Continued)

Below is a reconciliation of the ECL allowance:

2020 ECL allowance reconciliation	Stage I 12 - Month ECL RWF'000	Stage II Lifetime ECL RWF'000	Stage III Lifetime ECL RWF'000	Total RWF'000
Balance as at 1 January	2,107,515	838,716	1,140,284	4,086,515
Stage transfer				
Stage 1 to stage 2	-	1,051,399	-	1,051,399
Stage 1 to stage 3	-	-	922,864	922,864
Stage 2 to stage 3	-	-	(186,906)	(186,906)
Stage 2 to stage 1	(67)	-	-	(67)
Stage 3 to stage 1	8	-	-	8
Stage 3 to stage 2	-	-	-	-
Allowance on new Loans and advances	323,956	325,948	-	649,904
Allowance on off-balance sheet exposures	220,204	-	-	220,204
Charge during the Period	2,022,064	(451,694)	622,449	2,192,819
Write off during the Period	-	-	(466)	(466)
Total charge to P&L	**2,566,165**	**925,654**	**1,357,940**	**4,449,758**
Balance as at 31 December	**4,673,680**	**1,764,370**	**2,498,224**	**8,936,274**

iii. Loss Allowance

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

- 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;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- 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.
- Impacts on the measurement of ECL due to changes made to models and assumptions.
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Based on Management knowledge of the clients and performance, through a Portfolio Management Committee, it might subjectively downgrade a client instead of waiting for the days in arrears. This helps the Bank to look in a proactive way, clients that might affect the Expected credit losses in the future and act accordingly.

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(B) Credit Risk (Continued)

iv. Write – off Policy

The Bank writes off financial assets, in whole or in part, when 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:

- ceasing enforcement activity; and
- 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 subsequently seek to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

v. Restructuring of financial assets

The Bank sometimes restructures terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximizing recovery. Such restructuring activities include extended payment term arrangements and payment holidays. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after restructuring is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the restructuring is not substantial and so does not result in derecognition of the original asset. The Bank monitors the subsequent performance of restructured assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(A) Credit Risk (Continued)

Concentration of credit risk

The Bank's concentrations of risk are managed by priority sectors which are Agriculture, Export, Energy, Education,

Housing and Infrastructure. The Bank intervenes in key sectors of the economy and its loan portfolio as at 31 December was distributed among different economic sectors as follows:

	2022 (Frw'000)	%	2021 (Frw'000)	%	2020 (Frw'000)	%
Agriculture	24,708,405	9%	10,042,623	11%	10,030,289	6%
Export	85,797,655	30%	64,403,445	25%	59,989,780	33%
Energy	29,622,179	10%	29,407,797	13%	24,623,996	14%
Education	5,873,504	2%	7,083,126	5%	6,539,746	4%
Housing	14,478,762	5%	10,725,553	4%	5,239,863	3%
SP & Infrastructure	124,404,737	44%	78,071,105	41%	75,265,527	41%
Gross loans	**284,885,242**	**100%**	**199,733,649**	**100%**	**181,689,201**	**100%**

(B) Liquidity Risk

The Bank is set up as a Development Bank and the main objective is to obtain funds to lend to priority sectors in the economy. Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stressful circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms. To limit this risk, management has arranged for diversified funding sources mainly from Development Financial Institutions and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity daily.
The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

In accordance with the Bank's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. Net liquid assets consist of cash, short–term Bank deposits and liquid debt securities available for immediate sale, less deposit for Banks and other issued securities and borrowings due to mature within the next month.

During the year 2022, the Bank received a capital injection from government of Rwanda through AGACIRO DEVELOPMENET FUND amounting to Frw 3.49Bln which is part of the strategy of the Shareholder to capitalize the bank in the 7 years plan.

The bank therefore has a strong liquidity position which will assist in mitigating any market volatility.

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(B) Liquidity Risk (Continue)

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 31 December 2022:

	Matured	Up to 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	5 - 7 Years	Over 7 Years	Total
Financial Assets	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Balances with Banks	144,583,117	17,669,968	-	-	-	-	-	162,253,085
Loans and advances	655,083	12,010,315	14,334,361	142,549,086	76,002,629	67,573,713	180,212,861	493,338,048
Equity investments	-	-	-	-	-	-	30,597,084	30,597,084
Other assets receivable	-	3,855,270	-	-	-	-	-	3,855,270
Total undiscounted financial assets (A)	**145,238,200**	**33,535,553**	**14,334,361**	**142,549,086**	**76,002,629**	**67,573,713**	210,809,945	690,043,487
Financial Liabilities								
Borrowings	-	37,004,986	16,661,156	62,149,341	90,105,896	42,144,949	112,669,843	360,736,171
Dividend payable	11,019	-	-	-	-	-	-	11,019
Other payables	-	2,734,927	14,529,182	-	-	-	-	17,264,109
Total undiscounted financial Liabilities (B)	**11,019**	**39,739,913**	**31,190,338**	**62,149,341**	**90,105,896**	**42,144,949**	**112,669,843**	**378,011,299**
Net Liquidity Surplus/(Gap) (A-B)	**145,227,181**	**(6,204,360)**	**(16,855,977)**	**80,399,745**	**(14,103,267)**	**25,428,764**	98,140,102	312,032,188

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(B) Liquidity Risk (Continue)

The table below summarizes the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 31 December 2021:

	Matured	Up to 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	5 - 7 Years	Over 7 Years
Financial Assets	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**
Balances with Banks	75,049,115	-	-	-	-	-	-
Loans and advances	6,616,530	21,350,360	16,362,906	103,788,251	52,020,157	47,164,832	69,370,908
Equity investments	-	-	-	-	-	-	31,892,905
Other assets receivable	-	791,523	5,052,910	-	-	-	-
Total undiscounted financial assets (A)	**81,665,645**	**22,141,883**	**21,415,816**	**103,788,251**	**52,020,157**	**47,164,832**	**101,263,813**
Financial Liabilities							
Borrowings	-	24,121,639	10,860,547	73,443,652	40,511,946	27,472,116	58,735,380
Dividend payable	11,017	-	-	-	-	-	-
Other payables	-	3,035,248	18,669,023	-	-	-	-
Total undiscounted financial Liabilities (B)	**11,017**	**27,156,887**	**29,529,570**	**73,443,652**	**40,511,946**	**27,472,116**	**58,735,380**
Net Liquidity Surplus/(Gap) (A-B)	**81,654,628**	**(5,015,004)**	**(8,113,754)**	**30,344,599**	**11,508,211**	**19,692,716**	**42,528,433**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(B) Liquidity Risk (Continued)

The table below summarizes the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 31 December 2020:

	Matured	Up to 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	5 - 7 Years	Over 7 Years	Total
Financial Assets	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**
Balances with Banks	61,814,278	-	-	-	-	-	-	61,814,278
Loans and advances	105,960,100	18,704,723	15,768,698	55,739,642	42,654,206	40,950,464	67,244,516	347,022,348
Equity investments	-	-	-	-	-	-	27,573,365	27,573,365
Other assets receivable	-	2,900,470	-	-	-	-	-	2,900,470
Total undiscounted financial assets (A)	**167,774,378**	**21,605,193**	**15,768,698**	**55,739,642**	**42,654,206**	**40,950,464**	**94,817,881**	**439,310,461**
Financial Liabilities								
Borrowings	-	23,600,761	12,369,659	58,641,521	45,930,529	28,567,469	51,752,779	220,862,718
Special funds	-	-	-	-	-	-	8,655,277	8,655,277
Other payables	-	3,215,438	6,259,881	-	-	-	-	9,475,319
Total undiscounted financial Liabilities (B)	**-**	**26,816,199**	**18,629,540**	**58,641,521**	**45,930,529**	**28,567,469**	**60,408,056**	**238,993,314**
Net Liquidity Surplus/(Gap) (A-B)	**167,774,378**	**(5,211,006)**	**(2,86,842)**	**(2,901,879)**	**(3,276,323)**	**12,382,995**	**34,409,825**	**200,317,145**

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk

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

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.
Interest margins may increase or decrease as a result of such changes in the event of upward or downward shift in interest rate structure.
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Bank manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The following tables on the next pages summarize the Bank's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates as at 31 December:

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk (Continued)

The table below summarizes the interest rate risk of the Bank as at 31 December 2022:

	Effective interest rate	Carrying Amount	Up to 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	5 - 7 Years	Over 7 Years	Non-interest bearing/others*
Financial Assets		**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**
Cash and Balances with National Bank of Rwanda		1,046,950	-	-	-	-	-	-	1,046,950
Amount due from other Banks*	8%	161,206,135	161,206,135	-	-	-	-	-	-
Loans and advances	16.5%	284,885,242	11,313,117	7,446,072	6,871,546	36,311,753	8,691,098	214,251,656	-
Investment in Equity and Associates		30,597,084	-	-	-	-	-	30,597,084	30,597,084
Other Assets		3,855,270	-	-	-	-	-	-	3,855,270
Total Financial Assets		**481,590,681**	**172,519,252**	**7,446,072**	**6,871,546**	**36,311,753**	**8,691,098**	**244,848,740**	**35,499,304**
Financial Liabilities									
Borrowings	12%	335,738,623	3,545,279	2,760,656	10,705,685	52,817,660	28,069,544	237,839,799	19,232,116
Special funds		9,776,960	-	-	-	-	-	9,776,960	9,776,960
Other Liabilities		17,275,128	17,275,128	-	-	-	-	-	17,275,128
Total Financial Liabilities		**362,790,711**	**20,820,407**	**2,760,656**	**10,705,685**	**52,817,660**	**28,069,544**	**247,616,759**	**46,284,204**
Interest sensitivity Gap at 31 December 2022		**118,799,970**	**151,698,845**	**4,685,416**	**(3,834,139)**	**(16,505,907)**	**(19,378,446)**	**(2,768,019)**	**(10,784,900)**

*Amounts due from Banks includes interest-rewarding current accounts and so remain current accounts with no predetermined maturities.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk (Continued)

The table below summarizes the interest rate risk of the Bank as at 31 December 2021:

	Effective interest rate	Carrying Amount	Up to 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	5 - 7 Years	Over 7 Years	Non-interest bearing/others*
Financial Assets		**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**
Cash and Balances with National Bank of Rwanda		898,579	-	-	-	-	-	-	898,579
Amount due from other Banks*	8%	74,035,050	74,035,050	-	-	-	-	-	-
Loans and advances	16.2%	199,733,649	4,717,715	2,052,817	28,059,460	18,566,986	21,818,542	124,191,157	326,973
Investment in Equity and Associates		31,892,905	-	-	-	-	-	31,892,905	31,892,905
Other Assets		5,844,433	-	-	-	-	-	-	5,844,433
Total Financial Assets		**312,404,616**	**78,752,765**	**2,052,817**	**28,059,460**	**18,566,986**	**21,818,542**	**156,084,062**	**38,962,890**
Financial Liabilities									
Borrowings	11.3%	188,222,556	16,868,723	9,059,623	32,273,032	27,396,614	34,206,340	51,012,737	17,405,487
Special funds		11,236,258	-	-	-	-	-	-	11,236,258
Other Liabilities		21,544,138	21,544,138	-	-	-	-	-	21,544,138
Total Financial Liabilities		**221,002,952**	**38,412,861**	**9,059,623**	**32,273,032**	**27,396,614**	**34,206,340**	**62,248,995**	**50,185,883**
Interest sensitivity Gap at 31 December 2021		**91,401,664**	**40,339,904**	**(7,006,806)**	**(4,213,572)**	**(8,829,628)**	**(12,387,798)**	**93,835,067**	**(11,222,993)**

* Amounts due from Banks include interest-rewarding current accounts and so remain current accounts with no predetermined maturities.
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.

I. Sensitivity Analysis

At 31 December 2022, if the interest rate had decreased/increased by 100 basis points with all other variables held constant, pre-tax profit/loss for the year would have been Frw 429.204 million (2021: Frw 512.041 million) higher/lower, mainly as a result of the borrowings held at variable interest rates.

DEVELOPMENT BANK OF RWANDA PLC
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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk (Continued)

The table below summarizes the interest rate risk of the Bank as at 31 December 2020:

	Carrying Amount	Up to 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	5 - 7 Years	Over 7 Years	Non-interest bearing/others*
Financial Assets	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**	**Frw '000**
Cash and Balances with National Bank of Rwanda	2,042,767	-	-	-	-	-	-	2,042,767
Amount due from other Banks*	59,771,511	49,771,511	10,000,000	-	-	-	-	-
Loans and advances	170,051,263	51,437	11,142,200	9,116,653	12,002,720	14,837,454	122,742,095	158,705
Investment in Equity and Associates	27,573,366	-	-	-	-	-	27,573,366	27,573,366
Other Assets	6,102,301	6,102,301	-	-	-	-	-	6,102,301
Total Financial Assets	**265,541,208**	**55,925,249**	**21,142,200**	**9,116,653**	**12,002,720**	**14,837,454**	**150,315,461**	**35,877,139**
Financial Liabilities								
Borrowings	180,839,740	18,531,001	12,366,419	43,892,360	32,305,240	19,199,632	43,227,811	11,317,278
Special funds	8,655,277	-	-	-	-	-	8,655,277	8,655,277
Other Liabilities	9,450,095	9,450,095	-	-	-	-	-	9,450,095
Total Financial Liabilities	**198,945,112**	**27,981,096**	**12,366,419**	**43,892,360**	**32,305,240**	**19,199,632**	**51,883,088**	**29,422,650**
Interest sensitivity Gap at 31 December 2020	**66,596,096**	**27,944,153**	**8,775,781**	**(34,775,707)**	**(20,302,520)**	**(4,362,178)**	**98,432,373**	**6,454,489**

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk (Continued)

ii. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank does not actively engage in dealing and trading operations in currencies and so the Bank's exposure to currency risk mainly involves the risk on the currency swap, foreign exchange losses or gains arising on the retranslation of monetary assets, liabilities and off-balance sheet items denominated in foreign currency.
The table below summarizes the Bank's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Bank's financial instruments, categorized by currency:

As at 31 December 2022

	USD	EUR	GBP	TOTAL
Financial Assets	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**
Balances with Banks	49,089,044	340,104	2,661	49,431,809
Derivative	36,067,475	-	-	36,067,475
Loans and Advances	21,902,278	-	-	21,902,278
Other Assets	50,232	-	-	50,232
Total Financial Assets (A)	**107,109,029**	**340,104**	**2,661**	**107,451,794**
Financial Liabilities				
Borrowings	91,715,114	-	-	91,715,114
Special funds	535,866	256,542	-	792,408
Other payables	536,678	491,311	-	1,027,989
Total Financial Liabilities (B)	**92,787,658**	**747,853**	**-**	**93,535,511**
Net On -Balance sheet Position (A-B)	**14,321,371**	**(407,749)**	**2,661**	**13,916,283**

As at 31 December 2021

	USD	EUR	GBP	TOTAL
Financial Assets	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**
Balances with Banks	24,319,120	133,020	13,179	24,465,319
Derivative	13,683,939	-	-	13,683,939
Loans and Advances	19,349,099	-	-	19,349,099
Other Assets	47,366	-	-	47,366
Total Financial Assets (A)	**57,399,524**	**133,020**	**13,179**	**57,545,723**
Financial Liabilities				
Borrowings	91,268,612	-	-	91,268,612
Special funds	504,809	-	-	504,809
Other payables	-	9,949,179	-	9,949,179
Total Financial Liabilities (B)	**91,773,421**	**9,949,179**	**-**	**101,722,600**
Net On -Balance sheet Position (A-B)	**(34,373,897)**	**(9,816,159)**	**13,179**	**(44,176,877)**

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk (Continued)

As at 31 December 2020

	USD	EUR	GBP	TOTAL
Financial Assets	**Frw' 000**	**Frw' 000**	**Frw' 000**	**Frw' 000**
Balances with Banks	15,520,646	6,356,542	12,845	21,890,033
Derivative	14,182,675	-	-	14,182,675
Loans and Advances	27,127,599	-	-	27,127,599
Other Assets	2,229,286	-	-	2,229,286
Total Financial Assets (A)	**59,060,206**	**6,356,542**	**12,845**	**65,429,593**
Financial Liabilities				
Borrowings	98,339,679	-	-	98,339,679
Special funds	486,700	-	-	486,700
Other payables	-	5,976,829	-	-
Total Financial Liabilities (B)	**98,826,379**	**5,976,829**	**-**	**98,826,379**
Net On -Balance sheet Position (A-B)	**(39,766,173)**	**379,713**	**12,845**	**(33,396,786)**

Foreign Currency Swaps

The Bank enters into foreign currency swaps with other financial institutions for risk management purposes. This strategy stems from the fact that the Bank, mainly, raises funding in foreign currency while the lending, in large sums, is made in the local currency (Frw).

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index. In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency.

Currency swaps – initial amounts are recorded off – balance sheet at initial exchange of cash flows. These contracts are subsequently measured at fair value observing contractual fixed interest rates applicable on periodical exchanges of cash flows and the central Bank's ruling middle rate. The movements recorded in the year are reported in Note 19.

Sensitivity Analysis

At 31 December, if the Rwandese Franc had weakened/strengthened by (-)/+ 10% against the following foreign currencies, with all other variables held constant, the effect on pre-tax profit/loss would have been as follows

Currency	**% Change in rate**	**Effect on Pre-tax profit 2022**	**% Change in rate**	**Effect on Pre-tax profit 2021**	**% Change in rate**	**Effect on Pre-tax profit 2020**
		Frw' 000		**Frw' 000**		**Frw' 000**
USD	(-)/+10%	(-)/+1,432,137	(-)/+10%	(-)/+3,442,126	(-)/+10%	(-)/+3,976,617
EUR	(-)/+10%	(-)407,749	(-)/+10%	(-)/+981,616	(-)/+10%	(-)/+635,654
GBP	(-)/+10%	(-)/+2,661	(-)/+10%	(-)/+1,318	(-)/+10%	(-)/+1,285

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NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk (Continued)

iii. Equity price risk

The Bank is exposed to equity price risk as a result of its investment in the shares of Bank of Kigali (BoK) Limited and shares in MTN Rwanda Cell listed at the Rwanda Stock Exchange (RSE). At 31 December, a 10% movement in RSE share price index would have led to a decrease/increase in other comprehensive income (OCI)/Equity as follows:

Equity	% Change in RSE stock index	Effect on OCI/Equity 2022	% Change in RSE stock index	Effect on OCI/Equity 2021	% Change in RSE stock index	Effect on OCI/Equity 2020
		Frw' 000		Frw' 000		Frw' 000
BoK	(-)/+ 10%	(-)/+109,034	(-)/+ 10%	(-)/+100,585	(-)/+ 10%	(-)/+50,293
MTN Rwandacell	(-)/+ 10%	(-)/+472,798	(-)/+ 10%	(-)/+486,306	(-)/+ 10%	(-)/+283,679

The below are the BNR average exchange rates for the mid-year period and year end:

Currencies	30 June 2022	31 December 2022
USD	1,024.482406	1,070.712397
EURO	1,071.045131	1,142.450128
GBP	1,242.748383	1,290.636723

Currencies	30 June 2021	31 December 2021
USD	987.139896	1009.61772
EURO	1,174.745833	1,142.887329
GBP	1,367.188756	1,362.933525

Currencies	30 June 2020	31 December 2020
USD	937.077161	972.475036
EURO	1,053.14	1,195.366314
GBP	1,152.66	1,323.976138

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk (Continued)

Fair Value Measurement

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

As at 31 December 2022	Level 1	Level 2	Level 3	Total
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Investment properties	-	-	271,015	271,015
Investments in Equity and Associates	5,818,317	-	24,778,767	30,597,084
Derivative financial instrument through P&L	2,755,040	-	-	2,755,040
Total Financial Assets	**8,573,357**		**25,049,782**	**33,623,139**

As at 31 December 2021	Level 1	Level 2	Level 3	Total
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Investment properties	-	-	21,015	21,015
Investments in Equity and Associates	5,868,908	-	26,023,997	31,892,905
Derivative financial instrument through P&L	1,999,828	-	-	1,999,828
Total Financial Assets	**7,868,736**	**-**	**26,045,012**	**33,913,748**

As at 31 December 2020	Level 1	Level 2	Level 3	Total
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Investment properties	-	-	21,015	21,015
Investments in Equity and Associates	2,963,727	-	24,609,639	27,573,366
Derivative financial instrument through P&L	2,095,814	-	-	2,095,814
Total Financial Assets	**5,059,541**	**-**	**24,630,654**	**29,690,195**

Reconciliation of Level 3 Items:

Equity Investments	2022	2021	2020
	Frw' 000	Frw' 000	Frw' 000
At 1 January	31,892,905	27,573,079	29,376,164
Equity investment disposed-off (Kigali City Park Ltd)	(788,913)	-	-
Investments exited (Note 18(b))	-	-	-
Fair value gain/(Loss) & share of loss of Equity & Associates (Note 18(a) and (b))	(506,908)	4,319,825	(1,803,088)
At 31 December	**30,597,084**	**31,892,904**	**27,573,079**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk (Continued)

Quantitative analysis of significant unobservable inputs

Interest rate/equity price volatility:

Volatility measures the expected future variability of a market price. It is generally quoted as a percentage; a higher number represents a more volatile instrument, for which larger swings in price (or interest rate) are expected. Volatility varies per instrument and in time and therefore, it is not viable to make reliable and meaningful general statements about volatility levels.

Discount margin/spreads:

Discount margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spreads are added to the benchmark rate when discounting the future expected cash flows. Hence, these spreads reduce the net present value of an asset or increase the value of a liability. They generally reflect the premium an investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the uncertainty of the cash flows caused by the credit quality of the asset. They can be implied from market prices and are usually unobservable for illiquid or complex instruments.

Equity dividend yields:

Equity dividend yields represent the expected future dividends and are usually expressed in annualised percentage terms. They are usually unobservable for less liquid instruments with little historical data.

The table below shows the classification of Equity investments measured at fair value and cost. Valuation hierarchy set out below.

Valuation hierarchy 31 December 2022

	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying amount
	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Equity investment FVOCI					
Listed	5,818,316	-	-	5,818,316	5,818,316
Unlisted	-	-	13,509,835	13,509,835	13,509,835
Investments in Associates					
Listed	-	-	-	-	-
Unlisted	-	-	11,268,933	11,268,933	11,268,933
Total Financial assets	**5,818,316**	**-**	**24,778,768**	**30,597,084**	**330,597,084**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(C) Market Risk (Continued)

Valuation hierarchy 31 December 2021

	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying amount
	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Equity investment FVOCI					
Listed	5,868,908	-	-	5,868,908	5,868,908
Unlisted	-	-	14,576,594	14,576,594	14,576,594
Investments in Associates					
Listed	-	-	-	-	-
Unlisted	-	-	11,447,402	11,447,402	11,447,402
Total Financial assets	**5,868,908**	**-**	**26,023,996**	**31,892,904**	**31,892,904**

Valuation hierarchy 31 December 2020

	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying amount
	Frw' 000	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Equity investment FVOCI					
Listed	2,963,727	-	-	2,963,727	2,963,727
Unlisted	-	-	13,969,008	13,969,008	13,969,008
Investments in Associates					
Listed	-	-	-	-	-
Unlisted	-	-	10,640,343	10,640,343	10,640,343
Total Financial assets	**2,963,727**	**-**	**24,609,351**	**27,573,078**	**27,573,078**

Valuation of unquoted basis

The Bank has investments in unquoted shares including associates that have been designated at fair value. The Bank uses the adjusted net assets methodology for valuation. The methodology involves deriving the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities (recognised and unrecognised). The resulting fair values of the recognised and unrecognised assets and liabilities should therefore represent the fair value of the investee's equity.

The Bank's management is of the view that this is the most appropriate methodology as the value is mainly derived from the holding of assets to enable the Government of Rwanda development agenda rather than from deploying those assets as part of a broader business.

The Bank's management also performs comparative valuation checks using the market valuation methodologies to assess the reasonableness of values determined using the adjusted net asset methodology.

(F) Capital Management

The Bank maintains an actively managed capital base to cover risks inherent in the business and in order to meet mainly the following objectives:

- To comply with the capital requirements set under the Central Bank's Regulation.
- 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; and
    - To maintain a strong capital base to support the development of its business.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Financial Risk Management (Continued)

(F) Capital Management (Continued)

The Bank's regulator National Bank of Rwanda (BNR) sets and monitors capital requirements for the Bank as a whole and has complied in full with all its imposed capital requirements over the reported period.

In implementing current capital requirements, BNR requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

Tier 1 capital consists of shareholders' equity comprising paid up share capital (issued and fully paid-up common share and irredeemable, non-cumulative preference shares), share premium, prior year retained profits, net current after tax profit to date (only 50%), general reserves less goodwill and other intangible assets, current years losses (if any), investments in unconsolidated financial subsidiaries, prohibited loans to insiders and deficiencies in provisions for losses. Tier 2 capital includes the Bank's recognized revaluation reserve on fixed assets, and the subordinated debt not to exceed 50% of the Bank's core capital subjected to discount factors. Tier 2 capital is limited to 100% of Tier 1 capital.

The table below summarizes the composition of the regulatory capital. The Bank is supposed to comply, at all times, with a regulatory floor of 12.5% (Tier 1 Capital ratio) and 15% (Total Capital ratio):

Equity Investments	**2022 Frw' 000**	**2021 Frw' 000**	**2020 Frw' 000**
Core Capital (Tier 1)			
Share capital	68,882,936	65,392,018	55,607,470
Share premium	11,665,569	11,665,569	11,665,569
Prior year retained profits/(losses)	(7,267,971)	(10,934,510)	(15,032,742)
Other reserves	8,628,728	9,632,292	6,119,523
Intangible assets	(202,268)	(445,751)	(632,757)
Current year profit/Loss	2,690,249	1,495,706	2,049,116
Other permitted adjustments	-	-	1,311,088
Core Capital	**84,397,243**	**76,805,324**	**61,087,267**
Supplementary Capital (Tier 2)			
Revaluation reserve	2,774,144	2,727,244	2,727,937
Quasi capital - Supplementary equity capital < or = 100% of core capital	11,510,322	11,510,322	11,510,322
Other permitted adjustments	3,565,601	2,286,026	1,548,556
	17,850,067	**16,523,592**	**15,786,815**

G) Capital Management

Equity Investments	**2022 Frw' 000**	**2021 Frw' 000**	**2020 Frw' 000**
Total Capital (A)	**102,247,310**	**93,328,916**	**77,636,481**
Credit Risk Weighted assets	275,159,680	255,520,916	215,005,753
Operational Risk weighted assets	39,149,298	32,766,182	31,148,167
Market risk weighted assets	36,635,800	49,876,177	75,469,039
Total Risk Weighted assets (B)	350,944,778	338,163,099	321,622,959
Capital Adequacy: Tier 1 Capital Ratio	**24.05%**	**22.71%**	**18.99%**
Capital Adequacy: Total Capital Ratio	**29.14%**	**27.60%**	**23.90%**

The regulator, through implementation of BASEL II/III, issued a new law addressing capital requirements in 2019. The key change was the addition of both market and operational risks in the total risk weighted assets of the Bank

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

32. Commitments and contingencies

Off balance sheet items and contingencies

The Bank conducts business involving lending, performance bonds and indemnities. The following are the commitments and contingencies outstanding as at year-end.

	Note	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Letters of credit	(a)	9,530,935	246,298	403,914
Un-disbursed loan commitments	(b)	43,729,473	54,185,721	67,165,781
		53,260,408	**54,432,019**	**67,569,695**

(a) Letters of credit

Letters of credit commit the Bank to make payments to suppliers of equipment to approved projects, on presentation of shipping documents. The commitments are backed by cash collateral from the clients or funding projects.

(b) Un-disbursed loan commitments

Commitments to lend are agreements to lend to a customer in future subject to fulfill certain conditions precedents. Such commitments are normally made for a fixed period.

(c) Litigations

The Bank is a litigant in several cases which arise from normal day-to-day Banking activities. The Directors and management believe the Bank has strong grounds for success and are confident that they should get rulings in their favor in matters before court. In cases where the Bank may not be successful, Directors and management are confident that such cases would not significantly impact on the Bank's operations either individually or in aggregate. Management has also carried out an assessment of all the cases outstanding as at 31 December 2022 and did not find any that warranted a provision. This position is supported by independent professional legal advice.

33. Related parties

The ultimate controlling party of the group is the Government of Rwanda, which owns 51% of the Bank's shares. 45% of the remaining shares are held by various government agencies and the rest of the shares are held widely. There are other companies which are related to the Group through common shareholdings or common Directorships.

Several banking and other transactions are entered into with related parties in the normal course of business. These include operation of current accounts, placement of deposits, foreign currency transactions and loans to Directors and other key management personnel of the Bank. Related-party transactions during the year, outstanding balances at the year-end, and relating expense and income recognized during the year are as follows:

(a) Loans and advances to related parties.

	Note	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Loans and advances to senior managers	(a)	632,584	540,288	150,400
Loans and advances to companies owned by BRD shareholders	(b)	54,455,478	46,041,888	51,299,261
		55,088,062	**46,582,176**	**51,449,661**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Related parties (Continued)

The below is the list of Entities owned fully or partly by the BRD's main shareholder being Government of Rwanda with their outstanding loan exposure to BRD:

Related Party Name	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
BELLA FLOWERS LTD	2,183,146	3,002,985	3,665,970
AVIATION TRAVEL AND LOGISTICS H LTD	10,000,000	-	-
EASTERN PROVINCE INVESTMENT CORP SA	6,317,839	6,726,452	5,792,000
KIVU MARINA BAY LTD	15,534,603	15,659,683	13,308,981
KINAZI CASSAVA PLANT	44,820	49,262	-
NTARE SCHOOL LTD	3,802,468	3,699,340	2,700,000
RWANDA MILITARY HOSPITAL	783,860	1,146,153	1,482,040
AFRIPRECAST	15,788,741	15,807,275	13,164,273
BUGESERA AIRPORT COMPANY	-	-	9,724,749
KARONGI DISTRICT	-	-	250,000
NGORORERO DISTRICT	-	-	229,000
RUBAVU DISTRICT	-	-	250,000
RUSIZI DISTRICT	-	-	2,105
RWANDA MANAGEMENT INSTITUTE	-	-	16,207
EAST AFRICAN EXCHANGE LIMITED	-	-	637,869
Total	**54,455,477**	**46,091,150**	**51,223,194**

Loans and advances to senior managers were issued at interest rates ranging between 0% and 5% and are repaid as stipulated in the HR manual were all performing as at 31 December 2022 and as at 31 December 2021. The repayment is done through set off of salaries on a monthly basis. In line with IFRS 9, a provision of Frw 6,253,774 was made against the loans to senior managers during the year ended 31 December 2022.

Loans and advances to companies owned by BRD shareholders were issued at normal rates of the Bank applicable to other non-related clients. These loans were all performing as at 31 December 2022 and as at 31 December 2021 and hence no provision was required, however, these are subjected to impairment assessment as other loans to non-related clients. In line with IFRS 9, a provision of Frw 2,817,678,442 (2021: Frw 1,797,080,000) was made against the Loans and advances to companies owned by BRD shareholders during the year ended 31 December 2022.

The above-mentioned loan was granted to Kinazi Cassava Plant with the aim of growing further its business activities.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Related parties (Continued)

(b) Outstanding balances due from related parties

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Amounts due from Business Development Fund Ltd	321,131	-	184,741
Amounts due from Kinazi Cassava Plant Limited	32,626	32,626	32,629
Amount Rwanda Housing Finance Project	-	-	48,832
Amounts due from Education	106,693	664,666	170,483
Amounts due from Rugarama Park Estates	71,790	68,924	67,151
Interest receivable on Redeemable preference Shares	626,682	626,682	-
Receivable from Agaciro Development Fund	-	1,566	50,066
Receivable from PSPE	9,770	6,820	2,540
Rwanda Housing Finance Project	33,703	46,922	-
Receivable from TASCO	24,795	24,795	-
Receivable from SEIRHCP	26,362	7,956	-
Receivable from Renewable Energy fund	-	28,609	-
Receivable From AFIRR	104,448	10,189	-
Receivables From RDAP	1,265	-	-
Receivables From CDAT	2,834	-	-
Receivables From EAQIP - Clean Cooking	8,302	-	-
Receivable From MINECOFIN	522,661	-	-
Receivables From RGIF	12,510	-	-
Receivables From UEDi	14,510	-	-
	1,944,086	**1,519,755**	**556,442**

(c) Outstanding balances due to related parties

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Business Development Fund	97,548	-	272,975
Rwanda Housing Finance Project-Subsidy	7,365,014	5,867,929	-
REF-Window 5 Subsidy	2,975,214	769,986	-
EAQIP Clean Cooking Subsidy	141,211	-	-
EGF-KFW	71,661	-	-
Cana Challenge	107,317	-	-
	10,757,965	**6,637,915**	**272,975**

The outstanding balances with KINAZI Cassava Plant Ltd arise mainly from amounts advanced to the entity. The outstanding balances with Rugarama Park Estates relate mainly to operational expenses of Rugarama Park met by BRD. The outstanding balances of BRD education relate to Management fees, operating expenses, and salaries of Education Fund staff receivable from the Ministry of Education as per the Memorandum of understanding. The receivables are un-secured in nature and bear no interest and are short term.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

There were no commitments with related parties as at year end.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

Related parties (Continued)

(d) Key management compensation and Directors' remuneration

	2022 Frw' 000	2021 Frw' 000	2020 Frw' 000
Salaries and other employee benefits	814,413	739,688	736,053
Contributions to retirement schemes	41,396	30,223	31,052
Directors' remuneration	158,716	115,217	104,936
Fees and other expenses	-	-	15,154
	1,041,525	**885,128**	**887,195**

34. Post period end events

If the Bank receives information after the reporting period but prior to the date of authorization for issue, all conditions that existed at the end of the reporting period, the Bank will assess if the information affects the amount that it recognizes in the financial statements. The Bank will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of new information. For non-adjusting events after the reporting period, the Bank will not change the amounts recognized in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

There are no events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.

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Independent Auditor's Report on Review of Condensed Interim Financial Statements

The Directors

Development Bank of Rwanda,

P.O Box 1341

KN 3 Ave, Boulevard de la Révolution,

Kigali, Rwanda.

Introduction

We have reviewed the accompanying condensed statement of financial position of Development Bank of Rwanda (the "Bank") as at 30 June 2023, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial statements ("the condensed interim financial statements"), set out on pages 110 to 128.

The Directors are responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' and Regulation No. 28/2019 On Publication by Banks of Financial Statements and Other Disclosures.

Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Practitioner's responsibilities

Our responsibility is to express a conclusion on the accompanying condensed interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of condensed financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *'Review of interim financial information performed by the independent auditor of the entity'*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the six months ended 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* and Regulation 28/2019 on Publication by banks of financial statements and other disclosures.

The engagement partner responsible for the review resulting in this independent auditor's report is CPA Wilson Kaindi (PC/CPA/0642/0123).

....

CPA Wilson Kaindi (PC/CPA/0642/0123)

For and on behalf of:

KPMG Rwanda Limited

Certified Public Accountants

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Date: 20 Sept 2023

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	30-Jun-23	30-Jun-22
		Frw' 000	Frw' 000
Interest income	4	20,705,162	13,879,190
Interest expense	5	(9,330,960)	(5,451,485)
Net interest income		**11,374,202**	**8,427,705**
Fee and commission income	6	658,685	393,167
Fee and commission expense	6	(222,463)	(30,235)
Net fee and commission income		**436,222**	**362,932**
Net foreign exchange	7	(602,918)	(73,521)
Other operating income	8	868,066	396,122
Total operating income		**12,075,572**	**9,113,238**
Net Impairment losses on financial instruments	9 (a)	(5,622,806)	(1,089,357)
Expected credit losses on other assets and bank balances	9 (b)	(198,555)	(52,724)
Gains (Loss) on derivative instruments at fair value through profit or loss	10	2,685,702	(239,658)
Operating income after impairment charges		**8,939,913**	**7,731,499**
Employee benefits expense	11	(3,648,680)	(2,473,559)
Depreciation and amortization	12	(526,493)	(501,541)
Other operating expenses	13	(1,793,422)	(1,295,499)
Net gains (loss) on modification of financial liabilities	9	1,558,226	186,667
Profit for the period		**4,529,544**	**3,647,567**
Other comprehensive income			
Items that may never be reclassified to profit or loss			
Fair value (loss) gains on equity investments at FVOCI	14	50,498	(229,554)
Total comprehensive income for the period		**4,580,042**	**3,418,013**

The notes set out on pages 113 to 128 form an integral part of these condensed interim financial statements

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME (CONTINUED)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSTION FOR THE PERIOD ENDED 30 JUNE 2023

	Note	30 June 2023	31 December 2022
		Frw' 000	Frw' 000
ASSETS			
Cash and balances with the National Bank of Rwanda	15	501,141	1,046,950
Amounts due from other Banks	16	135,423,228	161,206,135
Loans and advances	17	346,717,510	258,078,788
Investments at amortised cost	18	5,710,651	6,025,328
Investment in associates	19	11,289,226	11,268,933
Equity investments at fair value through OCI	20	19,378,649	19,328,151
Derivative financial instruments	21	5,608,805	2,755,040
Other assets	22	5,995,299	3,854,545
Non-current assets held for sale	23	250,000	271,015
Intangible assets	24	248,207	202,269
Property and equipment	25	12,863,103	14,411,823
TOTAL ASSETS		**543,985,819**	**478,448,977**
LIABILITIES			
Other payable	26	24,649,727	17,264,109
Dividends payable	26 (ii)	11,019	11,019
Borrowed funds	27	323,642,967	271,332,407
Special funds	28	8,921,853	11,006,460
Grants	29	70,189,402	68,938,325
TOTAL LIABILITIES		**427,414,968**	**368,552,320**
EQUITY			
Share capital	30	70,977,088	68,882,936
Share premium	31	11,665,569	11,665,569
Other reserves	32	29,965,434	29,914,936
Accumulated profits (losses)		3,962,760	(566,784)
TOTAL EQUITY		**116,570,851**	**109,896,657**
TOTAL EQUITY AND LIABILITIES		**543,985,819**	**478,448,977**

The notes set out on pages 113 to 128 form an integral part of these condensed interim financial statements

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME (CONTINUED)

CONDENSED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 JUNE 2023

	Notes	2023	2022
		Frw' 000	Frw' 000
Cash flows from operating activities			
Profit before income tax		4,529,544	5,380,499
Adjustment for:			
Depreciation on property and equipment	25	415,072	798,988
Amortisation of intangible assets	24	(45,938)	246,622
Gain on disposal of equity		163,016	(560,396)
Remeasurement gain/(loss) of investment in associates		(38,029)	178,470
Expected credit losses on other assets and bank balances		198,555	-
Net foreign exchange losses		602,918	
Net Fair Value change – on Derivative Instrument	21	(2,685,703)	(361,025)
Interest accrued on borrowings	27	2,117,752	3,545,279
Cash flows before changes in operating accounts		**5,257,187**	**9,228,437**
Increase in Loans and advances	17	(89,739,355)	(74,813,615)
Increase in Other assets	22	(1,040,122)	1,358,442
Increase in Other payables	26	7,385,619	(4,607,086)
Change in equity investments fair values			-
Changes in derivative financial instruments		(2,853,765)	(394,188)
Net cash generated from operating activities		**(80,990,434)**	**(69,228,010)**
Cash flows from investing activities			
Purchase of property and equipment	25	(215,661)	(1,781,479)
Disposal of equity investment		1,564,994	1,349,310
Change in intangible assets	24	(157,359)	(3,139)
Increase in properties held for sale		-	(250,000)
Change in investment at amortised cost	18	314,676	-
Net cash flows from investing activities		**1,506,649**	**(685,308)**
Cash flows from financing activities			
Drawdown of borrowings	27	80,850,173	124,395,457
Repayment of borrowings	27	(28,955,526)	(33,078,121)
Drawdown of special funds	28	47,199	761,944
Decrease in special funds	28	(2,132,006)	(991,742)
Grants Received	29	1,135,900	62,891,323
Decrease in grants	29	115,177	(288,783)
Additional share capital	30	2,094,152	3,490,918
Net cash flows from financing activities		**53,155,069**	**157,180,996**
Net increase in cash and cash equivalents		**(26,328,716)**	**87,267,678**
Cash and Cash equivalents at the start of the year	16	**162,253,085**	**74,985,407**
Cash and Cash equivalents at the end of the year	16	**135,924,369**	**162,253,085**

The notes set out pages 113 to 128 form an integral part of these condensed interim financial statements.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

Development Bank of Rwanda (the 'bank) is a domiciled in Rwanda. The Bank's registered office is at:
Development Bank of Rwanda Building
P.O Box 1341
KN 3 Ave
Kigali
Rwanda

The principal activity of the Bank is development finance lending through direct and indirect equity holdings, or other stocks and granting of short, medium - and long-term loans.

2. Basis of Preparation

(a) Basis of accounting

The condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, the Law No. 007/2021 of 05/02/2021 Governing companies and Regulation No. 28/2019 of 09/09/2019 on publication by banks of financial statements and other disclosures in Rwanda and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended 31 December 2022. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last annual financial statements.

(b) Functional and presentation currency

These condensed interim financial statements are presented in Rwanda Franc (Frw), which is the company's functional and presentation currency.

(c) Use of judgements and estimates

In preparing these financial statements, the directors have made judgements, estimates and assumptions that affect the application of the bank's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

The significant judgements made by the directors in applying the Bank's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2022.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. New and amended standards and interpretations.

A few amendments to standards and interpretations are effective for the year starting 1 January 2023 and have been considered in preparing these financial statements.

These are summarised below:

Standard/Interpretation		**Effective date** **Periods beginning on or after**
IFRS 17	Insurance Contracts	1 January 2023
IAS 1 amendments	Classification of liabilities as current or non-current	1 January 2023
IAS 8 amendments	Definition of accounting estimate	1 January 2023
IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	1 January 2023
IAS 12 amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
IFRS 10 and IAS 28 amendments	Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely

All the above amendments have not had a material impact on the Bank's financial statements

4. Interest income

	30 June 2023 **Frw' 000**	**30 June 2022** **Frw' 000**
Loans and advances	14,902,799	11,548,105
Placements with banks	5,268,190	1,798,184
Staff benefit fair value adjustment	202,666	191,976
Interests on corporate bond	331,507	340,925
	20,705,162	**13,879,190**

5. Interest expense

	30 June 2023 **Frw' 000**	**30 June 2022** **Frw' 000**
Interest expense on borrowings	9,330,960	5,451,485

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6. Net fee and commission income

(a) Fees and commissions income	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
Letters of credit service commission fees	63,556	76,846
Credit related fees and commissions	595,128	316,321
	658,685	**393,167**
(b) Fees and commissions expense	202,666	191,976
Commissions fees on borrowings	192,972	103,065
Commissions fees on banking services	26,080	9,501
Commissions fees on letters of credits	3,411	7,047
	(222,463)	(119,613)
Net fee and commission income	**436,222**	**273,554**

7. Net foreign exchange losses

	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
Realized forex (losses) gains	2,163,085	(201,093)
Unrealized foreign exchange losses	(3,379,510)	(5,869,824)
Translation (losses) gains	613,508	5,595,210
Net foreign exchange (losses) gains	**(602,918)**	**(73,521)**

8. Other operating income

	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
Rent income	65,351	68,105
Dividend received	280,655	103,136
*Other income	522,060	224,881
	868,066	**396,122**

Other income includes mainly NIRDA advisory fees Frw 84Million, and Frw 120 Million for Education Fund management fees and Gain on disposal from Kigali City Park Frw 163 Million

9. a) Net impairment charge on loans and advances

	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
Provision in the year	(7,902,638)	(3,751,130)
Amounts written off	(961,814)	(17,677)
Write back of amounts previously provided for	2,454,436	1,901,088
Recoveries on amounts previously written off	787,210	778,362
	5,622,806	**1,089,357**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

b) Expected credit losses (ECL) on other assets and bank balances

	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
ECL on balances on corporate bonds	(41,317)	3,710
ECL on Amounts due from other Banks	(41,327)	(56,039)
ECL on other assets	281,199	(395)
	198,555	**(52,724)**

10. Net Fair Value (Loss)/Gain - on Derivative Instrument

	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
Fair value gains/(losses) from currency swaps (Note 21)	2,685,702	(239,658)

11. Employee benefits expense

	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
Salaries and wages	2,393,438	1,647,607
Retirement benefit costs	115,317	112,531
Medical Expenses	167,075	71,480
Provision for staff bonus	383,639	173,902
Provision for Staff leave	65,509	100,840
Other staff costs	315,527	167,811
Fair Value Expense on staff Loans	208,175	199,388
	3,648,680	**2,473,559**

12. Depreciation and amortization

	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
Amortization of intangible assets	415,072	379,243
Depreciation of property and equipment	111,421	122,298
	526,493	**501,541**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13. Other operating expenses

	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
Advertising and publicity	70,060	62,072
Audit fees	17,922	31,236
Cleaning Expenses	22,771	20,817
Communication	56,200	67,433
Consultancy fees	263,431	65,417
Directors' expenses	63,376	82,845
Donation and grants	84,153	62,670
Insurance	71,112	18,576
IT expenses	518,392	393,622
Land and District Taxes	8,097	17,165
Legal fees	58,043	43,983
Office stationery and utilities	24,374	21,258
Other administrative expenses	6,901	9,312
Reception expenses	107,468	54,714
Repairs and maintenance	117,680	82,036
Security Fees	22,325	18,992
Staff welfare	18,563	38,568
Subscription to professional bodies	96,349	91,927
Training Fees	88,353	39,125
Travel and accommodation	77,852	73,730
	1,793,422	**1,295,499**

14. Fair value loss/(Gains) on equity investments at FVOCI

	30 June 2023	30 June 2022
	Frw' 000	Frw' 000
Bank of Kigali	60,351	60,351
MTN Rwandacell	(81,051)	(81,052)
Prime Economic Zone	513,098	
Rwanda Stock Exchange (RSE)	(205,051)	
Magerwa Limited	(190,052)	36,047
Rwanda Investment Group Limited	(92,320)	
Hostel 2020 Limited (Edge Hostels)	-	(244,900)
Sopyrwa	45,523	-
	50,498	**(229,554)**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. Balances with National Bank of Rwanda

	June 2023	Dec 2022
	Frw' 000	Frw' 000
Local Currency	455,009	988,769
Foreign Currency	46,132	58,181
	501,141	**1,046,950**

Balances with National Bank of Rwanda are classified as current assets and are non-interest earning.

Cash reserve requirement

Development Bank of Rwanda is not required to maintain the minimum cash reserve as it is not a deposit taking bank.

16. a) Amounts due from other banks

	June 2023	Dec 2022
	Frw' 000	Frw' 000
Balances with local Banks in local currency	111,460,159	112,047,066
Balances with local Banks in foreign currency	23,982,640	48,238,827
Balances with overseas Banks	211,842	1,192,982
Less: ECL on balances	(231,413)	(272,740)
	135,423,228	**161,206,135**

(b) Cash flow balances

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.

(b) Cash flow balances (continued)

	June 2023	Dec 2022
	Frw' 000	Frw' 000
Balances with National Bank of Rwanda	501,141	1,046,950
Amounts due from other banks	135,423,228	(272,740)
	135,924,369	**161,206,135**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

17. Loans and Advances

	June 2023	Dec 2022
	Frw' 000	**Frw' 000**
Agriculture loans	10,056,879	10,760,817
Export loans	109,326,109	85,808,195
Energy loans	30,955,871	29,622,290
Education loans	6,725,349	5,873,504
Housing loans	82,149,861	28,506,749
SP & Infrastructure loans	140,238,366	124,313,686
Gross loans	**379,452,436**	**284,885,242**
Suspended interest	(1,954,561)	(1,900,035)
Expected credit losses (ECL)	(27,796,429)	(22,820,450)
Staff loan discount	(2,983,935)	(2,085,969)
Net loans and advances	**346,717,510**	**258,078,788**

The following table shows movement in expected credit losses against loans and advances by stages:

	As at 1 January 2023	Movement in the period	As at 30 June 2023
	Frw' 000	**Frw' 000**	**Frw' 000**
Stage 1 (Note 31)	4,177,883	1,104,050	5,281,933
Stage 2 (Note 31)	13,424,899	4,281,924	17,706,823
Stage 3 (Note 31)	5,036,120	-355,134	4,680,986
Provision for commitment	181,548	-54,862	126,686
	22,820,450	**4,975,979**	**27,796,429**

The reconciliation for changes in positions of ECL against loans and advances is as follows

	30 June 2023	31 Dec 2023
	Frw' 000	**Frw' 000**
At start of the year	22,820,450	12,370,550
Additional provisions (note 9)	7,902,638	12,995,805
Provisions written back (note9)	(2,454,437)	(2,471,150)
Provision on written off loans	(787,210)	(292,631)
Provisions of off-balance sheet exposures	314,986	217,876
	27,796,429	**22,820,450**

18. Investments at amortized cost

	30 June 2023	31 Dec 2023
	Frw' 000	**Frw' 000**
Corporate bond	5,500,000	5,500,000
Interests accrued on corporate bond	220,377	576,370

DEVELOPMENT BANK OF RWANDA PLC
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Less: ECL on balances	(9,726)	(51,042)
	5,710,651	**6,025,328**

19. Investment in associates

As of 30 June 2023	Investment at cost	Reclassification	Cumulative Profit/(losses)	Carrying Value
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Business Development Fund	6,123,116	-	-	6,123,116
Kinazi Cassava Plant	1,421,431	-	58,322	1,479,753
Rwanda Enterprise Investment Company	-	-	-	-
Eastern Province Investment Company	2,777,248	-	-	2,777,248
Rwanda Farmers Coffee Company Limited	947,138	-	-38,028	909,109
Great Lakes Cement Company	-	-	-	-
Tapioca Starch Processing Company	-	-	-	-
	11,268,226	**-**	**20,294**	**11,289,226**

As of 31 December 2022	Investment at cost	Reclassification	Cumulative Profit/(losses)	Carrying Value
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Business Development Fund	297,843	-	5,825,273	6,123,116
Kinazi Cassava Plant	4,782,150	-	(3,360,719)	1,421,431
Rwanda Enterprise Investment Company	528,021	-	(528,021)	-
Eastern Province Investment Company	4,604,005	-	(1,826,757)	2,777,248
Rwanda Farmers Coffee Company Limited	530,309	-	416,829	947,138
Great Lakes Cement Company	685,352	-	(685,352)	-
Tapioca Starch Processing Company	70,115	-	(70,115)	-
	11,497,795	**-**	**(228,862)**	**11,268,933**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

20. Equity investments at Fair Value though OCI

As of 30 June, 2023	Investment at cost	Shares disposed off	Cumulative change in Fair value	Carrying Value
	Frw' 000	Frw' 000	Frw' 000	Frw' 000
Magerwa Limited	37,425	-	910,865	948,290
Minimex Limited	275,000	-	(195,372)	79,628
Rwanda Investment Group Limited	600,000	-	390,130	990,130
Hostel 2020 Limited	465,000	-	112,873	577,873
Prime Economic Zones Limited	1,098,320	-	2,409,705	3,508,025
Bank of Kigali Limited	502,925	-	647,767	1,150,692
Rwanda Stock Exchange	8,000	-	667,555	675,555
New Forest Company Limited	489,889	-	170,201	660,090
Rugarama Park Estate	1,903,596	-	15,087	1,918,683
MTN	2,836,785	-	1,810,139	4,646,924
Sopyrwa	499,999	-	327,002	827,001
Ziniya Project	424,673	-	-19,154	405,519
Kivu Marina	2,725,000	-	-	2,725,000
Ndera Housing Project	147,221	-	-	147,221
Banque de Développement des Etats de Grands Lacs	6,280	-	111,738	118,018
	12,020,113	**-**	**7,358,536**	**19,378,649**

As of 31 December , 2022	Frw' 000		Frw' 000	Frw' 000
Magerwa Limited	37,425	-	1,100,917	1,138,342
Minimex Limited	275,000	-	(195,372)	79,628
Kigali City Park Limited	113,787	(788,914)	675,127	-
Rwanda Investment Group Limited	600,000	-	482,450	1,082,450
Hostel 2020 Limited	465,000	-	112,872	577,872
Prime Economic Zones Limited	1,098,320	-	1,896,607	2,994,927
Bank of Kigali Limited	502,925	-	587,416	1,090,341
Rwanda Stock Exchange	8,000	-	872,605	880,605
New Forest Company Limited	489,889	-	170,202	660,091
Rugarama Park Estate	1,903,596	-	15,087	1,918,683
MTN	2,836,785	-	1,891,190	4,727,975
Sopyrwa	499,999	-	281,480	781,479
Ziniya Project	424,673	-	-19,154	405,519
Kivu Marina	2,725,000	-	-	2,725,000

DEVELOPMENT BANK OF RWANDA PLC
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Ndera Housing Project	147,221	-	-	147,221
Banque de Développement des Etats de Grands Lacs	6,280	-	111,738	118,018
	12,133,900	**(788,914)**	**7,983,165**	**19,328,151**

20. Equity investments at Fair Value though OCI (Continued)

The following table shows movement in cumulative change in fair value during the period ended:

	Frw ' 000
As at 1 January 2023	7,983,165
Disposal of the Kigali City Park Ltd share values	(675,127)
Increase in fair values	50,498
As at 30 June 2023	**7,358,536**

21. Derivative Financial Instruments

The outstanding principal receipts and payments for the existing swap contracts and their respective fair values of the derivative asset or liability are as follows:

As at 30 June 2023:

Currency Swap	**Outstanding USD principal receipts**	**Outstanding FRW principal payments**	**Fair Value of Asset**	**Fair Value of Liability**
	Frw ' 000	**Frw ' 000**	**Frw ' 000**	**Frw ' 000**
Contract of 22.12.2015	624,178	400,240	223,937	-
Contract of 15.02.2016	624,178	407,647	216,531	-
Contract of 08.12.2016	2,333,843	1,652,052	681,792	-
Contract of 31.03.2020	4,934,475	4,035,811	898,664	-
Contract of 05.01.2022	4,704,548	4,199,946	504,602	-
Contract of 11.05.2022	4,672,054	4,133,254	538,800	-
Contract of 31.05.2022	5,000,726	4,416,670	584,056	-
Contract of 09.06.2022	12,192,393	10,769,789	1,422,604	-
Contract of 17.01.2023	7,555,255	7,183,378	371,878	-
Contract of 22.06.2023	34,961,155	34,795,213	165,942	-
Total	**77,602,805**	**71,994,000**	**5,608,805**	**-**

As at 31 December 2022:

Currency Swap	**Outstanding USD principal receipts**	**Outstanding FRW principal payments**	**Fair Value of Asset**	**Fair Value of Liability**
	Frw ' 000	**Frw ' 000**	**Frw ' 000**	**Frw ' 000**
Contract of 22.12.2015	1,147,866	801,081	346,785	-
Contract of 15.02.2016	1,147,866	815,905	331,961	-
Contract of 08.12.2016	2,414,056	1,859,113	554,943	-
Contract of 31.03.2020	4,861,816	4,327,953	533,863	-
Contract of 30.06.2020	125,060	109,602	15,458	-

DEVELOPMENT BANK OF RWANDA PLC
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Contract of 05.01.2022	4,867,042	4,728,542	138,500	-
Contract of 11.05.2022	4,832,629	4,650,514	182,115	-
Contract of 09.06.2022	11,689,850	11,233,427	456,423	-
Contract of 30.11.2022	4,981,290	4,786,298	194,992	-
Total	**36,067,475**	**33,312,435**	**2,755,040**	**-**

21. Derivative Financial Instruments (continued)

The following table provides a reconciliation of the change in the value of the net derivative financial instrument between 1 January 2023 to 30 June 2023:

	30 June 2023 Frw ' 000	31 December 2022 Frw ' 000
Balance of Net Derivative Asset/(Liability) as at 1 January	2,755,040	1,999,829
Receipts during the year under swaps contracts	(4,372,790)	(7,057,490)
Payments during the year under swaps contracts	4,540,853	7,451,678
Fair Value gain /(loss) under swaps contracts	2,685,702	361,024
Balance of Net Derivative Asset/(Liability) as at 30 June 2023	**5,608,805**	**2,755,040**

22. Other assets

Other receivables	368,917	290,075
Prepayments	1,905,918	1,498,152
Staff fair value adjustment for year	2,629,430	1,737,698
Amounts due from BRD Insurance Brokerage Ltd	20,608	20,608
Amounts due from Business Development Fund Ltd	396,070	321,131
Amounts due from Kinazi Cassava Plant Limited	32,626	32,626
Amounts due from EDUCATION	323,767	106,693
Amounts due from RUGARAMA PARK ESTATES	76,193	71,790
Interest receivable on Redeemable preference Shares	626,682	626,682
Receivable from PSPE	30	9,770
Rwanda Housing Finance Project	187,884	33,703
Receivable from TASCO	24,795	24,795
Receivable from SEIRHCP	1,989	26,362
Receivable Renewable Energy fund	19,478	-
Receivable From AFIRR	82,169	104,448
Receivables From RDAP	3,328	1,265
Receivables From CDAT	14,415	2,834
Receivables From EAQIP - Clean Cooking	9,850	8,302
Receivable From MINECOFIN	883,266	522,661
Receivables From RGIF	12,510	12,510
Receivables From UEDi	1,362	14,510
Receivables From PRISM	5,219	24,003
	7,626,505	**5,490,618**
Less: Expected credit losses (ECL)		
At 1 January	1,636,073	802,595

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

ECL increase during the year	291,260	837,990
ECL written back during the period	(296,126)	(4,512)
	1,631,207	**1,636,073**
Net other assets	**5,995,299**	**3,854,545**

23. Assets Held for sale.

Less: Expected credit losses (ECL)	**2023**	**2022**
	Frw' 000	**Frw' 000**
At Start of year	271,015	21,015
Additions	-	250,000
Less: A sale (disposal)	(21,015)	-
	250,000	**271,015**

The balance of Frw 271 million relates to two properties repossessed (a cassava plant & a hotel) by the Bank. The cassava plant (Frw 21 million) was sold to Kinazi Cassava Plant in April 2023. The Bank is still locating interested buyers of the remaining property.The valuation of any assets held for sale is based on an adjusted sales comparison approach. The directors determine these inputs based on the size and condition of the properties.

The reported values for the above properties are all level 3 in accordance with the fair value hierarchy. There were no level 1 or level 2 assets.

	Software	**Software in progress**	**Total**
	Frw' 000	**Frw' 000**	**Frw' 000**
COST			
As at 1 January 2023	1,578,009	-	1,578,009
Additions	-	157,359	157,359
As at 30 June 2023	1,578,009	157,359	1,735,368
AMORTIZATION			
As at 1 January 2023	-1,375,740	-	(1,375,740)
Charge for the period	-111,421	-	(111,421)
As at 30 June 2023	**(1,487,161)**	**-**	**(1,487,161)**
Net Book Value 30 June 2023	**90,848**	**157,359**	**248,207**
Net Book Value 31 December 2022	**202,269**	**-**	**202,269**

Work in progress relates to advance payment made to acquire a new core banking system currently under customization to suit the Bank's business activities

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

24. Other payables

	2023	2022
	Frw' 000	Frw' 000
Other payables	359,612	460,061
Other taxes payable	67,512	75,896
Statutory deductions payable	245,184	212,094
Kreditanstalt Fur Wiederaufbau (KFW)	38,633	34,886
Amounts due to Business development Fund Ltd	105,180	97,548
Advances from customers	450,065	459,073
Deferred service commissions	971,361	842,422
Accrued expenses	188,854	175,199
Deferred EGF interest income	1,890,384	1,598,606
Rwanda Housing Finance Project-Subsidy	8,536,394	7,365,014
REF-WINDOW 5 SUBSIDY	7,500,932	2,975,214
Trade Finance- RAB -Frw	-	358,906
Trade Finance- BRD -USD	567,272	270,220
Trade Finance- RAB -USD	-	146,060
Trade Finance- NIRDA -EURO	-	489,941
Trade Finance- NIRDA -USD	425,879	120,398
Trade Finance- NIRDA -Frw	219,022	-
EAQIP Clean Cooking Subsidy	399,167	141,211
Trade Finance- BRD -EURO	3,257	1,370
Payable EGF-KFW	1,283,289	71,661
Deferred Interest NIRDA AGRICULTURE	577,662	219,819
Client Repayment Account	87,348	584,138
Payable to Cana challenge	182,734	107,317
Deferred Interest NIRDA Urbanization	170,602	-
Provision for Bonus	379,384	457,055
	24,649,727	**17,264,109**
(ii) Dividends payable	**11,019**	**11,019**

27. Borrowings

	2023	2022
	Frw' 000	Frw' 000
Afrexim Bank	56,847	8,536,394
East African Development Bank	4,747,909	5,924,238
European Investment Bank	21,806,210	21,390,297
*African Development Bank (AFDB)	-	14,206,865
BADEA	49,646,359	15,689,741
BDEGL	15,488,277	14,647,501
Kreditanstalt Fur Wiederaufbau (KFW) – Borrowing	20,865,134	21,865,488

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

27. Borrowings Continued

Rwanda Social Security Board (RSSB)	39,056,324	45,692,927
MINECOFIN (Rwanda Housing Finance Project)	87,156,235	44,530,923
BNR Term loan -Economic Recovery Fund (ERF)	15,706,766	16,445,373
BNR Short term loan	2,374,189	2,294,498
Agence Francaise de Development (AFD)	13,421,846	12,310,140
MINECOFIN (Access to Finance for recovery and resilience project)	111,672,712	111,672,712
FONERWA	583,444	574,859
CDAT	6,302,864	-
	388,885,401	**335,781,956**
Change in fair value due to borrowings modification*	(2,609,115)	(2,489,608)
Fair Value Adjustment on ERF Term borrowings	(62,633,318)	(61,959,941)
	323,642,967	**271,332,407**

*The borrowing amount due to African Development Bank and Afrexim Bank were fully prepaid during the period as it was too expensive compared to other sources of funds, only management fees on Afrexim remaining to be paid.

The following table depicts the currency denomination of BRD borrowings as at 31 March 2023

Broken down as follows:	**2023**	**2022**
	Frw' 000	**Frw' 000**
Current	15,039,987	30,555,108
Non- Current	373,845,414	305,226,848
	388,885,401	**335,781,956**

28. Special funds

Microfinance Funds - Belgium Cooperation	1,371,483	1,371,483
Other Special Funds	56,104	56,336
KFW line of credit Investment fund	587,786	630,828
Rural Investment Facility	463,200	463,200
FIFAPI ROPARWA fund	892,581	892,581
MINAGRI-Belgium cooperation fund	262,084	262,084
MINAGRI/KWAMP Fund	554	508
SME technical assistance fund	394,548	394,548
Minicom – Export Fund	2,066,217	2,562,573
FONERWA	167,396	321,726
KFW/Kreditanstalt Fur Wiederaufbau	268,909	306,539
NAEB Export Guarantee Fund*	582,509	535,356
Government of Rwanda public fund	38,136	38,136
NIRDA/ Clays and Stone	60,385	327,234

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

28. Special funds (Continued)

	2023	2022
	Frw'000	Frw'000
NIRDA/P.P &Animal Feeds	625,542	1,351,950
Enabel /Manufacturer Urbanisation	92,809	128,271
Enabel/ Livestock Farmers	80,102	128,271
NIRDA- Open Calls Program	451,980	555,306
NIRDA grant agriculture	394,599	494,599
NIRDA grant urbanization	64,930	184,931
	8,921,853	**11,006,460**

29. Grants	2023	2022
	Frw'000	Frw'000
UNDP Grant for MFIS	107,545	107,545
Belgium co-operation Microfinance	209,875	209,875
FAPA Grant	11,685	10,744
PASP Grant	38,880	38,880
PRICE Grant	9,000	9,000
RAB Grant	9,011	9,011
BDEGL II Capacity Building Grant	62,515	88,844
World Bank Technical Assistance Fund	305,033	421,874
SEIRHCO	2,032,186	3,286,644
Minicom Export Growth Grant	249,501	233,168
Rwanda Housing Finance Technical Assistance	978,280	665,027
EAQIP project	319,034	103,911
AFD technical assistance	110,277	101,390
AFIRR grant	384,579	677,519
CDAT	581,363	-
BNR Economic Recovery Funds (fair value modification)	64,780,639	62,974,893
	70,189,402	**68,938,325**

30. Share capital

2023	Number of shares	Par value	Total
		Frw	Frw' 000
As at 1 January	68,882,936	1,000	68,882,936
Issued shares	2,094,152	1,000	2,094,152
As at 30 June	**70,977,088**		**70,977,088**

2022			
		Frw	Frw' 000
As at 1 January	65,392,018	1,000	65,392,018
Issues of shares during the year	3,490,918	1,000	3,490,918
As at 31 December	**68,882,936**		**68,882,936**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

25. Share premium

	2023	2022
	Frw' 000	Frw' 000
Share Premium	11,665,569	11,665,569

26. Other reserves

	2023	2022
	Frw' 000	Frw' 000
Revaluation reserves	11,096,575	11,096,575
Fair value reserve	7,358,537	7,308,039
Supplementary capital reserve	11,510,322	11,510,322
	29,965,434	**29,914,936**

27. Significant changes/events during the period

During the period ended, there were no significant changes to the business. All changes occurred in the normal course of operations of the Bank.

28. Post period end events

There are no events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.

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INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF DEVELOPMENT BANK OF RWANDA PLC ON FINANCIAL RATIOS PREPARED BASED ON GUIDELINES FOR THE ISSUANCE OF CAPITAL MARKET DEBT SECURITIES IN RWANDA (CMA), 2013

We were engaged by the board of directors of Development Bank of Rwanda. Plc to report on the Bank's historical financial ratios as at and for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 set out on pages 131 to 133 prepared based on guidelines for the issuance of capital market debt securities in Rwanda (CMA), 2013 in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that Bank's historical financial ratios have not been properly prepared, based on the guidance provided under Article 14 Paragraph 8 of the regulation n°15 for issuance of capital market debt securities : financial ratios, included in the guidelines for the potential issuance of Medium Term Note Programme in the Rwanda Capital Markets as required by the Law No. 15 for Issuance of Capital Market Debt Securities.

Responsibilities of the Directors

The Directors are responsible for the preparation and presentation of the historical financial ratios in accordance with the guidance under Article 14 Paragraph 8 of the regulation n°15 for issuance of capital market debt securities : financial ratios, included in the guidelines for the issuance of capital market debt securities in Rwanda (CMA), 2013

Practitioner's Responsibilities

Our responsibility is to examine the historical financial ratios and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the historical financial ratios are prepared per the requirements of Annex 1: Financial ratios, in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMA, 2013 in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures selected depend on our understanding of the historical financial ratios and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF DEVELOPMENT BANK OF RWANDA PLC ON FINANCIAL RATIOS PREPARED BASED ON GUIDELINES FOR THE ISSUANCE OF CAPITAL MARKET DEBT SECURITIES IN RWANDA (CMA), 2013 (CONTINUED)

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying historical financial ratios of Development Bank of Rwanda Plc have not been properly prepared in all material respects, based on the requirements of Article 14 Paragraph 8 of the regulation n°15 for issuance of capital market debt securities : financial ratios, included in the guidelines for the issuance of capital market debt securities in Rwanda (CMA), 2013

The historical financial ratios have been prepared for inclusion in a prospectus for the purpose of issuance of a Medium Term Note Programme by the Development Bank of Rwanda Plc ("BRD"), and may therefore, not be appropriate for another purpose.

....

CPA Wilson Kaindi (PC/CPA/0642/0123)

For and on behalf of:

KPMG Rwanda Limited

Certified Public Accountants

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Date: 20 Sept 2023

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME

FINANCIAL RATIOS FOR THE PERIOD/YEAR ENDED JUNE 2023, 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020

Ratio	Definition	Notes	Jun-23	2022	2021	2020
(i) Open Exposure ratio	(Open NPLs / Total Capital)	A	6.92%	10.00%	12%	20%
(ii) Free cash flow to total Debt (debt repayment cover)	Free Cash Flow / Total Debt	B	37.95%	85%	35%	17.30%
(iii) Net profit margin	(Net Interest income /Average Earning Assets) *100	C	7.52%	7.26%	6.88%	8.47%
(iv) Total Debt to Equity	(Total Debt / Total Equity)	D	2.78	2.47	1.74	2.05
(v) Long term debt to capital employed	long-term debt for the period/ Capital employed = total assets – current liabilities	E	0.005	0.005	0.008	0.008
(vi) Earnings Before interest and taxes interest cover	(EBIT for the period)/ (Interest payable for the period)	F	2.78	1.56	0.77	1.01
(vii) Percentage of funds from operations to Total debt	Funds generated from operations in the period/ total debt during the period) *100	G	6.8%	20.4%	16.5%	10.1%
(viii)Total free cash flow to short-term debt	Free Cash Flow /short-term debt	H	454%	756%	254%	370%

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Computation of ratios

		June 2023	December 2022	December 2021	December 2020
A	**Open Exposure ratio**				
	Open NPLs	7,645,837	10,224,863	10,963,088	15,562,230
	Total Capital	110,416,427	102,247,310	93,325,916	76,874,082
	Open Exposure	**6.92%**	**10.00%**	**12%**	**20%**
B	**Free cash flow to total Debt (debt repayment cover)**				
	Free Cash Flow	122,813,059	147,911,733	61,298,409	46,938,428
	Total Debt	323,642,967	174,088,173	176,469,792	271,332,407
	Free cash flow to total Debt	**37.95%**	**85%**	**35%**	**17.30%**
C	**Net profit margin**				
	Net Interest income	22,748,404	19,217,806	15,187,020	14,837,845
	Average Earning Assets	302,398,149	264,705,598	220,671,981	175,172,569
	Net profit margin	**7.52%**	**7.26%**	**6.88%**	**8.47%**
D	**Total Debt to Equity**				
	Total Debt	323,642,967	271,332,407	176,469,792	174,088,173
	Total Equity	116,570,851	109,896,657	101,166,077	84,880,121
	Total Debt to Equity	**2.78**	**2.47**	**1.74**	**2.05**

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Computation of ratios (continued)

		June 2023	December 2022	December 2021	December 2020
	Long term debt to capital employed				
E					
	Long-term debt for the period	2,374,189	2,294,498	2,287,852	2,295,808
	Total assets	543,985,819	478,448,977	317,090,126	283,546,165
	Current liabilities	27,034,935	19,569,626	24,170,066	12,670,649
	Capital employed	516,950,884	458,879,351	292,920,060	270,875,516
	Long term debt to capital employed	**0.005**	**0.005**	**0.008**	**0.008**
F	**Earnings Before interest and taxes interest cover**				
	EBIT for the period	4,529,544	5,380,499	2,991,412	4,098,232
	Interest payable for the period	1,628,916	3,450,915	3,892,298	4,077,630
	Earnings Before interest and taxes interest cover	**2.78**	**1.56**	**0.77**	**1.01**
G	**Percentage of funds from operations to Total debt**				
	Funds generated from operations in the period	22,029,246	35,476,502	29,044,846	27,531,935
	Total debt during the period	323,642,967	174,088,173	176,469,792	271,332,407
	Percentage of funds from operations to Total debt	**6.80%**	**20.40%**	**16.50%**	**10.10%**
H	**Total free cash flow to short-term debt**				
	Free Cash Flow	122,813,059	147,911,734	61,298,409	46,938,429
	Short-term debt	27,034,935	19,569,626	24,170,066	12,670,649
	Total free cash flow to short-term debt	**454%**	**756%**	**254%**	**370%**

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INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION

TO THE DIRECTORS OF DEVELOPMENT BANK OF RWANDA PLC

Introduction

We have undertaken a reasonable assurance engagement in respect of the prospective financial information of Development Bank of Rwanda Plc set out on pages 138 to 141, which comprise the forecasted statement of financial position as at 31 December 2023, 31 December 2024 and 31 December 2025 and the forecasted statement of comprehensive income, for the years then ending and forecasted statement of cash flows for selected periods to 31 December 2024 (the "Forecasted Financial Information"), as required by Capital Markets and Securities regulation N°15 for issuance of capital market debt securities.

We have also undertaken a limited assurance engagement in respect of the assumptions used to prepare and present the Forecasted Financial Information, disclosed on pages 138 to 141 of the Forecasted Financial Information "), as required by Capital Markets and Securities regulation n°15 for issuance of capital market debt securities 2013.

Directors' responsibility for the Forecasted Financial Information and for the assumptions used to prepare the Forecasted Financial Information

The Directors are responsible for the preparation and presentation of the Forecasted Financial Information and for the reasonableness of the assumptions used to prepare the Forecasted Financial Information as set out on page 138 to 141 the Forecasted Financial Information in accordance with the guidance under Article 14 Paragraph 8 of the regulation n°15 for issuance of capital market debt securities : financial ratios, included in the guidelines for the issuance of capital market debt securities in Rwanda (CMA), 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Forecasted Financial Information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent limitations

Actual results are likely to be different from the Forecasted Financial Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that the Forecasted Financial Information may not be appropriate for purposes other than listing Multicurrency Medium Term Notes.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION TO THE DIRECTORS OF DEVELOPMENT BANK OF RWANDA PLC (CONTINUED)

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Part A – Limited assurance engagement on the reasonableness of the Directors' assumptions

Reporting Accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumption and agreeing or reconciling with underlying records.

Our procedures included evaluating the Directors' best-estimate assumptions on which the Forecasted Financial Information is based for reasonableness.

The procedures performed in a limited assurance engagement are less in extent than for, and vary in nature from, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

KPMG

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION TO THE DIRECTORS OF DEVELOPMENT BANK OF RWANDA PLC (CONTINUED)

Limited assurance conclusion on the reasonableness of the Directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

Part B – Reasonable assurance engagement on the Forecasted Financial Information

Reporting Accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecasted Financial Information is properly prepared and presented on the basis of the Directors' assumptions disclosed on page 141 to the Forecasted Financial Information. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such Forecasted Information is properly prepared and presented on the basis of the Directors' assumptions disclosed on page 141 to the Forecasted Financial Information.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the Forecasted Financial Information is properly prepared and presented on the basis of the assumptions and in accordance with the Law No. 15 for Issuance of Capital Market Debt Securities in Rwanda. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the forecasted information. In making those risk assessments, we considered internal control relevant to the Bank's preparation and presentation of the Forecasted Financial Information.

Our procedures included inspecting whether:

- the presentation of prospective financial information is informative and not misleading;
- the forecasted financial information is properly prepared on the basis of the assumptions;
- the forecasted financial information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- the forecasted statement of financial position as at 31 December 2023 and 31 December 2024 and statement of comprehensive income for the years then ended, and the forecasted statement of cash flows for selected periods to 31 December 2024 are prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION TO THE DIRECTORS OF DEVELOPMENT BANK OF RWANDA PLC (CONTINUED)

Unqualified opinion on the Forecasted Financial Information

In our opinion, the forecasted financial information, as at 31 December 2023, 31 December 2024, 31 December 2025, and forecasted cash flows for selected periods to 31 December 2024, is properly prepared and presented on the basis of the assumptions disclosed on page 141.

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CPA Wilson Kaindi (PC/CPA/0642/0123)

For and on behalf of:

KPMG Rwanda Limited

Certified Public Accountants

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Date: 20 Sept 2023

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME

FORECASTED STATEMENT OF PROFIT OR LOSS FOR THE YEARS ENDING 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025

	December 2023	December 2024	December 2025
In FRW'000			
Interest Income	33,867,894	42,858,672	54,236,197
Interest Income from Placements/Banks	5,963,052	7,059,946	8,358,612
Interest Expense	(13,699,628)	(16,219,653)	(19,203,232)
Net Interest Income	**26,131,318**	**26,639,020**	**35,032,965**
Fee and Commission income	1,991,149	2,389,379	3,106,192
Fee and Commission expense	(298,444)	(328,288)	(426,775)
Net Fee and Commission income	**1,692,705**	**2,061,091**	**2,679,418**
FX Gain/(Loss)	(1,721,375)	(1,859,085)	(2,026,403)
Fair Value gain/(Loss) on Derivatives	874,814	944,799	1,029,831
(Losses)/Gains on Equities	68,070	34,035	37,439
Other Operating Income	614,510	737,412	884,895
Net gains/(losses) on financial liabilities at fair value through profit or loss	507,460	-	-
	-	-	-
Credit losses	(12,293,430)	(12,293,430)	(14,752,116)
Net Credit recoveries on W/o book	4,820,205	7,230,308	7,374,914
Staff costs and other benefits	(6,921,232)	(7,751,780)	(8,526,958)
Depreciation and Amortization	(1,467,273)	(1,643,346)	(1,807,680)
Other Operating Expenses	(4,930,323)	(5,521,962)	(6,074,158)
Total Comprehensive Income (Loss)	**7,375,449**	**8,577,061**	**13,852,145**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME (CONTINUED)

FORECASTED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025

In FRW'000	December 2023	December 2024	December 2025
Cash and Bank balances	147,759,544	162,658,160	190,920,593
Investments at amortised cost	-	6,239,663	6,799,666
Loans and advances	377,525,803	446,661,185	528,457,161
Equity investments	31,691,110	32,513,130	33,356,471
Derivative financial instruments	3,404,319	3,553,017	3,708,210
Property and equipment	13,566,470	12,888,146	12,888,146
Intangible assets	877,053	964,758	833,200
Other assets	7,203,529	13,354,525	30,151,323
TOTAL ASSETS	**582,027,827**	**678,832,582**	**807,114,771**
LIABILITIES			
Borrowings	408,051,003	481,069,956	567,155,333
Grants and Special funds	22,723,992	23,723,992	24,723,992
Other Liabilities	22,715,632	31,347,572	30,720,621
	453,490,627	536,141,520	622,599,945
EQUITY			
Share Capital and Premium	91,683,554	95,760,390	99,510,390
Supplementary Capital Reserve	11,510,321	13,010,321	23,510,321
Other Reserves	20,312,696	20,312,696	20,312,696
Accumulated earnings/(losses)	5,030,629	13,607,690	27,459,835
	128,537,200	**142,691,096**	**170,793,241**
TOTAL EQUITY AND LIABILITIES	**582,027,827**	**678,832,617**	**793,393,187**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME (CONTINUED)

FORECASTED STATEMENT OF CASHFLOW FOR SELECTED PERIODS TO 31 DECEMBER 2024

	Aug - Sept 23 Frw' 000	Oct - Jan 24 Frw' 000	Feb 24 - April 24 Frw' 000	May - July 24 Frw' 000	Aug - Oct 24 Frw' 000	Nov - Dec 24 Frw' 000
Available liquid funds at start of period	58,047,185	53,415,417	58,623,679	57,241,118	41,464,886	41,979,488
Foreign exchange purchase from BNR inflows	5,932,141	5,932,141	-	-	-	-
Loans & Advances collections	8,424,161	10,230,182	13,220,965	17,993,176	20,830,005	14,392,084
Recoveries	941,208	591,999	494,486	228,451	361,469	494,960
SWAPs Receipts	1,666,792	7,283,147	1,013,983	6,580,208	-	5,905,190
Share Capital receipts	875,000	875,000	875,000	875,000	875,000	875,000
Drawdown of lines of credit	-	29,650,000	-	23,720,000	-	17,790,000
Total Available funds (A)	**75,886,487**	**107,977,886**	**74,228,112**	**106,637,952**	**63,531,361**	**81,436,725**
Borrowing repayments	5,794,793	3,393,789	7,598,487	14,298,345	6,442,318	5,253,580
SWAPs payments	1,181,540	8,712,415	731,767	7,633,320	-	6,834,634
Foreign exchange purchase from BNR outflow	5,932,141	5,932,141	-	-	-	-
Capex	-	383,712	383,712	383,712	383,712	383,712
Opex & Staff costs	127,904	127,904	127,904	127,904	127,904	127,904
Total committed outflows (B)	**13,036,378**	**18,549,961**	**8,841,871**	**22,443,281**	**6,953,934**	**12,599,830**
Liquid Funds Available for investments (A-B)	**62,850,109**	**89,427,925**	**65,386,242**	**84,194,671**	**56,579,425**	**68,840,891**
Planned Loan Disbursements (C)	**9,434,692**	**30,804,246**	**8,145,124**	**42,729,785**	**14,599,937**	**10,757,421**
Period Surplus/(Shortage) of Funds	**53,415,417**	**58,623,679**	**57,241,118**	**41,464,886**	**41,979,488**	**58,083,470**
Coverage ratio (A/(B+C)) to be greater or equal to 100%	**338%**	**219%**	**437%**	**164%**	**295%**	**349%**

DEVELOPMENT BANK OF RWANDA PLC
REPORTING ACCOUNTANT'S REPORT FOR THE ISSUANCE OF MEDIUM TERM NOTE PROGRAMME (CONTINUED)

ASSUMPTIONS APPLIED IN THE PREPARATION OF THE FORECASTED FINANCIAL INFORMATION

The forecasted financial information is based on the following key assumptions

1. Interest Income is projected to grow by 38% y-o-y despite the reduced margin from the On-lending book growth.

2. Treasury Income growth will continue to be a focus to maintain the Net margin and sustainability (25%growth y-o-y).

3. Revamp of Trade Finance Business from cross selling activities is a key focus in 2023 to increases Non-Interest Income

4. Optimization of non-concessional lines of credit and prioritizing use of own repayment by Clients.

5. Management of Foreign Exchange losses will continue by Swapping all new lines of Credit

6. Expected credit losses will continue to be managed through enhanced risk framework and monitoring

7. Recoveries of the written off book will continue on key problematic files

8. Management of costs will continue to be a priority by finding support from technical assistance without affecting the profitability

9. Staff cost will be maintained within the acceptable limits to ensure retention, accountability, and motivation for better delivery

10. Growth in Loans to customers (45% growth Y-O-Y):

- Repositioning to play its countercyclical role (8 times the projected GDP growth) and loan growth rate expected to be highest in banking industry

11. Capital and Shareholders Support

- The Bank's capital is strong to sustain the projected growth (>26%) and Government capital injection is assured based on the past trends

12. Liquidity and Stakeholders Management:

- Funding for growth is secured from key lending partners and organizations and the Liquidity assured to cater for financial obligation and growth (>120%)

13. Positive Retained earnings

- Retained earnings will turn in to positive after 6 years recovering from huge losses
- Profitability will have absorbed all accumulated losses and Sustainability and Shareholders value is increase

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28 September 2023

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Ms. Kampeta SAYINZOGA,
The Chief Executive Officer
The Development Bank of Rwanda (B.R.D) PLC
KN 3 Ave
P.O Box 1341
Kigali, Rwanda
(“**Addressee**”, “**You**”, “**Your**”)

Delivered by Email

Dear Madam,

SUBJECT: ADVICE ON THE ISSUE OF MEDIUM-TERM NOTES OF UP TO RWANDAN FRANCS ONE HUNDRED AND FIFTY BILLION (FRW 150,000,000,000) (THE “NOTES”) TO BE ISSUED IN TRANCHES, WITH THE FIRST TRANCHE OF RWANDAN FRANCS THIRTY BILLION (“FRW 30,000,000,000”) ISSUED IN 2023 (THE “INITIAL NOTES”) AND THE BALANCE WITHIN THE NEXT FIVE YEARS IN VARIOUS SERIES OR TRANCHES, IN DENOMINATIONS OF RWF 100,000 BY THE DEVELOPMENT BANK OF RWANDA (B.R.D) PLC.

1. INTRODUCTION

We, Equity Juris Chambers (Registration n° 101689698), have been requested to deliver this legal opinion in our capacity as duly authorized, licensed and practicing lawyers in Rwanda to issue a capacity and enforceability opinion (the “**Opinion**”) on the issuance of Medium-Term Notes of up to Rwandan Francs One Hundred and Fifty Billion (FRW 150,000,000,000) (the **“Notes”**) to be issued in Tranches, with the first Tranche of Rwandan Francs Thirty Billion (“FRW 30,000,000,000”) issued in 2023 (the “Initial Notes”) and the balance within the next five years in various Series or Tranches at the Rwanda Stock Exchange in denominations of FRW 100,000 by the Development Bank of Rwanda (BRD) PLC (the “**Bond Issuance**”).

As instructed, we write to provide our Opinion as set out below.

2. DEFINITIONS

The following words and expressions shall have the meanings assigned to them below: –

2.1. **"Agency Agreement"** means the agreement appointing the initial Agent and any other agreement for the time being in force appointing successor Agent or in relation

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to the Notes, or in connection with their duties, together with any agreement for the time being in force amending or modifying any such agreements.

2.2. **"Companies Act"** means law n° 007/2021 of 05/02/2021 governing companies in Rwanda (as amended to date).

2.3. **"EJC"** means Equity Juris Chambers.

2.4. **"Prospectus"** means Prospectus to be distributed as part of the Bond Issuance.

2.5. **"Note Transaction Documents"** means, in respect of the relevant issuance of Notes, the Trust Deed, the Agency Agreement, the Pricing Supplement, any Security Document and other documents that may be designated as such in writing.

2.6. **"Issuer"** means Development Bank of Rwanda (BRD) PLC.

2.7. **"Notes"** means the instrument in registered form, comprising an aggregate amount of up to one hundred and fifty billion Rwandan francs (FRW 150,000,000,000) to be issued in tranches through a Medium-Term Note Programme issued pursuant to the Trust Deed.

2.8. **"Opinion"** means this legal opinion.

2.9. **"Regulations on Bond Issuance"** means Regulation nº 07 on capital markets (public offer and issue of securities), 2012 and Regulation n° 15 for issuance of capital market debt securities.

2.10. **"RSE"** means Rwanda Stock Exchange.

2.11. **"Trust Deed"** means the agreement entered between the Issuer and the Note Trustee relating, among other things, to the fees to be paid by the Issuer to the Note Trustee for its obligations relating to the Notes.

3. BACKGROUND

3.1. This Opinion will form part of the Prospectus to be distributed as part of the Bond Issuance as required by the Regulation on Bond Issuance.

3.2. This Opinion will confirm the capacity of the Issuer in relation to executing the Bond Issuance and the enforceability of the Issue Documents.

3.3. For the purposes of this legal opinion, we have examined inter alia the following:

3.3.1. Law n° 007/2021 of 05/02/2021 governing companies (as amended to date);

3.3.2. Law nº 47/2017 of 23/9/2017 governing the organization of banking;

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3.3.3. Law nº 027/2022 of 20/10/2022 establishing taxes on income as amended to date;

3.3.4. Law n° 39/2015 of 22/08/2015 relating to the management of abandoned property;

3.3.5. Regulation n° 2310/2018 – 00013 [614] of 27/12/2018 of the National Bank of Rwanda on licensing conditions of banks;

3.3.6. Regulation nº 07 on capital markets (public offer and issue of securities), 2012;

3.3.7. Regulation n° 15 for issuance of capital market debt securities;

3.3.8. Rwanda Stock Exchange Rule Book 2013;

3.3.9. Capital market corporate governance code;

3.3.10. The agency agreement entered into between the Issuer, I&M Bank Rwanda bank, as paying agent, calculation agent, Registrar and receiving bank relating to the Notes (the "**Agency Agreement**");

3.3.11. The trust deed executed by the Issuer relating to the Notes (the "**Trust Deed**");

3.3.12. Issuer's banking license dated 14th June 2018 issued by the National Bank of Rwanda;

3.3.13. Issuer's Board of Directors approval of the bond issuance dated 14th September 2023;

3.3.14. No objection relating to the bond issuance dated 26th September 2023 issued by the National Bank of Rwanda;

3.3.15. Material contracts;

3.3.16. Land title documents;

3.3.17. The Memorandum and Articles of Association of the Issuer dated 29th March 2018;

3.3.18. Full Registration Information of Domestic Company for the Issuer issued on 21st September 2023;

3.3.19. Issuer's confirmation letter dated 06th June 2023 relating to statutory books; and

3.3.20. Issuer's representation and warranty letter dated 31st May 2023 relating to legal disputes and insolvency proceedings;

3.3.21. Collateral Agreement between the Issuer and the National Bank of Rwanda;

3.3.22. Terms and Conditions of the Notes;

3.3.23. Pricing Supplement;

3.3.24. Land search results dated 1st August 2023 and 10th August 2023 from the National Land Authority; and

3.3.25. Judicial search results dated 15th September 2023 from the Commercial Court.

4. ASSUMPTIONS

For the purposes of this advice, we have made the following assumptions (without making any independent investigation):

4.1. All written information supplied to us by the Issuer, by its officers and advisors, is true, accurate and up to date.

4.2. All signatures on all documents supplied to us by the Issuer are genuine; and

4.3. With respect to matters of fact, we have relied on the representations of the Issuer, its officers, and advisors.

5. SCOPE

5.1. This advice is based on our understanding of the background as set out in clause 3 above, and the assumptions under clause 4 above. Should any of the facts or details contained in the background or assumptions be incorrect or differ from your understanding thereof, please advise us accordingly to enable us to consider the effect that such deviation or change may have on this advice.

5.2. Our review does not cover, and we do not accept any duty, responsibility, or liability to you for any matter outside the scope of our review.

6. OUR OPINION

In accordance with the Regulation on Bond Issuance and subject to: (i) the foregoing; (ii) clause 5 of this Opinion; (iii) any matters set out in the Prospectus; (iv) the reservations set out in this opinion and (v) any matters not disclosed to us, we confirm the following:

6.1. Capacity of the Issuer

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6.1.1. Legal status

Development Bank of Rwanda (BRD) was established by law dated 5th of August 1967. However, pursuant to law nº 14/2011 of 30/05/2011, BRD ceased to be governed by an Act of Parliament and changed to a Public Company Limited by shares, governed by the Companies Act and having company code 100003547, with powers to execute, deliver and perform development finance activities pursuant to the Companies Act and its Articles of Association.

6.1.2. A summary of the relevant provisions of the memorandum and articles of association.

a) The Issuer was incorporated with the main objectives as set out in article 4 of the Articles of Association as follows:

i. To carry on the business, for itself or on behalf of other parties, all types of banking operations permitted for development banks in Rwanda and carry out all operations relating directly or indirectly to its objects or of a nature to favour the attainment of its objects;

ii. To carry on and transact any other businesses and operations, commercial, financial, or otherwise which the Company may think directly or indirectly conducive to any of its objects and mandate of a development bank or capable of being conveniently, to enhance the value of or render profitable any of the Company's property or rights;

iii. To acquire, carry on and undertake all or any part of the business, property and liabilities of any person or company carrying on business similar to that which the company is authorized to carry on, or possessed of right or property suitable for any of the purposes of the company, and to purchase acquire, sell and deal with the shares and securities (except for financial derivatives securities) of any such person or company;

iv. To sell or otherwise dispose of whole or any part of the business or property of the company, either together or in portion, for such consideration as the company may think fit, and in particular for shares, debentures, or securities of any company purchasing the same or, any other company, and to pay and distribute any stock, shares, debentures, securities so received by the company as a dividend to the shareholders of the company; and

v. To receive the dividends, interest, income, bonuses, rents profits and advantages of every description from time to time payable or receivable in respect of any of the company's investments and to vary any such investments from time to time;

vi. To deal with securities of individuals or companies;

b) The Articles of the Issuer are compliant with the Companies Act.

6.1.3. Share capital

The share capital of the Issuer is FRW 72,373,189,508 comprising of 72,373,189 ordinary shares of FRW 1,000 each. The unissued shares are FRW 77,626,810.492.

The existing capital of the Issuer and any proposed changes to it is in conformity with the law n° 007/2021 of 05/02/2021 governing companies in Rwanda and has received all necessary authorizations.

6.1.4. Pre-emptive rights, Voting rights and Dividends.

a) The existing shareholders have a right of first refusal on any new shares issued on a pro-rata basis.

b) At the Annual General Meeting, each Shareholder has a right to vote and each share has one vote.

c) Each Shareholder is entitled to a dividend at the end of the financial year.

d) Dividends are distributed among Shareholders on a prorate basis of their shares.

6.1.5. A summary of the material provisions of the articles of association with respect to annual general meetings of shareholders, voting rights of shareholders, the election and removal of directors.

a) The Board of Directors call an Annual General Meeting of Shareholders to be held:
   i. Not more than once a year;
   ii. Not later than six (06) months after the approval of the
   iii. balance sheet of the company; and
   iv. Not later than fifteen (15) months after the previous
   v. annual meeting.

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b) The quorum of the General Assembly is reached when Shareholders holding at least half (1/2) of the share capital are present.

c) At the Annual General Meeting, each Shareholder has a right to vote and each share has one vote.

d) The members of the Board of Directors are appointed by the shareholders for a three year term renewable twice subject to the approval of the National Bank of Rwanda.

e) The General meeting can at any time remove a director by the majority of the votes representing more than half of the share capital.

6.1.6. Statutory Books

The Issuer keeps and maintains company records and statutory books at its registered office in Kigali, Rwanda.

6.1.7. Licenses and consents required to perform the business of the Issuer.

The banking license nº 01 required in connection with the business of the Issuer issued by the National Bank of Rwanda on 14/06/2018 is in force and effect as of the date of the Opinion.

6.1.8. The validity of evidence of ownership of land and buildings

a) A brief description of the nature of properties of the Issuer and its subsidiaries or associated companies outlining the location, land area, number of buildings, aggregate floor area of buildings, whether property is owned or leased is attached in Annex 1.
b) Pursuant to the land search results dated 1st August 2023 and 10th August 2023 from the National Land Authority, the land and the buildings of the Issuer are validly owned. The land search results are listed in Annex 2.

6.1.9. Material Contracts

After due inquiry from the Issuer, the material contracts entered by the Issuer do not have restrictions on the Issuer from executing the Bond Issuance.

6.1.10. Material litigation, prosecution or other civil or criminal legal action in which the issuer or any of its directors is involved.

a) After due inquiry from the Issuer, there is no material litigation, prosecution or other civil or criminal legal action in which the issuer or

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any of its directors are currently involved in Rwanda or internationally that could have a substantial impact on its financial standing.

b) A public search was conducted on the issuer on 15th September 2023. The Commercial Court confirmed that there is no litigation or legal claims of material importance made against BRD Plc or its associated companies or which is outstanding or threatened against any member of the group in the last five (5) years.

6.1.11. Bankruptcy/Receivership Proceedings

a) After due inquiry from the Issuer, there is no bankruptcy, receivership, or similar proceeding has been brought against the Issuer in Rwanda or internationally.

b) A public search was conducted on the issuer on 15th September 2023. The Commercial Court confirmed that there is no bankruptcy, receivership, or similar proceedings that has been brought against BRD in the last five (5) years.

6.1.12. The Bond Issuance

a) The Issuer has obtained no objection of the issuance of the Medium Term Notes from its primary regulator, the National Bank of Rwanda.

b) We, as the legal advisors, confirm that we have given our written consent to the inclusion of the Opinion in the Prospectus in the form and context in which it appears.

6.1.13. Associated companies

A tabular list of associated companies indicating the name of each company, a brief statement of the nature of its business and relationship to the operations of the entire enterprise, categories of authorized, issued and paid up share capital, par value and the amount of owned by the issuer in the associated companies is listed in Annex 3.

6.1.14. Agreements or contracts with respect to the proposed issue of securities.

The issuer has entered into the following agreements or contracts:

a) An agreement with Mandated Lead Arrangers and Placement Agents;

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b) A Collateral Agreement with the National Bank of Rwanda as the Security Trustee and Collateral Agent; and

c) An agreement with and I&M Bank Rwanda as Receiving Bank, Paying Agent, Paying Agent and Registrar.

6.2. **Enforceability of the Issue Documents**

Based on the foregoing, we are also of the opinion that:

6.2.1. the Issuer is duly constituted under the laws of the Republic of Rwanda, has all requisite authority to conduct its present business, and has full power and authority to execute and deliver the Issue Documents and to perform its obligations thereunder;

6.2.2. the Issuer has full power and capacity to create and issue the bond, to execute and deliver the Issue Documents and to undertake and perform the obligations expressed to be assumed by it therein, and the Issuer has taken all necessary action to approve and to authorize the same;

6.2.3. the Bond Issuance, the execution and delivery of the Issue Documents and the undertaking and performance by the Issuer of the obligations expressed to be assumed by it therein will not conflict with, or result in a breach of or default under, the laws of the Republic of Rwanda, regulation, court order or similar authority to which the Issuer is a party or by which it is bound;

6.2.4. Ms. Kampeta SAYINZOGA, the Chief Executive Officer has full power and authority to execute and deliver the Issue Documents and all other documents pursuant thereto;

6.2.5. the Issue Documents constitute legal, valid, binding and enforceable obligations of the Issuer, are in appropriate form to be admissible in evidence in the courts of Rwanda and contain no provision which is contrary to law or public policy in Rwanda, or which would for any reason not be upheld by the courts of Rwanda;

6.2.6. the Bond Issuance will constitute legal, valid, binding and enforceable obligations of the Issuer, and any individual Note certificates will (upon their signature manually or in facsimile on behalf of the Issuer and upon their issue, authentication and delivery in accordance with the Issue Documents) be in appropriate form to be admissible in evidence in the courts of Rwanda and will contain no provision which is contrary to law or public policy in Rwanda or which would for any reason not be upheld by the courts of Rwanda;

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6.2.7. the bond will constitute direct, general and unconditional obligations of the Issuer which (a) rank pari passu among themselves and (b) will at all times rank at least pari passu with all other present and future unsecured obligations of the Issuer;

6.2.8. there are no further authorizations, consents or approvals required by the Issuer for or in connection with the issue of the bond, the execution and delivery of the Issue Documents, the performance by the Issuer of the obligations expressed to be undertaken by it therein, and it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of the Issue Documents or any document be filed, recorded or enrolled with any government department or other authority in the Republic of Rwanda;

6.2.9. all payments of interest in respect of the bond by the Issuer under the Issue Documents shall be subject to withholding tax as follows:

Five (5**%**) percent withholding tax will be applicable on interest on securities listed on capital market if the beneficiary of the interest is a resident taxpayer of Rwanda or of the East African Community**.**

Ten (10%) percent withholding tax will be applicable on interest on securities listed on capital market if the beneficiary of the interest is a resident taxpayer of Countries with Double Taxation Agreements with Rwanda; and

Fifteen percent (15%) withholding tax will be applicable to a person not registered in the Rwandan tax administration or to a registered person who does not have recent income tax declaration.

6.2.10. no stamp, or other taxes, duties, assessments of whatsoever nature are payable in the Republic of Rwanda upon or in connection with the Issue Documents and their execution;

6.2.11. any judgment obtained in a court in the Republic of Rwanda against the Issuer by the holder of any Note(s) or by any party to the Issue Documents would be expressed in Rwandan Francs;

6.2.12. the appointment in the Issue Documents and the Notes of an agent for service of process, insofar as Rwandan law is concerned, is a valid and effective appointment and no other procedural requirements are necessary to make such appointment a valid and binding appointment by the Issuer;

6.2.13. all statements in the Issue Documents with respect to the laws of the Republic of Rwanda and the taxation laws of the Republic of Rwanda are correct and do not omit to state anything necessary to make such statements not misleading in any material respect; and

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6.2.14. it is not necessary under the laws of the Republic of Rwanda (a) in order to enable any person to exercise or enforce its rights under the Issue Documents or in respect of any Note or (b) by reason of any person being or becoming a party to the Issue Documents or the holder of any Note or by reason of the performance of any person of its obligations thereunder or in respect thereof that such person should be licensed, qualified or otherwise entitled to carry on business in the Republic of Rwanda.

7. **BENEFIT**

7.1. This opinion is strictly limited to the matters addressed herein, does not extend to, and is not to be read as extending by implication to, any agreement or other document not covered in this opinion or otherwise and speaks only as of this date. This opinion must be read in conjunction with the assumptions and qualifications set forth in this opinion.

8. **GOVERNING LAW AND LIMITATION OF LIABILITY**

8.1. This opinion is strictly limited to the issues addressed herein and speaks only as at the date first written above and is given only with respect to the laws of the Republic of Rwanda as in effect on such date and the above laws reviewed. We express no opinion as to the laws of any other jurisdiction and none is to be implied.

8.2. This opinion is governed by and shall be construed in accordance with Rwandan Law.

8.3. Our liability in connection with this opinion is limited to the maximum amount covered by our firm's professional indemnity insurance in the unlikely event that professional liability should arise.

We trust that the above is useful for your purposes but please do not hesitate to contact us if you require further clarification or wish to discuss.

Yours faithfully,

Equity Juris Chambers P O Box Kigali Attorneys-at-law

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Partner

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DLA Piper Africa, Rwanda (Equity Juris Chambers)

C. Subscription for Notes

16.1. APPLICATION PROCEDURE

Application forms for issues of Notes may be obtained from the Lead Arrangers or Placement Agent(s) or accessed electronically via the following URL: https://www.brd.rw/. Applications can be submitted directly to the Placing Agent(s) or done online by the date and time specified in this Prospectus. Successful applicants will be notified either by the Placing Agent(s) on behalf of the Issuer and the Lead Arrangers, or by the Lead Arrangers on behalf of the Issuer, of the amount of Notes allotted to them immediately after the date of allotment.

16.2. PAYMENT FOR NOTES AND DELIVERY

Payment for the Notes is to be made in full to the designated Receiving Bank as specified in this Prospectus and/or as specified in the relevant Pricing Supplement, by the Settlement Date and time specified in the Pricing Supplement. The payments will be made via the Real Time Gross Settlement ("RTGS") system to the account and in the manner detailed in the Application forms. The Notes will be delivered to investors not later than by the date specified in the relevant Pricing Supplement.

16.3. SECONDARY MARKET TRADING OF THE NOTES

The transfer of a Notes from a seller to a purchaser will be carried out in accordance with the transfer regulations set out in the Agency Agreement and subject to the rules of the RSE.

16.4. SELLING RESTRICTIONS

General: No action has been or will be taken in any jurisdiction by the Arranger and Placing Agent that would permit a public offering of the Notes, or possession or distribution of the Prospectus (in preliminary

or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Placing Agents will comply with all applicable laws and regulations in each jurisdiction in which they acquire, offer, sell or deliver Notes or have in their possession or distribute the Prospectus (in preliminary or final form) or any such other material, in all cases at their own expense. They will also ensure that no obligations are imposed on the Issuer or the Placing Agents in any such jurisdiction because of any of the foregoing actions. The Issuer and the Placing Agents will have no responsibility for, and the Placing Agents will obtain, any consent, approval or permission required by them for, the acquisition, offer or sale by them of Notes under the laws and regulations in force in any jurisdiction to which they are subject or in or from which they make any acquisition, offer, sale or delivery. The Placing Agents are not authorised to make any representation or use any information in connection with the issue, subscription, and sale of the Notes other than as contained in the Prospectus (in final form) or any amendment or supplement to it.

United States: The Notes have not been and will not be registered under the U.S. Securities Act, 1933 as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulations under the Securities Act ("Regulation S") or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. The Issuer, the Arranger and Placing Agent(s) represent and agree that they have only and will only offer and sell Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither it, its Affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulations. Each of the Issuer, Arranger and Placing Agent(s) agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Rule 903 of Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

United Kingdom: The Issuer, the Arranger and Placing Agent(s) has represented and agreed and any further Placing Agent(s) appointed under the Issue will be required to represent and agree that:

(a) It has not offered or sold and will not offer or sell any Notes, prior to the expiry of six months from the Issue Date in respect of such Notes, to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of Public Offers of Securities Regulations 1995;

(b) It has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom, and;

It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitations or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

D. Form of Application Form

DEVELOPMENT BANK OF RWANDA
www.brd.rw
BRD
We empower you

Development Bank of Rwanda PLC

Regulated by the National Bank of Rwanda

Incorporated in Rwanda under the law governing Companies No. 007/2021 of 05/02/2021.

Registration No. 100003547

OFFER APPLICATION FORM

In respect of an issue of Rwandan Franc [FRW ●] of [Description of Notes] due to mature in [●]

(the "Notes")

Under the FRW150,000,000,000 Medium Term Note Programme.

Offer opens at 9.00 am on the [●] and Closes at 5.00 pm on [●]

Applicants Statement

By signing the Application Form, I/We the applicants herein state that:

1. I/We have full legal capacity and having read the Prospectus and this Application Form including the notes at the back I/We hereby irrevocably apply for and request you to accept my/our application for the under mentioned value of Notes in Development Bank of Rwanda, or any lesser value of Notes that may, in your sole and absolute discretion, be allotted to me/us subject to the Terms and Conditions as contained in the Pricing Supplement as well as the allocation policy.

2. I/We authorize Development Bank of Rwanda to enter my/our name in the register of Noteholders of Development Bank of Rwanda as holders of Notes to me/us and to issue any refunds due to me/us via Electronic Funds Transfer in accordance with the terms and conditions in the Prospectus.

3. I/We agree that this application shall be irrevocable and shall constitute a contract which shall become binding upon receipt by Development Bank of Rwanda and shall be governed by the terms and conditions of the notes.

4. I/We acknowledge that Development Bank of Rwanda reserves the right to reject any application found to be in contravention of above declarations.

5. I/We confirm that all information provided by me us on the Application Form is true.

The Board of Directors shall reject any application in whole or in part if the instructions as set out in the Prospectus and the Application Form are not complied with.

<table>
<tr><td>Serial Number</td><td colspan="4">[insert serial #]</td></tr>
<tr><td colspan="5">Applications must be made in accordance with the instructions set out in this document. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in any doubt, please consult the Transaction Advisor or Placing Agent for guidance.</td></tr>
<tr><td colspan="5">Please complete all relevant sections of this Form USING BLOCK LETTERS WHERE APPLICABLE</td></tr>
<tr><td colspan="2">PARTICIPANT STATUS (PLEASE TICK √)</td><td>DATE (DD/MM/YYYY)</td><td colspan="2">CONTROL NO.
(FOR REGISTRARS' USE ONLY)</td></tr>
<tr><td></td><td>Resident</td><td colspan="3" rowspan="14">DECLARATION (PLEASE TICK √)
• I/We note that the Issuer and the Placing Agent are entitled in their absolute discretion to accept or reject this application.
• I/We confirm that I/we have read the Prospectus dated [●] and that my/our application(s) is/are made on the terms set therein.
• I/We agree to accept the Principal Amount as may be allocated to me/us subject to the terms in this Pricing Supplement.
• I/We authorise you to enter my/our name on the Register of Note holders of the Notes that may be allotted to me/us and to register my/our address as given below.
• I/We hereby irrevocably undertake and confirm my/our application(s) for Notes is on the terms outlined in the relevant Pricing Supplement.</td></tr>
<tr><td></td><td>Non Resident</td></tr>
<tr><td></td><td>Tax Exempt</td></tr>
<tr><td></td><td>Taxable</td></tr>
<tr><td colspan="2">PARTICIPANT TYPE
(PLEASE TICK √)</td></tr>
<tr><td></td><td>Pension Fund Manager</td></tr>
<tr><td></td><td>Unit Trust</td></tr>
<tr><td></td><td>Insurance Company</td></tr>
<tr><td></td><td>Corporate</td></tr>
<tr><td></td><td>Bank</td></tr>
<tr><td></td><td>Individual</td></tr>
<tr><td></td><td>[other]</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="5">PARTICIPANT DETAILS (INDIVIDUAL/CORPORATE/JOINT)
(Please use one box for one alphabet leaving one box blank between first word and second)</td></tr>
<tr><td colspan="5">All applications must be for a minimum amount of [currency] [insert amount in figures] [insert amount in words] and in multiples of [*] thereafter. SURNAME/CORPORATE NAME</td></tr>
<tr><td colspan="5">SURNAME/CORPORATE NAME</td></tr>
<tr><td colspan="5">FIRST NAME (FOR INDIVIDUALS ONLY)</td></tr>
<tr><td colspan="5">OTHER NAMES (FOR INDIVIDUALS ONLY)</td></tr>
<tr><td colspan="5">JOINT APPLICANT'S FIRST NAME (IF APPLICABLE)</td></tr>
<tr><td colspan="5">JOINT APPLICANT'S SECOND NAME (IF APPLICABLE)</td></tr>
<tr><td colspan="5">CONTACT PERSON (FOR CORPORATE APPLICANT)/ NEXT OF KIN (FOR INDIVIDUAL)</td></tr>
</table>

ADDRESS IN FULL (PLEASE DO NOT REPEAT APPLICANT(S)' NAME). POST BOX NO. ALONE IS NOT SUFFICIENT

TEL.

City COUNTY EMAIL

FACE VALUE (FRW)

Please credit my/our CSD Account as detailed below to the extent of the Notes are allotted:

PARTICIPANT'S CSD ACCOUNT NO:

BANK DETAILS FOR INTEREST PAYMENTS			
BANK NAME		BRANCH	
ACCOUNT NO:		CITY/COUNTY	
SIGNATURES			

SIGNATURES	2ND SIGNATURE (CORPORATE/JOINT)	OFFICIAL STAMP
NAME OF AUTHORISED SIGNATORY *(Corporate only)*	NAME OF AUTHORISED SIGNATORY *(Corporate/Joint):*	
DESIGNATION *(Corporate only):*	DESIGNATION *(Corporate only):*