

URWEGO FINANCE CBC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Frw'000	31-Dec-22 Frw'000
Interest and similar income	3	6,678,014	5,893,129
Interest and similar expense	4	(716,021)	(464,523)
Net interest income		5,961,993	5,428,606
Fees and commissions income	5	650,692	520,223
Fees and commissions expense	6	(276,402)	(273,877)
Net fees and commission income		374,290	246,346
Net foreign exchange income		142,666	119,945
Other operating income	7	390,146	242,726
Total operating income		6,869,095	6,037,623
Net impairment charge on loans and advances	8	(289,885)	(167,777)
Operating income after impairment losses		6,579,210	5,869,846
Personnel expenses	9	(3,762,974)	(3,232,882)
Depreciation on property and equipment	10	(200,200)	(159,961)
Depreciation on right of use assets	11	(204,032)	(200,569)
Amortisation of intangible assets	12	(19,204)	(13,010)
Other operating expenses	13	(2,157,206)	(1,789,436)
Total operating expenses		(6,343,616)	(5,395,858)
Profit before tax		235,594	473,989
Income tax credit/(charge)	14	132,184	(212,089)
Profit for the year		367,778	261,900
Other comprehensive income		-	-
Total comprehensive income for the year		367,778	261,900

URWEGO FINANCE CBC
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Note	31-Dec-23 Frw'000	31-Dec-22 Frw'000
ASSETS			
Cash in hand	15(a)	947,096	973,623
Balances with the National Bank of Rwanda	15(b)	1,508,061	1,133,388
Due from other banking institutions	15(c)	4,112,595	2,670,774
Loans and advances to customers	16	23,239,527	22,406,804
Financial investments	17	1,758,539	1,743,373
SWAP arrangement	29	119,008	-
Other assets	18	393,407	433,620
Current income tax		341,676	328,012
Property and equipment	10	1,028,074	808,767
Right of use assets	11	645,075	718,477
Intangible assets	12	155,792	13,509
Deferred income tax	14	196,362	64,179
TOTAL ASSETS		34,445,212	31,294,526
LIABILITIES			
Deposits from customers	19	21,181,343	19,429,862
Other payables	20	1,446,687	1,635,955
Borrowed funds	21	4,460,689	3,255,715
Lease liabilities	22	769,599	816,331
TOTAL LIABILITIES		27,858,318	25,137,863
EQUITY			
Share capital	23(a)	11,139,900	11,077,450
Share premium	23(b)	126,608	126,605
Accumulated losses	23(c)	(4,789,947)	(5,047,392)
Statutory reserve		110,333	-
Total equity		6,586,894	6,156,663
TOTAL LIABILITIES AND EQUITY		34,445,212	31,294,526

The statement of financial position and statement of profit or loss were approved by the Board of Directors on 12th April 2024 and signed on its behalf by


Christine Baingana
Chief Executive Officer




Amanda Y. Fung
Chairperson of the Board Audit Committee

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

	Share capital	Share premium	Statutory reserve	Accumulated losses	Total equity
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
At 01 January 2022	9,491,629	126,568	-	(5,309,292)	4,308,905
Profit and total comprehensive income for the year	-	-	-	261,900	261,900
Issue of shares	1,585,850	8	-	-	1,585,858
At 31 December 2022	11,077,450	126,605	-	(5,047,392)	6,156,663
At 01 January 2023	11,077,450	126,605	-	(5,047,392)	6,156,663
Profit and total comprehensive for the year	-	-	-	367,778	367,778
Statutory reserve	-	-	110,333	(110,333)	-
Issue of shares	62,450	3	-	-	62,453
At 31 December 2023	11,139,900	126,608	110,333	(4,789,947)	6,586,894

* Statutory reserve relates to regulatory reserve requirement for Microfinance Institution in Rwanda as per article 20 of Law No. 072/2021 of 5/11/2021 governing deposit taking microfinance institutions. The reserve is non distributable.

**URWEGO FINANCE CBC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

		2023	2022
		Frw '000	Frw'000
Cash flows from operating activities:			
Cash generated from operations	25	801,551	4,187,095
Taxes paid	(i)	<u>(9,392)</u>	<u>(21,620)</u>
Net cash inflow from operating activities		<u>792,159</u>	<u>4,165,475</u>
Cash flows from investing activities			
(Increase)/decrease in financial investments	17	(1,376,019)	403,054
Purchase of property and equipment	10	(588,484)	(393,889)
Purchase of intangible assets	12	(161,487)	-
Proceeds from sale of property and equipment		<u>2,074</u>	<u>70</u>
Net cash flows (used in)/from investing activities		<u>(2,123,917)</u>	<u>9,235</u>
Cash flows from financing activities:			
Proceeds from long & short-term borrowings	21	1,263,931	535,043
Repayment of finance lease		(369,012)	(304,836)
Repayment from sublease		29,977	25,567
Repayment of short- & long-term debt		-	(260,044)
Proceeds of issuance of share capital	23	<u>62,450</u>	<u>1,585,850</u>
Net cash flows from financing activities		<u>987,346</u>	<u>1,581,580</u>
Net decrease in cash and cash equivalents		(344,412)	(2,617,900)
Net foreign exchange difference		2,056,239	1,317,226
Cash and cash equivalents at 01 January		<u>3,828,297</u>	<u>5,128,971</u>
Cash and cash equivalents	15 (d)	<u>5,540,124</u>	<u>3,828,297</u>

URWEGO FINANCE CBC
APPENDIX 1: OTHER DISCLOSURES
AS AT 31 DECEMBER 2023

Item			
A. Capital Strength	Figures in Frw'000		
a. core capital (Tier 1)	8,121,958		
b. supplementary capital (Tier 2)	335,761		
c. total capital	8,457,719		
d. total risk weighted assets	26,860,878		
e. core capital/ Total risk weighted assets ratio (Tier 1 ratio)	30.237%		
f. tier 2 ratio	1.25%		
g. total capital/total risk weighted assets ratio	31.487%		
h. leverage ratio	19%		
B. Credit Risk			
1. total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation;	33,209,830		
2. average gross credit exposures, broken down by major types of credit exposure:	33,209,830		
a) loans, commitments and other non-derivative off-balance sheet exposures;	-		
b) debt securities;	-		
c) OTC derivatives	1,895,896		
3. Regional or geographic distribution of exposures, broken down in significant areas by major types of credit exposure;			
a. Kigali City	20,656,578		
b. Northern Province	2,116,658		
c. Eastern province	5,675,908		
d. Western Province	2,589,142		
f. Southern Province	2,171,544		
4. Sector distribution of exposures, broken down by major types of credit exposure and aggregated in the following areas:			
a) public;	1,508,966		
b) financial;	6,346,973		
c) manufacturing;	-		
d) infrastructure and construction;	11,930,189		
e) services and commerce.	9,655,937		
f) others	3,767,765		

URWEGO FINANCE CBC
APPENDIX 1: OTHER DISCLOSURES
AS AT 31 DECEMBER 2023

5. Off- balance sheet items			
6. Non-performing loans indicators			
a) Non-performing loans (NPL)	412,489		
b) NPL ratio	1.69%		
7. Related parties			
a. Loans to directors, shareholders and subsidiaries	-		
b. Loans to employees	463,282		
8. Restructured loans as at 31 December 2023			
a. No. of borrowers with restructured loans	12		
b. No. of loans restructured	53		
c. Amount outstanding (Frw'000) on restructured loans	498,290		
d. Provision thereon (Frw'000) (regulatory)	6,704		
e. Restructured loans as % of outstanding loan amounts (all borrowers)	1%		
C. LIQUIDITY RISK			
a. Liquidity Coverage Ratio (LCR)	178%		
b. Net Stable Funding Ratio (NSFR)	195%		
D. OPERATIONAL RISK			
	Types	Number	Amount Frw'000
a. Number and types of frauds and their corresponding amount	cash misappropriation	10	3,300
E. MARKET RISK			
a. Interest rate risk	151,742		
b. Equity position risk	-		
c. Foreign exchange risk	16,101		
F. COUNTRY RISK			
a. Credit exposures abroad	-		
b. Other assets held abroad	765,459		
c. Liabilities to abroad	2,797,989		
G. Management and board composition			
a. Number of Board members	9		
b. Number of independent directors	6		

URWEGO FINANCE CBC
 APPENDIX 1: OTHER DISCLOSURES
 AS AT 31 DECEMBER 2023

G. Management and board composition (cont'd)			
c.	Number of non-independent directors	3	
d.	Number of female directors	6	
e.	Number of male directors	3	

Note: These financial statements and other disclosures are also accessible at Urwego Finance CBC website: www.urwegobank.com

Our head office address: KG5, Rukiri Cell, Remera Sector, Gasabo District

EXPLANATORY NOTES ON KEY VARIANCES FOR Q4-2023 VERSUS Q4-2022

- Urwego Finance CBC (“Urwego”)’s assets grew by 10% on year to year basis. This growth was achieved on the back of growth realized in loan portfolio, cash and cash equivalents as a results of growth in deposits and long term loans, acquisition of new tangible and intangible fixed assets to better serve its customers
- Deposits to customers grew by 9% as a result of increased customers outreach with Urwego’s products and services which in turn brought business
- Borrowed funds increased by 37% due to extra loans contracted by Urwego in a bid to scale up its outreach and better serve its customers
- Cash and cash equivalents were 37% higher than prior year due to increase in customers deposits, external borrowings.
- Interest income grew by 13% as a result of loan portfolio growth, new investments
- Interest expense were 54% higher than prior year due to increase in customers deposits and new long and short term borrowings contracted by Urwego
- Fee and commission income grew by 25% as a result of increase in loan disbursement as well as increase in banking operations
- Net Impairment loss on loans was 73% higher than prior year due to deterioration in loan portfolio as a result of external factors namely climate changes and macro-economics factors namely inflation. However, overall the quality of the loan book is sound as the Non-Performing Loan ratio stands at 1.69%. This level of good performance in loans is attributable to the improved scrutiny in underwriting, the delinquency management efforts.
- Personnel expenses increased by 17% compared to prior year due to new hires to support Urwego’s efforts to serve the underserved and increase its outreach as well other management initiative to support the well-being of its staff
- Amortization of intangible assets grew by 48% as Urwego upgraded its mobile banking platform with extra features as part of its digitization endeavors.