

URWEGO BANK LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2018 (REVIEWED BY EXTERNAL AUDITORS)

	Notes	31 MARCH 2018 Frw'000	31 MARCH 2017 Frw'000
Interest and similar income	1	761,470	867,351
Interest and similar expense	2	<u>(122,446)</u>	<u>(158,177)</u>
Net interest income		639,024	709,174
Fee and commissions income	3	242,807	274,216
Fee and commissions expense	4	<u>(15,616)</u>	<u>(13,267)</u>
Net fee and commission income		227,191	260,949
Net foreign exchange income		36,405	54,077
Premium income		3,267	3,851
Other operating Income	5	<u>145,945</u>	<u>164,053</u>
Total operating income		1,051,832	1,192,104
Impairment loss on financial assets	6	<u>(97,227)</u>	<u>(766,007)</u>
Operating income after impairment losses		<u>954,605</u>	<u>426,097</u>
Personnel expense	7	(573,914)	(757,539)
Depreciation of property, plant and equipment		(65,256)	(75,939)
Amortization of intangible assets		(19,017)	(24,935)
Gross claims and policyholders benefits' payable		-	-
Other operating expenses	8	<u>(485,750)</u>	<u>(533,540)</u>
Total operating expenses		<u>(1,143,937)</u>	<u>(1,391,953)</u>
Loss before income tax		(189,332)	(965,856)
Income tax for the period		-	-
Net loss for the period		<u>(189,332)</u>	<u>(965,856)</u>

URWEGO BANK LIMITED
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2018 (REVIEWED BY EXTERNAL AUDITORS)

ASSETS	Note	31 MARCH	31 DECEMBER
		2018	2017
		Frw'000	Frw'000
Cash in hand	9	894,222	543,844
Due from the National Bank of Rwanda	10	816,791	331,077
Due from other Banking Institutions	11	4,831,181	4,732,345
Loans and advances to customers	12	9,503,326	10,566,418
Financial Investments	13	1,792,320	2,457,058
Other assets	14	904,123	920,311
Current income tax	15 (a)	229,813	213,780
Deferred income tax assets	15 (b)	404,415	404,415
Non-current assets held for sale		47,268	47,268
Property and equipment	16	947,109	972,443
Intangible assets	17	<u>133,514</u>	<u>152,533</u>
Total assets		<u>20,504,082</u>	<u>21,341,492</u>
LIABILITIES			
Deposits from Customers	18	15,277,043	15,453,114
Other liabilities	19	1,721,852	1,786,747
Borrowings	20	547,768	872,453
Deferred tax liabilities		<u>-</u>	<u>-</u>
Total Liabilities		<u>17,546,663</u>	<u>18,112,314</u>
EQUITY			
Share capital	21	8,136,777	8,136,777
Share premium		(1,394,581)	(1,394,581)
Accumulated losses	22	<u>(3,784,777)</u>	<u>(3,513,018)</u>
Total Shareholders' equity		<u>2,957,419</u>	<u>3,229,178</u>
Total Equity and Liabilities		<u>20,504,082</u>	<u>21,341,492</u>

The statement of financial position and statement of profit or loss were approved by the Board of Directors on
2018 and signed on its behalf by

.....
 Chief Executive Officer

.....
 Chairperson of the Board of Audit Committee

URWEGO BANK LIMITED
AS AT 31 MARCH 2018
APPENDIX 1: OTHER DISCLOSURES (REVIEWED BY EXTERNAL AUDITORS)

	31 MARCH 2018
Item	Amount Frw'000
1. Off balance sheet items	1,000,000
2. Non-performing loan indicators	
(a) Non-performing loans	651,674
(b) NPL Ratio	7%
3. Capital Strength	
a. Core Capital (Tier1)	2,823,905
b. Supplementary Capital (Tier 2)	-
c. Total Capital	2,823,905
d. Total risk weighted assets	11,693,710
e. Core capital/Total risk weighted assets ratio	24%
f. Tier 1 ratio	24%
g. Total capital/total risk weighted assets ratio	24%
h. Tier 2 Ratio	0%
4. Liquidity	
a. Liquidity ratio	43%
5. Insider lending	
a. Loans to directors, shareholders and subsidiaries	-
b. Loans to employees	279,315
6. Management and board composition	
a. Number of Board members	9
b. Number of executive directors	1
c. Number of Non-executive directors	8
d. Number of female directors	3
e. Number of male directors	6
f. Number of executive committee	3
g. Number of females in the Executive committee	1
h. Number of males in the Executive committee	2

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

Our head office address: KN5, Rukiri Cell, Remera Sector, Gasabo District

Explanatory notes to the financial statements:

- In March 2018, interest income on loans reduced by 12% compared to March 2017 interests due to scale down of lending activities as some lending products were being streamlined by the bank.
- In March 2018, fees and commissions incomes are 11% lower than 2017 commission incomes due to reductions in lending activities
- March 2018, interest expenses are 27% lower than 2017 interest expenses due to slow mobilization of deposits as well as repayment of long term debt in 2017.
- In March 2018, cash and cash equivalents increased by 17% compared to December 2017 balances as the bank slowed down lending activities and excess cash invested in interests bearing accounts and other short term investments.
- In March 2018, loans and advances to customers reduced by 10% compared to December 2017 balances due to scale down of lending activities as the bank is streamlining its loans products.

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
 STATEMENT OF PROFIT OR LOSS
 FOR THE PERIOD ENDED 30 JUNE 2018 (REVIEWED BY EXTERNAL AUDITORS)

	Notes	30 JUNE 2018 Frw'000	30 JUNE 2017 Frw'000
Interest and similar income	1	1,543,001	1,700,119
Interest and similar expense	2	<u>(243,614)</u>	<u>(318,184)</u>
Net interest income		1,299,387	1,381,935
Fee and commissions income	3	483,136	531,442
Fee and commissions expense	4	<u>(33,727)</u>	<u>(26,236)</u>
Net fee and commission income		449,409	505,206
Net foreign exchange income		52,669	111,741
Premium income		7,174	7,599
Other operating Income	5	<u>352,488</u>	<u>458,049</u>
Total operating income		<u>2,161,127</u>	<u>2,464,530</u>
Impairment loss on financial assets	6	(53,704)	(987,710)
Operating income after impairment losses		<u>2,107,423</u>	<u>1,476,820</u>
Personnel expense	7	(1,161,699)	(1,337,741)
Depreciation of property, plant and equipment	16	(129,479)	(153,497)
Amortization of intangible assets	17	(37,552)	(52,694)
Other operating expenses	8	<u>(1,182,769)</u>	<u>(1,183,218)</u>
Total operating expenses		(2,511,499)	(2,727,150)
Loss before income tax		(404,076)	(1,250,330)
Income tax credit/(expense)	15	_____	<u>(69,047)</u>
Net loss for the period		<u>(404,076)</u>	<u>(1,319,377)</u>

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018 (REVIEWED BY EXTERNAL AUDITORS)

ASSETS	Note	30 JUNE	31 DECEMBER
		2018	2017
		Frw'000	Frw'000
Cash in hand	9	1,010,647	543,844
Due from the National Bank of Rwanda	10	910,369	331,077
Due from other Banking Institutions	11	3,886,343	4,732,345
Loans and advances to customers	12	10,055,501	10,566,418
Financial Investments	13	2,224,978	2,457,058
Other assets	14	859,465	920,311
Current income tax	15	244,183	213,780
Deferred income tax assets	15	404,414	404,414
Non-current assets held for sale		-	47,269
Property and equipment	16	885,494	972,443
Intangible assets	17	<u>115,310</u>	<u>152,533</u>
Total assets		<u>20,596,704</u>	<u>21,341,492</u>
LIABILITIES			
Deposits from Customers	18	15,544,725	15,453,114
Other liabilities	19	1,737,651	1,786,747
Borrowings	20	<u>571,652</u>	<u>872,453</u>
Total Liabilities		<u>17,854,028</u>	<u>18,112,314</u>
EQUITY			
Share capital	21	8,136,777	8,136,777
Share premium		(1,394,581)	(1,394,581)
Accumulated losses	22	<u>(3,999,520)</u>	<u>(3,513,018)</u>
Total Shareholders' equity		<u>2,742,676</u>	<u>3,229,178</u>
Total Equity and Liabilities		<u>20,596,704</u>	<u>21,341,492</u>

The statement of financial position and statement of profit or loss were approved by the Board of Directors on 31/08/2018 2018 and signed on its behalf by


.....
Chief Executive Officer


.....
Chairperson of the Board of Audit Committee



URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
AS AT 30 JUNE 2018
APPENDIX 1: OTHER DISCLOSURES (REVIEWED BY EXTERNAL AUDITORS)

	30 JUNE 2018
Item	Amount Frw'000
1. Off balance sheet items	1,000,000
2. Non-performing loan indicators	
(a) Non-performing loans	542,861
(b) NPL Ratio	5%
3. Capital Strength	
a. Core Capital (Tier1)	2,742,676
b. Supplementary Capital (Tier 2)	-
c. Total Capital	2,742,676
d. Total risk weighted assets	11,909,795
e. Core capital/Total risk weighted assets ratio	23%
f. Tier 1 ratio	23%
g. Total capital/total risk weighted assets ratio	23%
h. Tier 2 Ratio	0%
4. Liquidity	
a. Liquidity coverage ratio (LCR)	231%
b. Liquidity ratio	44%
5. Insider lending	
a. Loans to directors, shareholders and subsidiaries	-
b. Loans to employees	299,639
6. Management and board composition	
a. Number of Board members	9
b. Number of executive directors	1
c. Number of Non-executive directors	8
d. Number of female directors	3
e. Number of male directors	6
f. Number of executive committee	3
g. Number of females in the Executive committee	1
h. Number of males in the Executive committee	2

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

Our head office address: KN5, Rukiri Cell, Remera Sector, Gasabo District

Explanatory notes to the financial statements:

- In June 2018, interest income on loans reduced by 9% compared to June 2017 interests due to scale down of lending activities as some lending products were being streamlined by the bank.
- In June 2018, fees and commissions incomes are 9% lower than 2017 commission incomes due to reductions in lending activities
- In June 2018, interest expenses are 23% lower than 2017 interest expenses due to mobilization of non-expensive deposits as well as repayment of long term debt in 2017.
- In June 2018, loans and advances to customers reduced by 5% compared to December 2017 balances due to scale down of lending activities as the bank is streamlining its loans products. It is worth noting a 3% increase of loans and advances in June 2018 compared to March 2018
- Deposits remained stable with a slight increase of 1% in June 2018 compared to December 2017 balances

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)

THIRD QUARTER REPORT

ON

STATEMENT OF FINANCIAL POSITION

AND

STATEMENT OF PROFIT OR LOSS

30 SEPTEMBER 2018

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
THIRD QUARTER REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

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URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
BANK INFORMATION
FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

REGISTERED OFFICE

URWEGO BANK PLC
KN 5 Rd, Rukiri-Remera-Gasabo
Umuyenzi Plaza Kisementi
P.O. Box 748
Kigali
Rwanda

DIRECTORS

The directors who served during the period and to the date of this report were:

Mr. Carl Daniel Lundblad	- Independent, Chairperson
Mr. Roger Morgan	- Non-Executive Director, shareholder Representative
Mr. Micah Crist	- Non-Executive Director, shareholder Representative
Mr. Stanley Tsikirayi	- Independent
Mr. Moses Ndahiro	- Non-Executive Director, shareholder Representative
Mr. John Nkubana	- Independent
Ms. Shelagh D. Kahonda	- Independent
Miss. Liliane Uwintwari	- Independent
Mr. Jesse David Casler	- Non-Executive Director, shareholder Representative
Ms. Christina Baingana	- Executive Director

AUDIT COMMITTEE MEMBERS

Ms. Shelagh D. Kahonda	- Chairperson
Mr. Micah Crist	- Member
Mr. Stanley Tsikirayi	- Member
Ms. Liliane Uwintwari	- Member

BANKERS

National Bank of Rwanda
P.O. Box 531
Kigali
Rwanda

SECRETARY

Ms. Jessica Igoma
Urwego Bank PLC
P.O. Box 748
Kigali
Rwanda

AUDITOR

Ernst & Young Rwanda Limited
M. Peace Plaza, Executive Wing, 6th Floor
Avenue de la Paix
P.O. Box 3638
Kigali
Rwanda

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
STATEMENT OF DIRECTORS' RESPONSIBILITIES
ON THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Regulation Number 03/2016 of 24 June 2016, issued by the National Bank of Rwanda (NBR) requires directors to prepare a statement of financial position and statement of profit or loss for each quarter of the financial year. It also requires the directors to ensure the Bank keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The directors accept responsibility for the third quarter statement of financial position and statement of profit or loss, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates. The directors are of the opinion that the statement of financial position and statement of profit or loss give a true and fair view of the state of the financial affairs of the Bank and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of statement of financial position and statement of profit or loss, as well as adequate systems of internal financial control.

Nothing has come to the attention of directors to indicate that the Bank will not remain a going concern for at least the next twelve months from the date of this report.


.....
Director


.....
Director

Nov 30th .
.....2018

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)

We have reviewed the accompanying financial information of Urwego Bank PLC, set out on pages 4 to 11, which comprise the statement of financial position as of 30 September 2018, and the related statements of profit or loss and statement of changes in equity for the period then ended and other explanatory notes.

Management Responsibility

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Regulation No. 03/2016 of 24/06/2016 on publication by banks of financial statements and other disclosures.

Auditors Responsibility

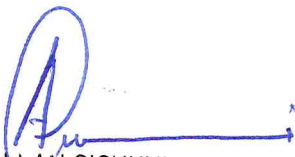
Our Responsibility is to express a conclusion on this interim financial information based on our review in accordance with Regulation No. 03/2016 of 24/06/2016 on publication by banks of financial statements and other disclosures.

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 information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly financial information does not present fairly, in all material respects, the financial position of the entity as at 30 September 2018, and of its financial performance for the six month period then ended in accordance with Regulation No. 03/2016 of 24/06/2016 on publication by banks of financial statements and other disclosures.



ALLAN GICHUHI
For Ernst & Young Rwanda Limited

30 November 2018

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
 STATEMENT OF PROFIT OR LOSS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

	Notes	30 SEPTEMBER 2018 Frw'000	30 SEPTEMBER 2017 Frw'000
Interest and similar income	1	2,322,546	2,541,462
Interest and similar expenses	2	<u>(351,242)</u>	<u>(478,747)</u>
Net interest income		1,971,304	2,062,715
Fee and commissions income	3	708,334	785,945
Fee and commissions expense	4	<u>(58,108)</u>	<u>(39,913)</u>
Net fee and commission income		650,226	746,032
Net foreign exchange income		93,069	174,801
Premium income		13,221	11,340
Other operating Income	5	<u>522,344</u>	<u>632,879</u>
Total operating income		3,250,164	3,627,767
Impairment loss on financial assets	6	<u>(182,760)</u>	<u>(1,131,029)</u>
Operating income after impairment losses		<u>3,067,404</u>	<u>2,496,737</u>
Personnel expense	7	(1,760,906)	(1,898,393)
Depreciation of property, plant and equipment	16	(190,818)	(229,176)
Amortization of intangible assets	17	(55,930)	(75,247)
Other operating expenses	8	<u>(1,735,084)</u>	<u>(1,728,208)</u>
Total operating expenses		<u>(3,742,738)</u>	<u>(3,931,025)</u>
Loss before income tax		(675,334)	(1,434,287)
Income tax credit/(expense)	15	<u>-</u>	<u>454,028</u>
Net loss for the period		<u>(675,334)</u>	<u>(980,260)</u>

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
 STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

ASSETS	Note	30 SEPTEMBER	31 DECEMBER
		2018 Frw'000	2017 Frw'000
Cash in hand	9	1,232,256	543,844
Due from the National Bank of Rwanda	10	585,663	331,077
Due from other Banking Institutions	11	4,652,061	4,732,345
Loans and advances to customers	12	9,579,811	10,566,418
Financial Investments	13	2,289,041	2,457,058
Other assets	14	867,524	920,311
Current income tax	15	232,172	213,780
Deferred income tax asset	15	404,414	404,414
Non-current assets held for sale		-	47,269
Property and equipment	16	828,316	972,443
Intangible assets	17	<u>96,932</u>	<u>152,533</u>
Total assets		<u>20,768,190</u>	<u>21,341,492</u>
LIABILITIES			
Deposits from Customers	18	15,676,716	15,453,114
Other liabilities	19	1,777,305	1,786,747
Borrowings	20	<u>842,753</u>	<u>872,453</u>
Total Liabilities		<u>18,296,774</u>	<u>18,112,314</u>
EQUITY			
Share capital	21	8,136,777	8,136,777
Share premium		(1,394,581)	(1,394,581)
Accumulated losses	22	<u>(4,270,780)</u>	<u>(3,513,018)</u>
Total Shareholders' equity		<u>2,471,416</u>	<u>3,229,178</u>
Total Equity and Liabilities		<u>20,768,190</u>	<u>21,341,492</u>

The statement of financial position and statement of profit or loss were approved by the Board of Directors on Nov 30th 2018 and signed on its behalf by



 Chief Executive Officer



 Chairperson of the Board of Audit Committee

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
 NOTES TO THE FINANCIAL INFORMATION
 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

	30 SEPTEMBER 2018 Frw '000	30 SEPTEMBER 2017 Frw '000
1. Interest and similar income		
Loans and advances	2,079,546	2,279,258
Government securities	157,890	262,204
Deposits in other financial institutions	<u>85,110</u>	<u>-</u>
	<u>2,322,546</u>	<u>2,541,462</u>
2. Interest and similar expenses		
Interest on debt	61	90,219
Interest on savings accounts	254,987	219,938
Interest on term deposits	<u>96,194</u>	<u>168,590</u>
	<u>351,242</u>	<u>478,747</u>
3. Fee and commission income		
Loan-related fees and commission	260,525	502,423
Account maintenance fee	181,893	230,760
Local and international bank transfers	41,312	21,120
Other fee and commission income	<u>224,604</u>	<u>31,641</u>
	<u>708,334</u>	<u>785,945</u>
4. Fees and commission expense		
Bank services	9,145	6,370
Commission on mobile banking	<u>48,963</u>	<u>33,543</u>
	<u>58,108</u>	<u>39,913</u>
5. Other operating income		
Grant income	467,763	504,832
Gain/(loss) on disposal of property	4,700	22,803
Miscellaneous income	<u>49,881</u>	<u>105,243</u>
	<u>522,344</u>	<u>632,879</u>
6. Impairment loss on financial assets		
	Sept 2018 Frw '000	December 2017 Frw '000
Balance as at January	323,506	1,043,720
Impact of adopting IFRS 9	82,426	-
Specific provisions for the year	240,077	1,280,010
General provisions	-	81,229
Loans written off	<u>(329,741)</u>	<u>(2,081,453)</u>
	<u>316,268</u>	<u>323,506</u>

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
 NOTES TO THE FINANCIAL INFORMATION
 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

	30 SEPTEMBER 2018	30 SEPTEMBER 2017
	Frw'000	Frw'000
6. Impairment loss on financial assets (continued)		
Charge for the year :		
Specific provisions	240,077	1,177,412
Recoveries on amounts written off	(74,038)	(65,267)
Loss on bad debts	<u>16,721</u>	<u>18,884</u>
	<u>182,760</u>	<u>1,131,029</u>
7. Personnel expenses		
Salaries and wages	1,537,396	1,654,072
Medical insurance cost	124,007	120,079
Employer contribution to RSSB	80,631	79,840
Other personnel expenses	<u>18,872</u>	<u>44,401</u>
	<u>1,760,906</u>	<u>1,898,393</u>
8. Other operating expense		
Rent and utilities	518,594	486,219
Purchase of IT related services	126,897	152,271
Maintenance of IT related services paid to suppliers	263,316	254,321
Communications	95,251	179,160
Transport and accommodations	107,355	126,604
Other duties, rates and taxes	7,989	9,517
Stationaries and office supplies	42,439	46,122
Other consultancy fees	21,873	15,303
Marketing	58,497	23,678
Auditor's remunerations	48,691	41,271
Fuel	23,213	24,128
Insurance	15,125	18,171
Vehicle repair, parking and maintenance	3,604	9,351
Legal fees	7,140	22,348
Provision for bad debts/other assets	124,619	-
Write offs of bad debts	102,859	-
Other expenses	<u>167,622</u>	<u>319,745</u>
	<u>1,735,084</u>	<u>1,728,208</u>

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
 NOTES TO THE FINANCIAL INFORMATION
 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

	30 SEPTEMBER 2018 Frw'000	31 DECEMBER 2017 Frw'000
9. Cash in hand		
Cash in local currency	918,496	163,191
Cash in foreign currency	<u>313,760</u>	<u>380,653</u>
	<u>1,232,256</u>	<u>543,844</u>
10. Due from the National Bank of Rwanda		
Balances in local currency	573,329	21,628
Balances in foreign currency	<u>12,334</u>	<u>309,449</u>
	<u>585,663</u>	<u>331,077</u>
11. Due from other banking institutions		
Balances in foreign currency-non residents	490,693	434,251
Balances in local currency	2,507,323	2,595,817
Balance in foreign currency-residents	<u>1,654,045</u>	<u>1,702,277</u>
	<u>4,652,061</u>	<u>4,732,345</u>
12. Loans and advances to customers		
Community group loans	3,579,501	4,348,263
Individual loans	4,051,914	4,481,216
Staff loans	262,374	283,638
Salary loans	1,203,697	1,388,562
Agriculture loans	642,372	201,917
Interest receivable	<u>156,221</u>	<u>186,329</u>
Gross loans and advances	<u>9,896,079</u>	<u>10,889,924</u>
Individually impaired	213,848	(232,760)
Collectively impaired	<u>102,420</u>	<u>(90,746)</u>
Expected Credit Losses	<u>(316,268)</u>	<u>323,506</u>
Net loans and advances	<u>9,579,811</u>	<u>10,566,418</u>
13. Financial investments held to maturity		
Government debt securities	2,130,400	2,287,900
Bond issued by International Finance Corporation	120,000	120,000
Short term deposits	17,331	17,331
Accrued interests receivable	<u>21,310</u>	<u>31,827</u>
	<u>2,289,041</u>	<u>2,457,058</u>

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
 NOTES TO THE FINANCIAL INFORMATION
 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

14. Other assets		30 SEPTEMBER 2018 Frw'000	31 DECEMBER 2017 Frw'000
Items in the course of collection		26,448	58,138
Prepayments		540,325	437,714
Other assets		86,745	176,329
Other receivable		130,119	228,834
Dues from related parties		<u>83,887</u>	<u>19,296</u>
		<u>867,524</u>	<u>920,311</u>
15. Taxes			
(a) Tax recoverable			
Balance brought forward		213,780	182,791
Payments during the period/year		<u>18,392</u>	<u>30,989</u>
		<u>232,172</u>	<u>213,780</u>
(b) Accelerated depreciation on Property, plant and equipment	01-Jan-17	Charge for the period	30-Sept-18
Other deductible temporary difference	Frw'000	Frw'000	Frw'000
Accelerated depreciation on Property, plant and equipment	(71,153)	-	(71,153)
Other deductible temporary difference	58,675	-	58,675
Tax profit/(loss)	<u>416,892</u>	<u>-</u>	<u>416,892</u>
	<u>404,414</u>	<u>-</u>	<u>404,414</u>

Deferred income tax is calculated using the enacted income tax rate of 30%. During the current quarter, the bank has not recognized any deferred tax assets as it is uncertain whether the company will achieve continuous profitability in the foreseeable future to utilize the deferred tax assets. Deferred tax asset arising from the tax losses may be deducted from the tax profit in the next five (5) tax periods, earlier losses may be deducted before later losses.

16 Property, plant and equipment		30 SEPTEMBER 2018 Frw'000	31-Dec 2017 Frw'000
Cost			
At 1 January		2,487,796	3,027,774
Additions		48,131	67,583
Transfers out/in		-	(27,114)
Disposal		<u>(35,772)</u>	<u>(580,447)</u>
		<u>2,500,155</u>	<u>2,487,796</u>
Depreciation			
At 1 January		(1,515,353)	(1,470,257)
Charge for the period		(190,818)	(299,178)
Disposal		34,332	243,175
Adjustment to accumulated depreciation		<u>-</u>	<u>10,907</u>
		<u>(1,671,839)</u>	<u>(1,515,353)</u>
Net carrying amount		<u>828,316</u>	<u>972,443</u>

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
 NOTES TO THE FINANCIAL INFORMATION
 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

	30 SEPTEMBER 2018 Frw'000	31 DECEMBER 2017 Frw'000
17 Intangible assets		
At 1 January	1,022,515	975,177
Additions	329	49,406
Disposal	<u>-</u>	<u>(2,068)</u>
	<u>1,022,844</u>	<u>1,022,515</u>
Amortization		
At 1 January	(869,982)	(771,414)
Charge for the period	(55,930)	(98,981)
Disposal	<u>-</u>	<u>(413)</u>
	<u>(925,912)</u>	<u>(869,982)</u>
Net carrying amount	<u>96,932</u>	<u>152,533</u>
18 Customers' deposits		
Current and demand deposits	8,097,457	7,713,290
Savings deposits	6,049,944	4,952,036
Term deposits	1,458,611	2,738,013
Interests payable	<u>70,704</u>	<u>49,775</u>
	<u>15,676,716</u>	<u>15,453,114</u>
19 Other liabilities		
Deferred grants income	811,523	1,032,730
Accruals	392,059	462,591
Other payables	72,680	89,528
Taxes payables and other liabilities	87,046	55,516
Amount due to related parties	258,958	39,673
Amount due to money transfer agents	4,018	1,870
Other deferred revenues	<u>151,021</u>	<u>104,839</u>
	<u>1,777,305</u>	<u>1,786,747</u>

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
 NOTES TO THE FINANCIAL INFORMATION
 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (REVIEWED BY EXTERNAL AUDITORS)

20	Borrowings	30-Sept 2018 Frw'000	31-Dec 2017 Frw'000
	Kiva loans	<u>842,753</u>	<u>872,453</u>
21	Share capital		
	Balance as at 01 January	8,136,777	5,089,100
	Increase in share capital	<u>-</u>	<u>3,047,677</u>
	Authorised, issued and paid for share capital:	<u>8,136,777</u>	<u>8,136,777</u>
22	Accumulated losses		
	Accumulated loss as at the start of the year	(3,513,018)	(2,080,686)
	Impact of adopting IFRS 9	<u>(82,427)</u>	<u>-</u>
	Restated opening balance	(3,595,445)	(2,080,686)
	Net loss for the period/year	<u>(675,335)</u>	<u>(1,432,332)</u>
	Accumulated loss at the end of the period	<u>(4,270,780)</u>	<u>(3,513,018)</u>

URWEGO BANK PLC (FORMERLY URWEGO BANK LIMITED)
AS AT 30 SEPTEMBER 2018
APPENDIX 1: OTHER DISCLOSURES (REVIEWED BY EXTERNAL AUDITORS)

	30 SEPTEMBER 2018
Item	Amount Frw'000
1. Off balance sheet items	-
2. Non-performing loan indicators	
(a) Non-performing loans	459,858
(b) NPL Ratio	5%
3. Capital Strength	
a. Core Capital (Tier1)	2,374,484
b. Supplementary Capital (Tier 2)	-
c. Total Capital	2,374,484
d. Total risk weighted assets	11,427,658
e. Core capital/Total risk weighted assets ratio	21%
f. Tier 1 ratio	21%
g. Total capital/total risk weighted assets ratio	21%
h. Tier 2 Ratio	0%
4. Liquidity	
a. Liquidity ratio	218%
5. Insider lending	
a. Loans to directors, shareholders and subsidiaries	-
b. Loans to employees	262,374
6. Management and board composition	
a. Number of Board members	9
b. Number of executive directors	1
c. Number of Non-executive directors	8
d. Number of female directors	3
e. Number of male directors	6
f. Number of executive committee	3
g. Number of females in the Executive committee	1
h. Number of males in the Executive committee	2

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Our head office address: KN5, Rukiri Cell, Remera Sector, Gasabo District

URWEGO BANK PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 Frw'000	2017 Frw'000
Interest income from loans and investments	3(a)	3,109,506	3,408,014
Interest and similar expenses	4	<u>(452,238)</u>	<u>(645,698)</u>
Net interest income		2,657,268	2,762,316
Fee and commission income	5(a)	996,814	1,055,684
Fee and commission expense	5(b)	<u>(85,101)</u>	<u>(54,707)</u>
Net fees and commission income		911,713	1,000,977
Net foreign exchange income		140,337	218,487
Premium income	5(c)	17,672	15,313
Other operating income	6	<u>702,305</u>	<u>864,749</u>
Total operating income		4,429,295	4,861,842
Impairment losses on financial assets	7	<u>(189,437)</u>	<u>(1,308,655)</u>
Operating income after impairment losses		<u>4,239,858</u>	<u>3,553,187</u>
Personnel expenses	8	(2,335,530)	(2,445,320)
Depreciation on property and equipment	9	(249,172)	(299,178)
Amortisation of intangible assets	10	(77,551)	(98,981)
Other operating expenses	11	<u>(2,202,704)</u>	<u>(2,669,444)</u>
Total operating expenses		<u>(4,864,957)</u>	<u>(5,512,923)</u>
Loss before tax		(625,099)	(1,959,736)
Income tax credit/ (charge)	12	<u>(404,414)</u>	<u>527,404</u>
Loss for the year		(1,029,513)	(1,432,332)
Other comprehensive income		-	-
Total comprehensive loss		<u>(1,029,513)</u>	<u>(1,432,332)</u>

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URWEGO BANK PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 Frw'000	2017 Frw'000
ASSETS			
Cash in hand	13(a)	861,178	543,844
Due from the National Bank of Rwanda	13(b)	572,140	331,077
Due from other banking institutions	13(c)	2,057,659	4,732,345
Loans and advances to customers	14	10,554,093	10,566,418
Financial investments-amortised cost	15	3,789,757	2,457,058
Other assets	16	719,526	920,311
Current income tax assets	12	239,519	213,780
Non-current asset held for sale	17	-	47,269
Property and equipment	9	752,592	972,443
Intangible assets	10	103,060	152,533
Deferred tax assets	12	-	404,414
TOTAL ASSETS		<u>19,649,524</u>	<u>21,341,492</u>
LIABILITIES			
Deposits from customers	18	14,716,496	15,453,114
Other payables	19	1,530,475	1,786,747
Borrowed funds	20	474,308	872,453
TOTAL LIABILITIES		<u>16,721,279</u>	<u>18,112,314</u>
EQUITY			
Share capital	21(a)	8,947,777	8,136,777
Share premium	21(b)	(1,394,574)	(1,394,581)
Accumulated losses		(4,624,958)	(3,513,018)
Total equity		<u>2,928,245</u>	<u>3,229,178</u>
TOTAL LIABILITIES AND EQUITY		<u>19,649,524</u>	<u>21,341,492</u>

The financial statements were approved by the Board of Directors on.....2019 and signed on its behalf by:


.....
Chief Executive Officer




.....
Chairman of Board Audit Committee

URWEGO BANK PLC
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Accumulated losses	Share premium/ (Discount)	Total equity
	Frw'000	Frw'000	Frw'000	Frw'000
As at 01 January 2017	5,089,100	(2,080,686)	126,370	3,134,784
Loss for the year	-	(1,432,332)	-	(1,432,332)
Issue of shares	<u>3,047,677</u>	-	<u>(1,520,951)</u>	<u>1,526,726</u>
At 31 December 2017	<u>8,136,777</u>	<u>(3,513,018)</u>	<u>(1,394,581)</u>	<u>3,229,178</u>
As at 01 January 2018	8,136,777	(3,513,018)	(1,394,581)	3,229,178
Adjustment of IFRS 9 adoption	-	<u>(82,427)</u>	-	<u>(82,427)</u>
Restated opening balance	8,136,777	(3,595,445)	(1,394,581)	3,146,751
Loss for the year	-	(1,029,513)	-	(1,029,513)
Issue of shares	<u>811,000</u>	-	<u>7</u>	<u>811,007</u>
At 31 December 2018	<u>8,947,777</u>	<u>(4,624,958)</u>	<u>(1,394,574)</u>	<u>2,928,245</u>

URWEGO BANK PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 Frw'000	2017 Frw'000
Cash flows from operating activities:			
Loss before tax		(625,099)	(1,959,736)
<u>Adjustments for:</u>			
Amortisation of intangible assets	10	77,551	98,981
Depreciation on property and equipment	9	249,172	299,178
Grant income from amortization of deferred revenue	5 (d)	(597,288)	(700,328)
Income from amortisation of loan processing fees	5 (a)	(329,968)	(320,404)
Provision for impairment on assets held for sale	11	143,589	32,100
Write off of bad assets	11	110,126	-
(Gains) / loss on disposal of property and equipment	11	911	195,631
Finance costs	4	61	126,049
Exchange gain difference		<u>(140,337)</u>	<u>(218,847)</u>
Operating profit before changes in operating assets and liabilities		(1,111,282)	(2,447,016)
Changes in working operating assets and liabilities			
Decrease in loans and advances	14	12,325	2,948,174
Decrease/(increase) in other assets	16	200,785	(97,527)
Decrease in deposits from customers	18	(736,618)	(623,982)
(Decrease)/increase in other payables (excluding deferred items)	19	(52,571)	216,899
Loan processing fees collected		154,018	425,179
Grants received		440,721	569,272
Increase in cash reserve balances with National Bank	13 (d)	<u>(56,293)</u>	<u>(52,892)</u>
Cash generated from operations		<u>(1,148,915)</u>	<u>474,723</u>
Taxes paid	12 (i) (a)	(25,739)	(30,988)
Cash flows from investing activities			
Increase in Financial investments	15	(162,699)	(463,384)
Purchase of property and equipment	9	(52,588)	(67,583)
Purchase of intangible assets	10	(28,077)	(49,406)
Proceeds from sale of property and equipment	9 & 11	<u>22,356</u>	<u>141,641</u>
Net cash flows from / (used in) investing activities		<u>(221,008)</u>	<u>24,652</u>
Cash flows from financing activities:			
Proceeds from long & short-term borrowings	20	119,263	848,450
Repayment of long & short-term borrowings	20	(517,408)	(1,425,658)
Interest paid	20	-	(104,299)
Proceeds of issuance of share capital	21 (b)	<u>811,007</u>	<u>1,526,725</u>
Net cash flows from financing activities		<u>413,222</u>	<u>845,219</u>
Net increase in cash and cash equivalents		(982,440)	1,313,606
Net foreign exchange difference		92,444	236,305
Cash and cash equivalents at 01 January		<u>4,801,758</u>	<u>3,251,847</u>
Cash and cash equivalents	13(d)	<u>3,911,762</u>	<u>4,801,758</u>

URWEGO BANK PLC
APPENDIX 1: OTHER DISCLOSURES
AS AT 31 DECEMBER 2018

Item	
	Figures in Frw'000
1. Off balance sheet items-contingent asset	-
2. Non-performing loan indicators	
(a) Non-performing loans	515,218
(b) NPL Ratio	5%
3. Capital Strength	
a. Core Capital (Tier1)	2,825,184
b. Supplementary Capital (Tier 2)	142,574
c. Total Capital	2,967,758
d. Total risk weighted assets	11,641,860
e. Core capital/Total risk weighted assets ratio	24%
f. Tier 1 ratio	24%
g. Total capital/total risk weighted assets ratio	24%
h. Tier 2 Ratio	25%
4. Liquidity	
a. Liquidity ratio	213%
5. Insider lending	
a. Loans to directors, shareholders and subsidiaries	
b. Loans to employees	287,792
6. Management and board composition	
a. Number of Board members	8
b. Number of executive directors	1
c. Number of Non-executive directors	8
d. Number of female directors	2
e. Number of male directors	6
f. Number of executive committee	3
g. Number of females in the Executive committee	1
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Explanatory notes to the financial statements:

- Interest income on loans reduced by 9% compared to December 2017 due to reductions in lending activities
- December 2018 Interest expenses are 30% lower than December 2017 due to bank strategy to scale down expensive sources of funds due to its robust cash position as extra finance costs incurred in 2017 during early repayment its then long term debt;
- Total operating expenses are 12% lower than prior year due to cost containment strategy adopted by the bank
- Non-performing loans were reduced significantly from 7% to 5% since the bank improved its loan underwriting processes, increased its loan monitoring and services to customers;
- Loans to customers slightly decreased by 1% compared to prior situation;
- Customers deposits decreased by 5% compared to prior year as the bank strived to get less expensive deposits;
- Share capital increased by 10% due to extra capital injection to funds bank's operations;