

**COOPERATIVE OF PROGRESS AND FINANCING
INEZA (CPF INEZA)**

MUHANGA DISTRICT

**COOPERATIVE OF PROGRESS AND
FINANCING INEZA (CPF INEZA)**

**REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2022**

External auditor

UHUJENIMANA Marcel

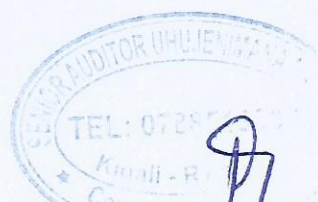
March, 2023

COOPERATIVE OF PROGRESS AND FINANCING INEZA
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2022

COOPERATIVE OF PROGRESS AND FINANCING INEZA
Report and financial statements
For the period ended 31st December 2022

Contents

| | page |
|---|---------|
| COOPERATIVE OF PROGRESS AND FINANCING INEZA | 1 |
| Report of the directors | 2 |
| Statement of directors' responsibilities | 3 |
| Report of the independent auditors | 4 to 5 |
| Financial statements: | |
| Income statement | 6 |
| Balance sheet | 7 |
| Depreciation of Assets | 8 |
| Notes to the financial statements | 9 to 18 |



COOPERATIVE OF PROGRESS AND FINANCING INEZA information

| | | |
|---------------------------|--|---|
| Board of Directors | MUTAKWASUKU Yvone KARAKE J BAPTISTE NYIRAMINANI BEATRICE NTIRENGANYA FREDERIC HAKIZIMFURA Schadrack | Chairman V/chairman Secretary Advisor Advisor |
| Audit Committee | JYAMBERE Laurien UMUKUNZI LEA MUCYO JEAN Claude | Chairman V/chairman Secretary |
| Credit Committee | TUYISENGE Oswald BARARWEREKANA Marc UWAJENEZA Clementine MUREMANGANGO Aphrodice MUKESHIMANA Charlotte | Chairman V/chairman Secretary Advisor Advisor |
| MANAGEMENT | NAMES UWAMARIYA Chantal MPAYIMANA Jean Pierre RWASANGABO Innocent MUJYAKERA Martin NIYIGABA Benoite NYIRAGATESI Clemence KUBWIMANA Viateur | TITLE Manager Accountant Internal Auditor Loan Officer Branch Manager Branch Manager Branch Manager |
| Registered office | : COOPERATIVE OF PROGRESS AND FINANCING INEZA : MUHANGA District : Rwanda | |
| Auditors | : UHUJENIMANA Marcel Contact: (+250788519390) : Kigali, : Rwanda. | |
| Principal Bankers | : BANK OF KIGALI (BK) : BANQUE POPULAIRE DU RWANDA (BPR) : COGEBANQUE : KENYA COMMERCIAL BANK (KCB) | |



Report of the Directors

The directors submit their report and the audited financial statements for the period ended 31st December 2022, that disclose the state of affairs of CPF INEZA

Incorporation

The CPF INEZA was registered in 2010.

Principal Activities

The Cooperative's principal activity is that of savings and credit.

Results

| | 2022 Frw | 2021 Frw |
|-----------------------|-------------|-------------|
| Profit before tax | 125,766,401 | 69,085,018 |
| Tax charge | 37,729,920 | 20,725,505 |
| Profit for the period | 88,036,481 | 48,359,513 |

Dividend

The directors do not recommend the declaration of a dividend for the period.

Directors

The directors who held office during the period and to the date of this report are shown on page 1.

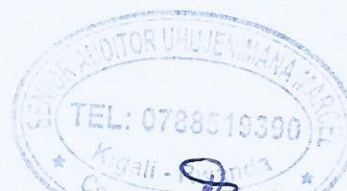
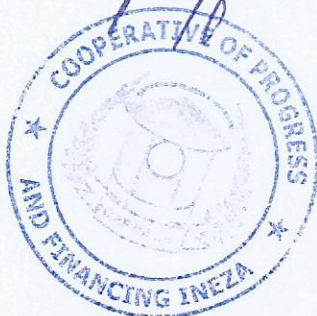
Auditors

The auditor, Mr. UHUJENIMANA Marcel who was appointed express his willingness to continue in office in accordance with Laws and regulations of Rwanda.

By order of the board

ROTAKWASUKU
Chairman of CPF Ineza
MUHANGA District

Uwamariya Chantal
2022



Statement of Directors' Responsibilities

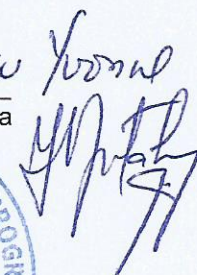
The Laws governing cooperatives in Rwanda requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the CPF INEZA end of the financial period and of the results for that period. It also requires the directors to ensure that the CPF INEZA maintains proper accounting records which disclose with reasonable accuracy the financial position of the CPF INEZA. The directors are also responsible for safeguarding the assets of the Cooperative

The directors accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous periods, and in conformity with International Financial Reporting Standards and the requirements of the Law Governing Cooperatives in Rwanda. The directors are of the opinion that the financial statements give a true and fair view of the financial affairs of CPF INEZA as at 31st December 2022 and of its operating results for the period then ended. The directors further confirm the accuracy and completeness of the accounting records maintained by CPF INEZA which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

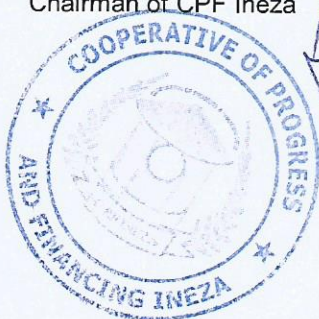
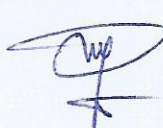
Nothing has come to the attention of the directors to indicate that the CPF INEZA will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on _____ 2023 and signed on its behalf by:

NTAKWASUKU Yvonne
Chairman of CPF Ineza



Uwamukiza Chantal
Manager of CPF Ineza



Report of the independent Auditors
To the members of CPF INEZA

Report on the financial statements

We have audited the accompanying financial statements of CPF INEZA set out on pages 6 to 8 which comprise the balance sheet as at 31st December 2022 and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Laws Governing Cooperatives in Rwanda. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Report of the independent Auditors (Continued)
To the members of CPF INEZA

Basis of opinion

We obtained all the informations and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. By forming our opinion we also evaluated the overroll adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of **COOPERATIVE OF PROGRESS AND FINANCING INEZA** as at 31st December 2022 and of its profit for the year then ended in accordance with International Financial Reporting Standards.

UHUJENIMANA Marcel

Independent Auditor

Date: 11/03/2023



INCOME STATEMENT

| | Notes | 2022 Frw | 2021 Frw |
|------------------------------------|-------|-------------------|-------------------|
| Revenue | 2 | 359,527,661 | 253,052,536 |
| Financial Expenses | 3 | 31,604,263 | 29,710,393 |
| Financial Margin | | 327,923,398 | 223,342,143 |
| Provisions for loan losses | | (54,578,125) | (65,238,563) |
| Loan writtenoff during the year | | (6,276,681) | (4,506,328) |
| Recoveries on loans | 4 | 69,402,575 | 73,854,984 |
| Operating Expenses | 5 | (215,579,829) | (169,210,258) |
| Net Income/Loss from Operations | | 120,891,338 | 58,241,978 |
| Non Operating Revenue and Expenses | | | |
| Non Operating Revenue | 6 | 4,875,062 | 10,843,040 |
| Net Income/Loss Before Tax | | 125,766,401 | 69,085,018 |
| Tax | 7 | 37,729,920 | 20,725,505 |
| Profit for the year | | 88,036,481 | 48,359,513 |

The notes on pages 12 to 15 form an integral part of these financial statements.

Report of the independent auditors - pages 11 and 12.



BALANCE SHEET

| | Notes | 2022 Frw | 2021 Frw |
|--|-------|---------------|---------------|
| Assets | | | |
| Cash in Vaults | 8.0 | 42,821,593 | 25,268,428 |
| Bank Balances | 8.1 | 495,323,554 | 396,226,095 |
| Receivable from Financial Institutions | | 6,688,192 | 8,500,274 |
| Loan Portfolio (current Loans) | 9 | 1,742,971,293 | 1,353,154,197 |
| Provision for non performing Loans | | (11,026,037) | - |
| Non performing Loans | | 36,773,604 | - |
| Other Investments | | 85,000,000 | 85,000,000 |
| Fixed Assets | | 41,238,978 | 24,509,874 |
| Other Assets | | 41,621,495 | 48,193,749 |

| | | |
|---------------------|----------------------|----------------------|
| Total Assets | 2,481,412,672 | 1,940,852,617 |
|---------------------|----------------------|----------------------|

LIABILITIES AND SHAREHOLDERS EQUITY

| | | | |
|-------------------------------------|----|----------------------|----------------------|
| Liabilities | | | |
| Customer's or Members deposits | 10 | 1,680,285,805 | 1,216,944,014 |
| Borrowings overnight and term loans | 11 | 263,770,292 | 320,271,724 |
| Accounts payable | 12 | 26,170,962 | 19,803,662 |
| Other Liabilities | | | |
| Tax Payable | | 37,729,920 | 20,725,505 |
| | | 2,007,956,979 | 1,577,744,905 |

EQUITY

| | | |
|------------------------------|----------------------|----------------------|
| Share Capital | 140,661,500 | 118,350,000 |
| Subsidies | 483,100 | 483,100 |
| Retained earnings BF | 244,274,612 | 195,915,099 |
| Legal Reserves | | |
| Other Reserves/Donations | | |
| Profit & loss for the period | 88,036,481 | 48,359,513 |
| Shareholders' funds | 473,455,693 | 363,107,712 |
| Total Liabilities | 2,481,412,672 | 1,940,852,617 |

The financial statements on pages 6 to 8 were approved for issue by the Board of Directors

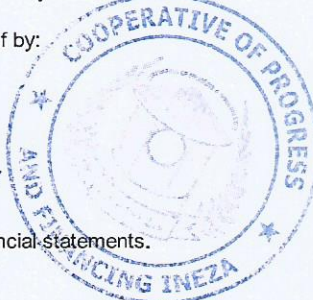
on 12/03/2023 2023 and were signed on its behalf by:

WUMUKIZA Chantal MANAGER

MOYAKWASUKU Chairman

The notes on pages 12 to 15 form an integral part of these financial statements.

Report of the independent auditors - pages 4 and 5.



1. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of preparation

The financial statements are prepared on a historical cost basis in accordance with International Financial Reporting Standards (IFRS).

b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for interest on loans and/or performance of services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

The cooperative recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for the cooperative's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the interest receivable have been resolved. The cooperative bases its estimates on historical results, taking into consideration the member, type of transaction and specifics of each arrangement.

c) Plant and equipment

All plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

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 cooperative and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

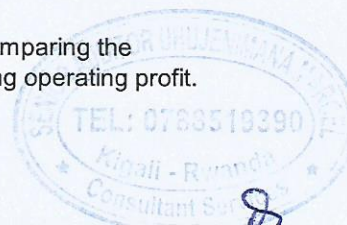
Depreciation on assets is calculated on reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

| | <u>Rate %</u> |
|---------------------------------------|---------------|
| Buildings | 5% |
| Intangible assets | 10% |
| Machines | 25% |
| Motor vehicles | 25% |
| IT equipments | 50% |
| Furniture fittings & office equipment | 25% |

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.



COOPERATIVE OF PROGRESS AND FINANCING INEZA
Report and financial statements
For the period ended 31st December 2022

Page 8

Notes to the financial statements (continued)

14 Buildings Property Plant and equipment

Period ended 31st December 2021

| Safe | Motovehicles | | Equipment (GENERATOR) | | Installation and Fixture | | Office equipment and furniture | | IT Equipment | | Software | | Total | |
|--|--------------|-----------|-----------------------|-----------|--------------------------|------------|--------------------------------|------------|--------------|-----|----------|-----|-------|-----|
| | Frw | Frw | Frw | Frw | Frw | Frw | Frw | Frw | Frw | Frw | Frw | Frw | Frw | Frw |
| Cost | | | | | | | | | | | | | | |
| At 1 January 2022 | 10% | 25% | 25% | 25% | 25% | 25% | 25% | 50% | | | | | | |
| | 942,317 | 239,483 | 1,049,139 | 9,308,571 | 4,266,135 | 1,080,149 | 7,624,086 | 24,509,881 | | | | | | |
| Additions | 0 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal | | | | | | | | | | | | | | |
| | 942,317 | 239,483 | 1,049,139 | 9,308,571 | 4,266,135 | 1,080,149 | 7,624,086 | 24,509,881 | | | | | | |
| Accumulated Depreciation at 31/12/2021 | | | | | | | | | | | | | | |
| | 299,153 | 3,997,417 | 3,252,183 | 8,494,073 | 5,223,500 | 1,080,149 | 26,724,399 | 49,070,875 | | | | | | |
| Additions | 299,151 | 3,997,417 | 3,952,178 | 2,160,298 | 2,860,984 | 1,080,149 | 2,160,298 | 16,510,476 | | | | | | |
| Charge for the year | 124,148 | 239,483 | 400,758 | 3,494,276 | 3,364,247 | 25,869,545 | 4,610,814 | 33,844,607 | | | | | | |
| Disposal | | | | | | | | | | | | | | |
| At 31 December 2022 | 124,148 | 239,483 | 400,758 | 3,494,276 | 1,860,022 | 4,044,848 | 6,951,971 | 17,115,507 | | | | | | |
| Asset revaluation | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| Net book value 31 Dec 2022 | 818,168 | 0 | 648,381 | 5,814,294 | 5,770,360 | 22,904,846 | 5,282,928 | 41,238,978 | | | | | | |



Significant accounting policies (Continued)

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Rwandese Francs (functional currency) at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Rwandese Francs at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income statement in the year in which they arise.

e) Financial assets

The cooperative's financial assets which includes cash and cash equivalents and trade and other receivables fall into the following category:

- Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the balance sheet date. All assets with maturities greater than 12 months after the balance sheet date are classified as non-current assets. Such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the income statement.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the cooperative commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the cooperative has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account for determining operating profit.

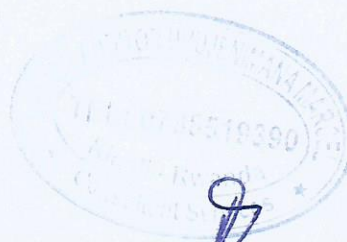
f) Financial liabilities

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities.

g) Retirement benefit obligations

The cooperative and its employees contribute to the "Caisse Sociale du Rwanda", a statutory defined contribution scheme. The contributions are determined by the local statute and are currently limited to 5.3% of the employees gross salary excluding transport allowance per month. The cooperative's RSSB contribution are charged to the income statement in the year to which they relate.



Significant accounting policies (Continued)

h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of trade receivables is recognised in the income statement under administrative expenses when there is objective evidence that the cooperative will not be able to collect all amounts due per the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default in payments are considered indicators that the trade receivable is impaired. The impairment provision is based on the difference between the carrying amount and the present fair value of the expected cash flows, discounted at the effective interest rate.

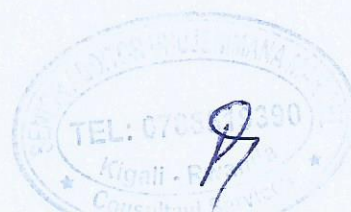
Receivables not collectible are written off against the impairment provision. Subsequent recoveries of amounts previously written off are credited to the income statement under provisions in the year of their recovery.

i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks.

j) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.



l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the income statement under finance costs.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs.

Borrowings are classified as current liabilities unless the cooperative has unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

| | 2022 Frw | 2021 Frw |
|---|-------------|-------------|
| m) Share capital | | |
| Authorised, issued and fully paid share capital | 140,661,500 | 118,350,000 |

| | 2021 Frw | 2021 Frw |
|--|--------------------|--------------------|
| 2 Financial Revenues | | |
| Interest Income on Loan Portfolio | 283,284,314 | 186,727,791 |
| Fees and Commissions on Loan Portfolio | 39,352,104 | 32,989,872 |
| Incomes on Deposits in banks and other Fis | 16,349,558 | 17,943,863 |
| Incomes on Accounts' fees, passbooks & other commissions | 15,779,289 | 15,391,010 |
| Financial Revenue from Investments | 4,762,396 | |
| | <u>359,527,661</u> | <u>253,052,536</u> |

| | 2022 Frw | 2021 Frw |
|--|-------------------|-------------------|
| 3 Financial Expenses | | |
| Interest on Deposits | 8,872,192 | 6,766,172 |
| Interest and fee expenses on borrowings | 19,551,538 | 19,800,914 |
| Bank Charges, Commissions and other Financial Exp. | 3,180,533 | 3,143,307 |
| | <u>31,604,263</u> | <u>29,710,393</u> |

| | 2021 Frw | 2021 Frw |
|-----------------------------------|-------------------|-------------------|
| 4 Recoveries on loans | | |
| Loan losses (provisions) | 54,313,114 | 57,206,991 |
| Recoveries from loans written off | 15,089,461 | 16,647,993 |
| | <u>69,402,575</u> | <u>73,854,984</u> |



Notes to the financial statements

| | 2022 | 2021 |
|---------------------------------------|--------------------|--------------------|
| 5 Operating expenses | | |
| Personnel Expenses (Gross amount) | 102,681,470 | 76,427,815 |
| Taxes (Other than tax on profit) | 1,148,839 | 1,342,578 |
| Office rent | 20,440,454 | 18,511,257 |
| External services (Consultances) | 6,056,813 | 9,187,176 |
| Depreciation and Amotisation expenses | 17,115,503 | 13,643,435 |
| Other Adminstrative Expenses | 68,136,750 | 50,097,997 |
| | <u>215,579,829</u> | <u>169,210,258</u> |
| 6 Non Operating Revenue | 2022 | 2021 |
| Non Operating Income | 4,875,062 | 10,843,040 |
| Gain on disposal | | |
| | <u>4,875,062</u> | <u>10,843,040</u> |
| 7 Tax | 2022 | 2021 |
| Current tax | <u>37,729,920</u> | <u>20,725,505</u> |
| Profit After tax | <u>88,036,481</u> | <u>48,359,513</u> |



Notes to the financial statements (continued)

| | | 2022 Frw | 2021 Frw |
|-----|---|----------------------|----------------------|
| 8 | Cash and Bank Balances | | |
| 8.0 | Cash on Hand | 42,821,593 | 25,268,428 |
| 8.1 | Cash at bank & other Financial institutions | 495,323,554 | 396,226,095 |
| | Cash in Bank & other Savings Accounts | | |
| | | <u>538,145,147</u> | <u>421,494,523</u> |
| 9 | LOAN PORTFOLIO | | |
| | Overdraft & Treasury Loans | 1,269,583,689 | 976,626,011 |
| | Equipment Loans | 11,740,718 | 11,755,272 |
| | Consumer Loans | 82,105,577 | 49,507,549 |
| | Mortgage Loans | 379,541,309 | 302,514,500 |
| | Provisions | (11,026,037) | (10,283,072) |
| | Non Performing Loans | 36,773,604 | 23,033,937 |
| | | <u>1,768,718,860</u> | <u>1,353,154,197</u> |



Notes to the financial statements (continued)

| | 2022 | 2021 |
|----------------------------------|----------------------|----------------------|
| | Frw | Frw |
| 10 Savings and Customer Deposits | | |
| Current Account | 1,261,630,409 | 962,589,285 |
| Savings Account | 21,357,956 | 12,523,113 |
| Security deposits | 204,272,440 | 156,922,416 |
| Short term deposits | 193,025,000 | 84,909,200 |
| | <u>1,680,285,805</u> | <u>1,216,944,014</u> |

| | 2022 | 2021 |
|--------------------------|--------------------|--------------------|
| | Frw | Frw |
| 11 Borrowings over night | | |
| Financial borrowings | 79,637,499 | 156,490,345 |
| Network resources | 184,132,793 | 163,781,379 |
| Other borrowings | - | - |
| | <u>263,770,292</u> | <u>320,271,724</u> |

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | Frw | Frw |
| 12 Accounts payable and Other Liabilities | | |
| Accounts payable/ Insurances | 26,170,962 | 7,078,695 |
| Other payables | - | 12,724,967 |
| | <u>26,170,962</u> | <u>19,803,662</u> |



Notes to the financial statements (continued)

14 Risk management objectives and policies

Financial risk management

The cooperative's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk.

The cooperative's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the cooperative's financial performance.

(a) Market Risk

- Interest rate risk

The cooperative has no interest bearing assets and as a result its cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet obligations as they fall due. The cooperative ensures its inflows and outflows are matched sufficiently to minimise its exposure on liquidity risk.

15 Capital management

The Cooperative's objectives when managing capital are:

- to provide an adequate return to members by pricing products and services commensurately with the level of risk;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for other stakeholders; and
- to maintain a strong asset base to support the development of business.

16 Events after the balance sheet date

There are no material events after the balance sheet date which require to be disclosed.

17 Country of incorporation

The Cooperative is incorporated in Rwanda under the Laws relating to Cooperatives and is domiciled in Rwanda.

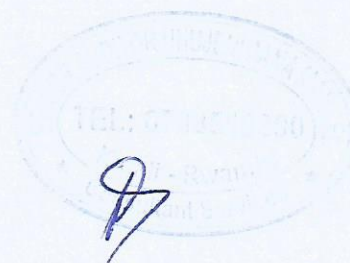
18 Presentation currency

These financial statements are presented in Rwandan Francs (RWF).



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

| Statement of changes in equity | Share capital | Retained Reserves | Donations and Subsidies | Total |
|--|--------------------|--------------------|-------------------------|--------------------|
| | Frw | Frw | | Frw |
| Period ended 31 December 2022 | | | | |
| At 1 January 2022 | 118,350,000 | 244,274,612 | 483,100 | 363,107,712 |
| Increase in share capital | 22,311,500 | - | - | 22,311,500 |
| Profit for the period | - | 88,036,481 | - | 88,036,481 |
| Subsidies | - | 0 | 0 | - |
| At 31 December 2022 | 140,661,500 | 332,311,093 | 483,100 | 473,455,693 |
| Period ended 31st December 2021 | Frw | Frw | | Frw |
| At 1 January 2020 | 93,328,592 | 195,915,099 | 483,100 | 289,726,791 |
| Increase in share capital | 25,021,408 | - | - | 25,021,408 |
| Profit for the period | 118,350,000 | 48,359,513 | - | 166,709,513 |
| At 31 December 2021 | 118,350,000 | 244,274,612 | 483,100 | 363,107,712 |



RESPECT OF PRUDENTIELLE NORMS

1. Liquidity Ratio

| Description of item | 2022 | 2021 |
|-------------------------------------|---------------|---------------|
| Cash and cash equivalent | 538,145,147 | 421,494,523 |
| Customer deposit and saving account | 1,680,285,805 | 1,216,944,014 |
| Percentage | 32.03 | 34.64 |

All microfinance institutions are required to keep the liquidity ratio at minimum level of 30%.
For CPF INEZA that ratio was 32.03% at 31 December 2022

2. Solvency ratio

| Description of item | 2022 | 2021 |
|---------------------|---------------|---------------|
| Net Equity | 473,455,693 | 363,457,033 |
| Total asset | 2,481,412,672 | 1,940,852,617 |
| Percentage | 19.08 | 18.73 |

The regulatory requirement with regard to the solvency ratio is 15% .For the case of CPF INEZA that ratio was at 19.09%.

3. Loans to ressources ratio

According to the article 61 of the regulation no 02/2009 on the organization of microfinance activity. The total amount of commitments made by a microfinance institution, union or federation cannot exceed the minimum of 80% of the volume of its resources. Resources are deemed to include equity capital, deposit, subsidies, and long medium term borrowings.
This article does not apply to fourth category of microfinance institutions.

Gross loans to total resources (Total liabilities account payables)

| Description of item | 2022 | 2021 |
|---|---------------|---------------|
| Gross Loans | 1,742,971,293 | 1,353,154,197 |
| Current account , savings account, and equity | 2,481,412,672 | 1,940,852,617 |
| Percentage | 70.24 | 69.72 |

According to this table, we notice that CPF INEZA was in the norm of the loans to resources ratio as it was at 70.24%.



| Loans per class and NPL rate as at 31 December 2022 | | 2022 | 2021 |
|--|-------------------------------|------------|-------------------------------|
| Portfolio | Outstanding Loan in Principal | Provision | Outstanding Loan in Principal |
| Current Loans | 1,543,751,742 | - | 1,263,880,754 |
| Portfolio at risk 1-29 days | 195,666,810 | - | 69,789,489 |
| Renegotiated Loans (current) | 3,552,741 | - | 6,733,089 |
| Portfolio at risk 30 to 89 days (+ Loans with Equivalent Risk) | 30,079,883 | 6,484,721 | 5,350,166 |
| Portfolio at risk 90 to 179 days (+ Loans with Equivalent Risk) | 2,633,945 | 1,203,973 | 2,917,803 |
| Overdraft at risk 31 to 90 days (+ Loans with Equivalent Risk) | 68,340 | 36,255 | - |
| Portfolio at risk $\geq 180 < 365$ days (+ Loans with Equivalent Risk) | 3,991,346 | 3,336,436 | 9,459,800 |
| Overdraft at risk $\geq 90 < 180$ days (+ Loans with Equivalent Risk) | - | - | - |
| Renegotiated Loans (overdue for 1 day or more) | - | - | 5,306,168 |
| LOANS OUTSTANDING (GROSS AMOUNT) | 1,779,744,807 | 11,061,385 | 1,363,437,269 |
| Portfolio At Risk > 29 days | 36,773,514 | 11,061,385 | 23,033,937 |
| NPL rate | 2.07 | | 1.69 |

From the table above we notice that during the year 2022, CPF Ineza made more effort and improved the quality of loan portfolio.
The NPL rate passed from 1.69% to 2.07% at 31 December 2022

