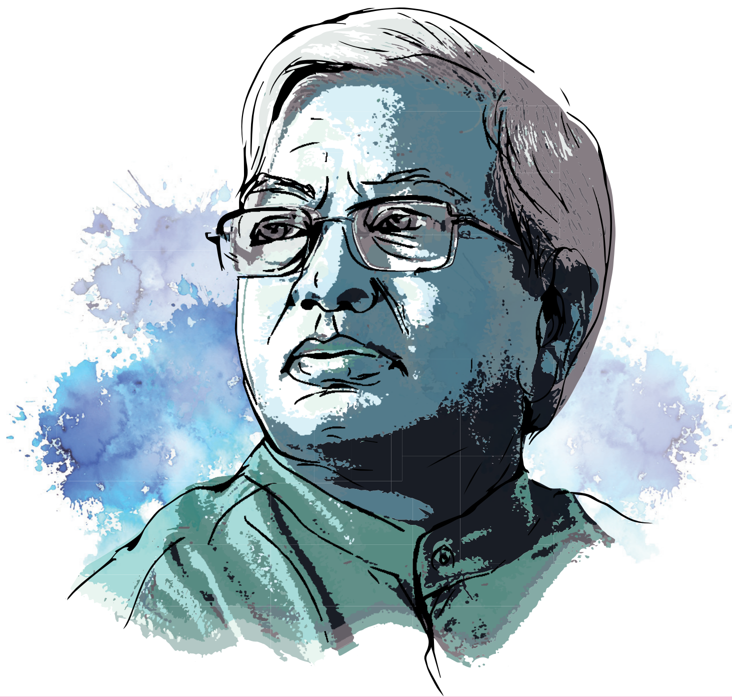
ANNUAL REPORT 2019

BRAC RWANDA MICROFINANCE COMPANY PLC



Sir Fazle Hasan Abed KCMG
1936 - 2019

We will not say 'rest' in peace.

Thank you, Abed bhai.

Thank you for showing us how meaningful one's life can be.

Thank you for instilling the courage in us to take on the impossible.

Thank you for showing us how to listen and learn,
to fail and to get up again in the service of others.

Thank you for making us see that no one is ordinary and
to seek potential in everyone.

We will not say 'rest' in peace.

The Abed bhai we know would not rest until we build an equal world.

We know you would not want us to lament your loss for long.

You would want us to tirelessly fight poverty and inequality,
like you did the last 47 years.

We promise to rise to that responsibility.

We promise to be worthy of your legacy.

CONTENT

LETTER FROM THE EXECUTIVE DIRECTOR

STRONGER TOGETHER IN TIMES OF TRANSITION

2019 was a year of great change and transition for BRAC International. First and foremost in our hearts, we lost our dear founder, Sir Fazle Hasan Abed. Abed Bhai's guidance, vision, and spirit are irreplaceable and deeply missed. Before his passing, Abed Bhai spearheaded the creation of a new Global Board to lead us in the post-founder era. This body is guided by the new BRAC Global Strategy which sets a bold vision for BRAC over the next decade. This strategy not only helped bring the BRAC family together but provides an enormous amount of guidance for our work, outlining a path to reach at least 250 million people by 2030.

In this spirit of transition, we began 2019 working to build a strong base for the years to come by consolidating and strengthening our programme and organisational management. Our core focus areas included improving our programme quality, both in design and implementation, by developing new program quality standards and improving our front line supervision and monitoring, evaluation, and learning (MEL) systems through targeted in-country pilots.

We also took several steps to build BI's capacity to achieve impact at scale. We developed a Microfinance Growth for Impact Plan: a strategy for converging Microfinance operations with other social development programmes, while opening a new Africa Regional Office in Nairobi, Kenya, to build leadership and greater supervision at the field level. Steps were taken to improve our grants management capacity at all levels to respond to the needs of our donors and those we serve.

While our management focus was on strengthening internal capacity, on the ground we continued to deliver innovative programs to support those living in situations of poverty and inequality. In 2019, we reached a total of 6.6 million people, predominantly women and girls, across 10 countries in Asia and Africa. BI Microfinance, our signature financial inclusion programme, provided 650,000 program participants and their families access to basic financial services and support in six countries, five in Africa and one in Asia.

The COVID-19 pandemic has emerged as a major challenge while continuing our organisational strengthening work and programming. Building on our existing capacity, we have been working with governments through National Coordination Committees and Task Forces in each of our countries of operation to quickly meet the needs of those affected by the virus. To date, BI has reached over 45 million people through our COVID-19 response programming. We have also worked to develop innovative ways to continue our existing programmes safely and effectively. For example, our early childhood education team has been utilising local radio stations to deliver play-based learning to children stuck in their homes in Uganda and Tanzania.

Our innovative spirit was not limited to fighting COVID, but also fighting the other great challenge of our time: climate change. We see how the changing climate is affecting the people we serve, decimating livelihoods, health, food security, and pushing people into poverty. We are acting now to build and deploy tools that will enable us to fight climate change-induced disasters by strengthening early warning systems and supporting locally-led climate adaptation programmes.

It is through these challenging times that we see the true spirit of BRAC. Abed Bhai always believed in the power of collective action and effort to meet the challenges that face us. It is through the support, compassion, and generosity of our partners, peers, host governments, and donors that we are able to continue fulfilling his vision to protect, help, and uplift vulnerable people everywhere.

We believe that those living in poverty and inequality are not only resilient but that they are able to take control of their own lives. Together we can build towards an even brighter future.

Dr Muhammad Musa
Executive Director
BRAC International

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

BRAC Rwanda Microfinance Company Plc (BRMCP) was founded in September 2018 and received its full license from the National Bank of Rwanda on June 7, 2019. We started our operations in the country as part of the second wave expansion plan of BRAC International in Africa. Rwanda is also the first country where BRAC International started operating as a deposit taking entity. The deposit-taking license enables BRAC Rwanda to meet clients' needs by providing a range of products and services and to expand and achieve an impact at the bottom of the pyramid in line with our financial inclusion mission. To fully understand the Rwanda market, financial landscape, and how BRAC Rwanda could contribute to and develop client-centric microfinance services, we partnered with **L-IFT** to carry out a market assessment. Based on the findings, a 5-year business plan (2019-2023) was developed.

Central to BRAC International's objectives, we started with digitised field operations via a mobile application. We partnered with **Fieldbuzz** to develop the mobile application software in collaboration with BRAC International teams. In June 2019, the mobile application launched with our operations, encompassing the client survey (including **PPI** data), member selection, member admission, loan application, sanction, disbursement, and collection. Savings mobilization with an individual record of each member was also included in the mobile application.

From December 2019, a total of 10 branches have been established in nine districts, serving 3,360 members and 2,371 borrowers, 100% of whom are women. We plan to expand into 30 districts and establish 50 branches by 2023.

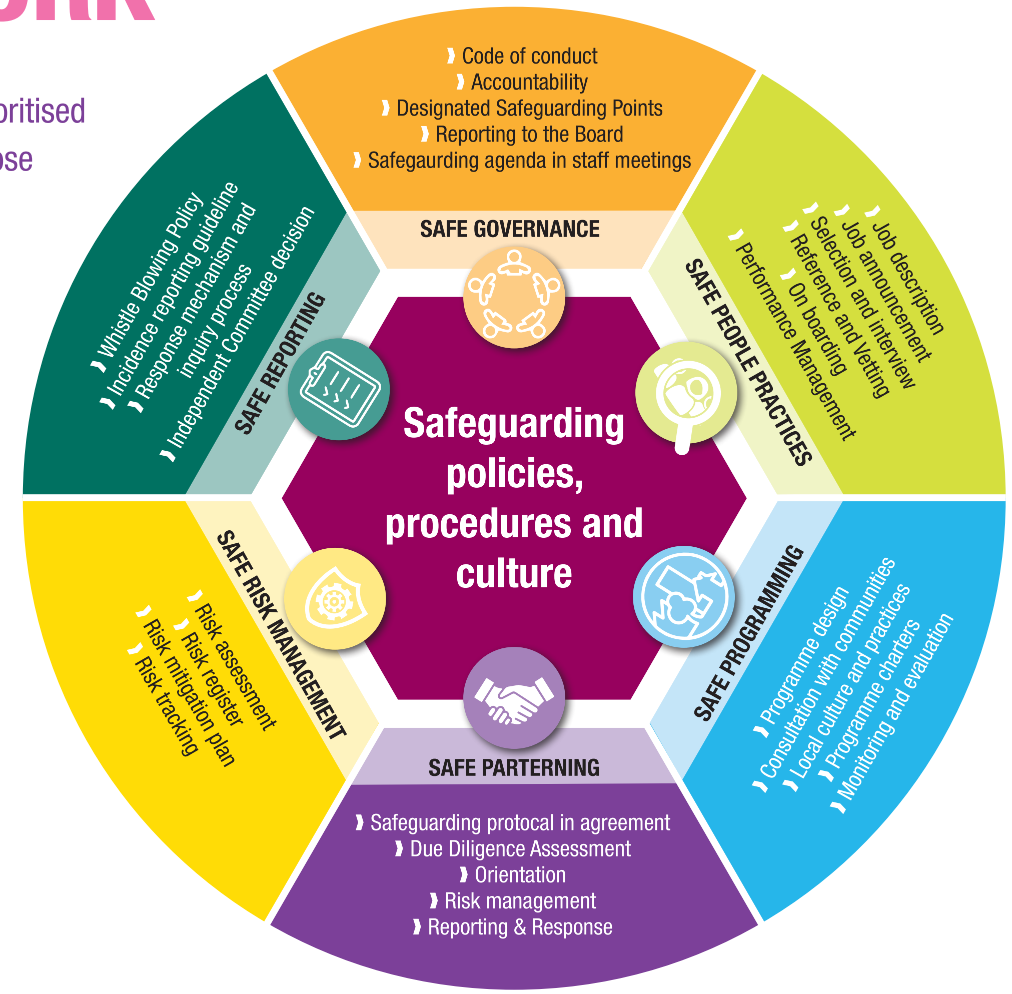
We are grateful to the National Bank of Rwanda's management team for the license, and supporting us to promote microfinance services in Rwanda. We are also indebted to the Executive Director of the Association of Microfinance Institutions in Rwanda for extending all support and sharing information on the microfinance sector in the country.

We would like to thank our stakeholders: Government agencies, Ministries, District Administrators, respective Sector Leaders, BRAC USA, and partners for helping us reach people in need, especially women in the most marginalised communities.

Tapan Kumar Karmaker
Chief Executive Officer
BRAC Rwanda Microfinance Company Plc

BRAC SAFEGUARDING FRAMEWORK

Since its inception, BRAC has prioritised the safety and wellbeing of all those it works with – stakeholder of all programmes, members of staff and volunteers, and partners and donors. From the beginning of 2018, BRAC strengthened its safeguarding compliance, and has committed to ensure that safeguarding measures are incorporated across all levels of the organisation.



BRAC currently operates with six safeguarding standards: safe governance, safe people practices, safe programming, safe partnering, safe risk management and safe reporting. A safeguarding unit has been formed within BRAC Human Resources and Learning Department to provide technical support in strengthening safeguarding at organisational, programmatic and partnership levels.

BRAC has developed a standalone safeguarding policy as well as specialised policies to address sexual harassment, protection of children and adolescents, prevention of workplace bullying and violence, rights of persons with disabilities, and whistleblowing. All members of staff at BRAC are trained on safeguarding through classroom and online sessions. Different programmes and departments are in the process of developing risk mitigation plans to curb safeguarding risks associated with their work.

BRAC's overall strategy to safeguard people is firstly through means of prevention. If that fails, each case or incident violating the policy is addressed through a mechanism that is fair, transparent and objective. Our priority is to take safety measures for the complainant if and when an incident arises.

BRAC has a robust internal investigation process and unit with two separate streams to address safeguarding-related breaches, as well as two independent decision-making committees. A centralised 24/7 call centre has been established to lodge complaints. Additional emphasis is given on awareness and data management related to complaints regarding all forms of harassment and bullying. BRAC's safeguarding unit implements action plans jointly developed with DFID, and in collaboration with all its programmes and departments to build a strong safeguarding culture within the organisation.

BRAC INTERNATIONAL PROGRAMMES

Our **Education programme** focuses on raising awareness on gender and child rights and developing a child-friendly learning atmosphere. Our programme complements the mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. We also provide training with support from local vocational and technical institutes.

Our **Early Childhood Development programme** is an investment towards breaking intergenerational cycles of poverty and facilitating economic growth. We provide early learning opportunities through our Play Labs to 3 to 6 year olds, with a low cost and play-based early learning model. Our Play Labs are safe play spaces, providing cost effective local learning materials to children in marginalised communities.

The **Agriculture, Food Security and Livelihood programme** focuses on four strategic directions - a) Strengthen pro-poor market systems, b) Make agriculture systems more resilient to climate change, c) Improve food and nutrition security, and d) Empower women and youth across the value chain.

Through our **Health programme** we partner with respective governments to reduce child mortality, improve maternal and child health, and combat diseases. We work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services.

Through our **Youth Empowerment programme** we provide life-saving and life-transforming services to adolescent girls to prevent unintended pregnancies, improve their awareness on harmful practices, and empower them financially. We create safe spaces by establishing clubhouses for girls aged 10-21, especially those who are vulnerable, dropped out of school, and at the risk of early marriage and pregnancy.

The **Ultra-Poor Graduation** approach is a comprehensive, time-bound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihoods and socio-economic resilience, in order to progress along a pathway out of extreme poverty.

Through our **Emergency Preparedness and Response programme** we build local emergency preparedness and response capacities in communities, schools, and local governments. Using a participatory and inclusive approach, our interventions in urban, rural, and refugee settings prioritise the equitable participation of all groups, particularly women and youth, to ensure that they are able to mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises.

With the help of **Microfinance**, we provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard to reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

OUR COUNTRY-WISE REACH IN 2019

532,265 people reached in TANZANIA	**86,125** people reached in LIBERIA	**131,949** people reached in SIERRA LEONE
5,433 people reached in RWANDA	**2,206,531** people reached in UGANDA	**32,100** people reached in SOUTH SUDAN
1,914 people reached in PHILIPPINES	**3,668,788** people reached in AFGHANISTAN	**130,056** people reached in MYANMAR
1,366 people reached in NEPAL	A total of **6,599,435** people reached in Africa and Asia in 2019	

PROGRAMMATIC REACH OF BRAC INTERNATIONAL

833,921
people through the **Education programme** in Afghanistan, Philippines, Uganda, and Liberia

100,313
people through the **Agriculture, Food Security and Livelihood programme** in Myanmar, Nepal, South Sudan, Uganda, Liberia, and Sierra Leone

7,725
people reached through the **Emergency Preparedness and Response programme** in Myanmar, Uganda, and Sierra Leone

2,401
people reached through the **Ultra-Poor Graduation programme** in Uganda and Liberia

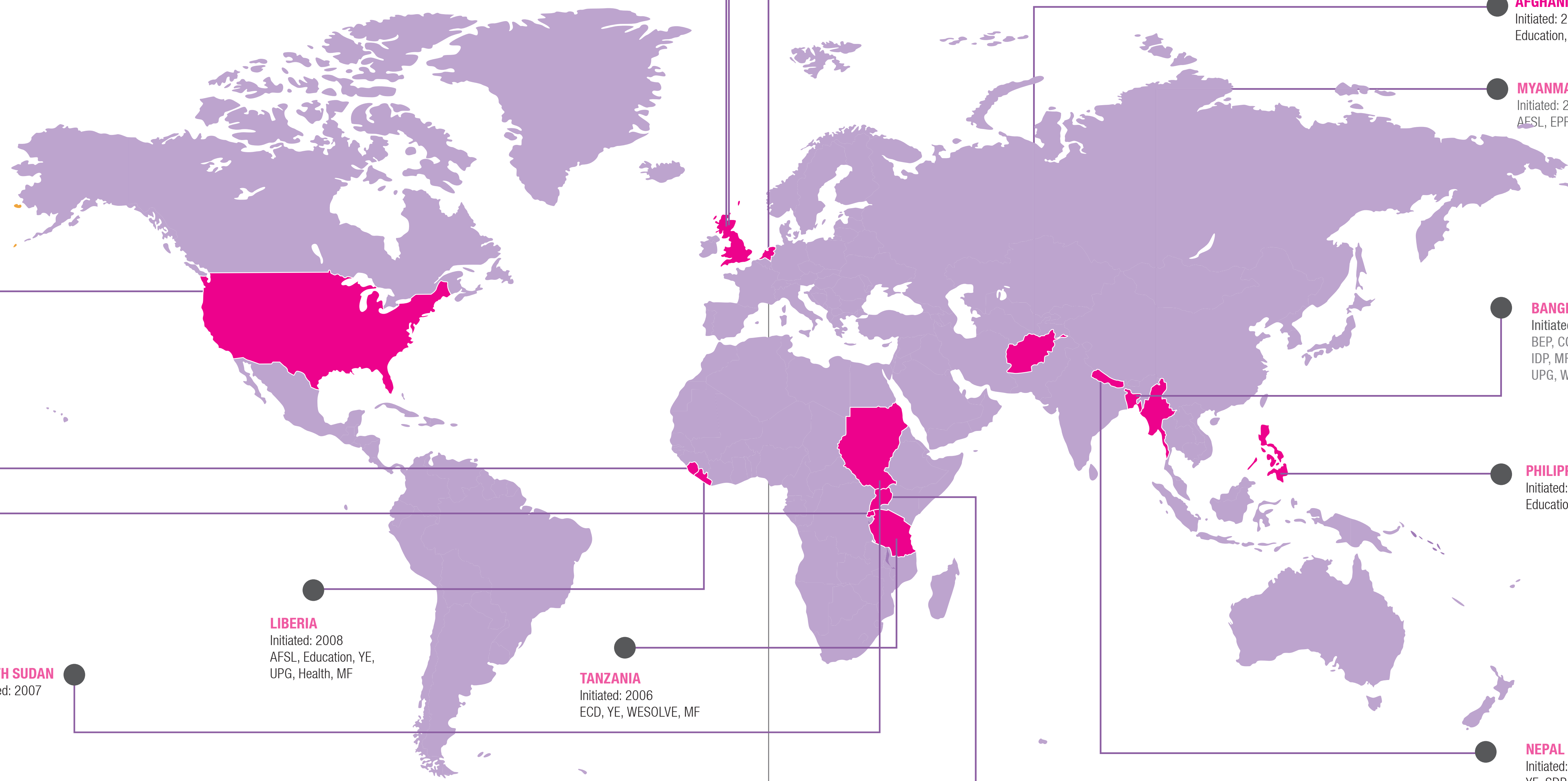
16,623
people through the **Early Childhood Development programme** in Tanzania and Uganda

59,359
people through the **Youth Empowerment programme** in Nepal, Tanzania, Uganda, Liberia, and Sierra Leone

3,307,849
people reached through the **Health programme** in Afghanistan, Nepal, Liberia, Uganda, and Sierra Leone

646,442
borrowers and **150,231** depositors through the **Microfinance programme** in Myanmar, Uganda, Liberia, Tanzania, Sierra Leone, and Rwanda

BRAC ACROSS THE WORLD



USA
Initiated: 2007
An independent charity to raise profile and funds for BRAC globally

UK
Initiated: 2006
An independent charity to raise profile and funds for BRAC globally

NETHERLANDS
Initiated: 2009
Stichting BRAC International registered as a foundation

AFGHANISTAN
Initiated: 2002
Education, Health, CCAP, CDP

MYANMAR
Initiated: 2013
AFSL, EPRP, MF

BANGLADESH
Initiated: 1972
BEP, CC, CEP, GJD, HNPP, HRLS, IDP, MF, MG, SDP, SE, UDP, Uni, UPG, WASH, HCMP

SIERRA LEONE
Initiated: 2008
AFSL, YE, Health, EPRP, MF

PHILIPPINES
Initiated: 2012
Education, UPG

RWANDA
Initiated: 2018
Microfinance

LIBERIA
Initiated: 2008
AFSL, Education, YE, UPG, Health, MF

SOUTH SUDAN
Initiated: 2007
AFSL

TANZANIA
Initiated: 2006
ECD, YE, WESOLVE, MF

NEPAL
Initiated: 2015
YE, SDP, Health, AFSL

UGANDA
Initiated: 2006
AFSL, Education, ECD, YE, EPRP, Health, UPG-DI, MF

AFSL–Agriculture, Food Security and Livelihood
BEP–BRAC Education Programme
CC–Climate Change
CCAP– Citizens' Charters Afghanistan Project
CEP–Community Empowerment Programme
CDP – Community Development Programme
ECD –Early Childhood Development
EPRP – Emergency Preparedness and Response Programme
GJD–Gender Justice and Diversity
HNPP–Health, Nutrition, and Population Programme
HRLS–Human Resources and Legal Aid Services
HCMP–Humanitarian Crisis Management Programme
IDP–Integrated Development Programme
MG–Migration
MF – Microfinance
SE–Social Enterprises
SDP – Skills Development Programme
UDP–Urban Development Programme
Uni–University
WASH–Water, Sanitation and Hygiene
UPG – Ultra–Poor Graduation
UPG–DI – Ultra–Poor Graduation–Disability Inclusive
WE SOLVE – Women Entrepreneurship through Solar Value chain for Economic development
YE – Youth Empowerment

STICHTING BRAC INTERNATIONAL MANAGEMENT AS OF 31 DECEMBER, 2019

MANAGEMENT BOARD

DR MUHAMMAD MUSA
EXECUTIVE DIRECTOR
BRAC International

SYED ABDUL MUNTAKIM
DIRECTOR
Finance
BRAC International

RUTH OKOWA
DIRECTOR
Africa Region
BRAC International

M ANOWAR HOSSAIN
DIRECTOR
Asia Region
BRAC International

SHARMIN SULTAN
DIRECTOR
Human Resources
BRAC International

DIRECTORS

SHAMERAN ABED
SENIOR DIRECTOR
Microfinance, Ultra Poor Graduation
BRAC and BRAC International

DIRK BROER BOOY
SENIOR DIRECTOR
Programme Development, Resource Mobilisation and Learning,
BRAC and BRAC International

HANS ESKES
DIRECTOR
BRAC International Holding B.V.

SONIA WALLMAN
DIRECTOR
Grant Management, Programme Development, Resource Mobilisation & Learning,
BRAC and BRAC International

KENNETH CAROL VAN TOLL
DIRECTOR
Institutional Fundraising and Partnership
BRAC International

MARJOLEIN VAN DEN HOVEN
DIRECTOR
Private Sector Fundraising
BRAC International

AUDREY AHWAN
DIRECTOR
Programme Development, Resource Mobilisation and Learning,
BRAC and BRAC International

MOUTUSHI KABIR
DIRECTOR
Communications and Outreach
BRAC and BRAC International

NANDA DULAL SAHA
DIRECTOR
Internal Audit
BRAC and BRAC International

MD SAJEDUL HASAN
DIRECTOR
Humanitarian Programme
BRAC and BRAC International

STICHTING BRAC INTERNATIONAL SUPERVISORY BOARD

Marilou van Golstein Brouwers
Chair (Appointed Chair to the Board on 7 April 2020, member since 28 March 2019)

Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Marilou van Golstein Brouwers is a former chair of the Management Board and founder of Triodos Investment Management BV, a subsidiary of Triodos Bank.

Ms Brouwers is an international entrepreneurial impact investment banker, with more than 30 years of experience in values-driven business and banking, with immense expertise on impact investing.

She started working for Triodos Bank in 1990 and was involved in the founding of Triodos Investment Management, of which she became the managing director in 2003. She was the chair of the Management Board from January 2015 to December 2018.

Ms Brouwers is currently active in a variety of roles. Within Triodos Bank, she is a member of several boards and involved in the start-up of the Triodos Regenerative Money Centre. She is also a member of the Board of Directors of the Global Impact Investing Network and the Special Working Group on impact economy by the Global Steering Group for Impact Investment. She is chair of the Supervisory Board of B Lab Europe and the Supervisory Board of Qredits, The Netherlands, one of the Women Entrepreneurs Finance Initiative Leadership Champions.

Ms Brouwers has served on the board of directors of banks in Uganda, Kenya, Tanzania, Russia, Afghanistan and Pakistan. She was a member of the Group of Advisors for the United Nations Year of Microcredit in 2004 and 2005, of the Executive Committee of CCAP (2003-2008), the Board of Trustees of Women's World Banking (2003-2012), the Advisory Committee of the Mastercard Foundation Fund for Rural Prosperity (2014-2017) and the Advisory Council on International Affairs Committee for Development Cooperation in The Netherlands. She was chair of SBI Limited (2011-2013), the Steering Committee of the Principles for Responsible Investment / Principles for Investors in Inclusive Finance (2011-2013) and the Advisory Board of Women in Financial Services in The Netherlands (2011-2016). She was also treasurer of the Max Havelaar Foundation (2008-2015).

Ms Brouwers studied business and economics at Erasmus University in Rotterdam.

Ameerah Haq
(Was appointed as the Board Chair on 6 August 2019 and resigned on 7 April 2020)

Stichting BRAC International Supervisory Board

Ms Ameerah Haq is the former UN under-secretary-general for the Department of Field Support. She held the position of under-secretary-general from 2009 till her retirement and was the senior-most Bangladeshi national in the United Nations during those years. She most recently served as the vice chair of the high-level independent panel on peace operations for the UN. She has over 39 years of UN experience including 19 years of field experience. She was the last special representative of the secretary-general (SRSG) in the UN Integrated Mission in Timor-Leste. She has also held the positions of deputy SRSG and UN resident coordinator in Sudan, as well as deputy SRSG and UN resident coordinator in Afghanistan. In addition, Ms Haq has held senior positions within the UN development programme and has served as UN resident coordinator in Malaysia and Laos.

Ms Haq currently serves on the Board for the Centre for Humanitarian Dialogue in Geneva, on the secretary-general's senior expert group on Human Rights Up Front, on the Board for the Peace Operations Training Institute, Williamsburg, Virginia. She is also a special advisor to the United Nations Foundation in Washington and a member of the Special Advisory Group of the Challenges Forum of the Folke Bernadette Academy of Sweden. Ms Haq lectures frequently at many universities and speaks at seminars hosted by think tanks and non-governmental organisations.

During her service in the UN, Ms Haq was awarded the highest Presidential Medal in East Timor by President Jose Ramos Horta, the highest civilian medal of the Lao People's Democratic Republic and the Malalai Medal of Honor from President Hamid Karzai of Afghanistan, which is among the highest civilian honors given for courage and dedication. She is also the recipient of the Julia Taft Outstanding Humanitarian Service Award during the time she served as humanitarian coordinator for her work in Darfur, Sudan.

Ms Haq received a bachelor of science degree in psychology from Western College for Women in Oxford, Ohio in 1969. She subsequently went on to receive a master of science degree in Community Organization and Planning from Columbia University, New York in 1972, and a master in business administration from New York University in 1974.

Sylvia Borren
Vice Chair

Stichting BRAC International Supervisory Board

Sylvia Borren has worked all her life within and for civil society organisations, both professionally and as a volunteer.

She was part of the Dutch and global women's and sexual rights movements (COC, ILGA, IWC for a just and sustainable Palestinian-Israeli peace) and is now advisor to the UN Women National Committee Netherlands and ATRIA (the Institute on gender equality and women's history). Ms Borren was part of the anti-poverty movement (director of Oxfam Novib 1994-2008, co-chair of the Global Call to Action against Poverty and EEN) and is now the Vice Chair of the Stichting BRAC International Supervisory Board.

She was on two national governmental advisory commissions (for Youth Policy and the Advisory Council on International Affairs), co-chair of the Worldconnectors (a Dutch think tank), on the board of a large mental health institute (Altrecht), worked as an organisational consultant with De Beuk for many years, led the project Quality Educators for All with the trade union Education International, and continues to be a member of the Worldconnectors.

Ms Borren was recently director of Greenpeace Netherlands (2011-2016), part of the Forest Stewardship Council Netherlands, and is now on the advisory commission of Staatsbosbeheer, which manages nature reserves.

She is now a freelance consultant at 'Working for Justice' and a senior adviser for Governance & Integrity.

Dr Debapriya Bhattacharya
Member

Stichting BRAC International Supervisory Board

Dr Debapriya Bhattacharya, a macroeconomist and public policy analyst, is a Distinguished Fellow at the Centre for Policy Dialogue (CPD), Dhaka, where he was its first Executive Director. He was the Ambassador and Permanent Representative of Bangladesh to WTO and UN Offices in Geneva and Vienna and former Special Advisor on LDCs to the Secretary General of UNCTAD. Earlier, he was a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).

He studied in Dhaka, Moscow, and Oxford. Visiting positions held include Senior Fulbright Fellow at the Center for Global Development, Washington DC. He serves on the boards and working groups of various leading institutions and editorial boards of reputed journals including Oxford Development Studies. He was General Secretary of the Bangladesh Economic Association for three consecutive terms.

Dr Bhattacharya chairs the Southern Voice, a network of 50 think tanks from Africa, Asia, and Latin America, dedicated to following up and reviewing the implementation of the Sustainable Development Goals (SDGs). He led the pioneering multi-country studies on shaping the 2030 Agenda of the United Nations, data deficits of SDG monitoring, and early signals of SDG implementation in the developing countries. He also chairs LDC IV Monitor, an independent partnership of eight international organisations and academic institutions engaged in monitoring the outcome of the fourth United Nations Conference on the Least Developed Countries.

He serves as the Convenor of the Citizen's Platform for SDGs, Bangladesh - a platform of more than 100 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level.

He recently edited the volume Bangladesh's Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge, London (2017); team leader of the study Quest for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).

Parveen Mahmud FCA
Member

Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Parveen Mahmud, in her varied professional career has worked with social innovations, entrepreneurship, and sustainable development. Ms Mahmud started her career with BRAC, and has worked with international NGOs and development agencies. She was the deputy managing director of PKSF, Bangladesh's apex funding organisation for Microfinance Institutes. She is the founding managing director of Grameen Telecom Trust.

She was a partner in ACNABIN & Co, Chartered Accountants. She is the first female president of the Institute of Chartered Accountants of Bangladesh (ICAB), as well as the first female board member of the South Asian Federation of Accountants (SAFA), the apex accounting professional body of SAARC. She is the chairperson of CA Female Forum - Women in Leadership Committee, ICAB and is the vice chairperson of the Women in Leadership Committee of SAFA.

Ms Mahmud sits on numerous boards, including Stichting BRAC International, Apex Footwear Ltd, Grameenphone Ltd, Linde Bangladesh

Ltd, Manusher Jonnyo Foundation, Transparency International Bangladesh, and Centre for Policy Dialogue. She is the chairperson of UCEP Bangladesh, Shasha Foundation, and was chairperson of MIDAS, Shasha Denims Ltd, and Acid Survivors' Foundation. Ms Mahmud is also a member of the International Chamber of Commerce, Bangladesh. She was a member of the National Advisory Panel for SME Development of Bangladesh, founding board member of SME Foundation, and Convenor, SME Women's Forum.

Ms Mahmud is the recipient of Ananynna Top Ten Women - 2018 Award, Women at Work - 2017 Award from Bangladesh Association of Software and Information Services, and Women of Inspiration Awards 2017 from the Bangladesh Organisation for Learning & Development. She received the Begum Rokeya Shining Personality Award 2006 for women's empowerment from Narikantha Foundation.

Shabana Azmi
Member

Stichting BRAC International Supervisory Board

Shabana Azmi is an internationally celebrated film and theatre actress. She has won five national and five international awards for best actress.

She is a highly respected social activist and tireless campaigner for the rights of women, slum dwellers, and the underprivileged. She heads the Mijwan Welfare Society (MWS), an NGO that works for empowerment of the girl child in rural India. MWS works on education, primary health and sanitation, skill development, and employment generation.

Ms Azmi was nominated to The Rajya Sabha by the President of India in 1997. She is a recipient of the Padmashri and Padma Bhushan. She was awarded the Gandhi International Peace Prize in 2006. At the bicentennial celebrations of international human rights in Paris in 1989, she was honoured along with Mother Theresa by President Mitterand of France. She also won the Crystal Award at the World Economic Forum 2006. She has been conferred five Doctorates by renowned universities, both national and international. She has received the prestigious Martin Luther King, Rosa Park, and Chavez Awards and is a visiting professor at the University of Michigan. A former UN Goodwill Ambassador for Population and Development, she continues to work on issues of public health. She has recently been nominated as Global Leadership Ambassador for Women in Public Service Project initiated by Hillary Clinton.

Victoria Sekitoleko
Member

Stichting BRAC International Supervisory Board

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO's representative in Ethiopia to the African Union and to the Economic Community for Africa.

Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world's largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which trades as Speakers Forum. This trains professionals to become skilled presenters and also supports community libraries.

Ms Sekitoleko was educated at Makerere University in Kampala, where she attained a BSc in Agriculture majoring in Farm Management and Extension.

Gregory Chen
Member

Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Gregory Chen has worked on financial inclusion for 25 years, with most of his work spanning across South Asia. His work focuses on hands-on advisory and implementation with microfinance institutions and, for the past decade, with newer players in digital finance. This has included work with digital players like bKash, Wave Money and also development organisations including the Aga Khan Development Network, BRAC, and Dvara. His work has included deep technical engagements with more than a dozen financial sector regulators. He has also worked as a corporate banker at Bank of America and with the financial services consulting firm Enclude.

Mr Chen is a member of CGAP's management team and oversees CGAP's policy Engagement. He focuses on helping policy makers adapt to the rapid change in the world of financial services brought on by technology, and particularly to ensure that financial systems can responsibly reach the disadvantaged.

Mr Chen is a regular speaker on microfinance and digital finance at the Boulder Institute for Microfinance, BRAC University, Johns Hopkins, Tufts University, Yale University, and American University, among others. He has a master's degree in international development from Harvard Kennedy School and a bachelor's degree from Wesleyan University.

GROUP FINANCE AND AUDIT COMMITTEE

Composition of the present finance and audit committee is as follows:

- Parveen Mahmud FCA, Chair
- Dr Muhammad Musa, Member
- Syed Abdul Muntakim, Secretary
- Sylvia Borren, Member
- Hans Eskes, Member

The primary function of the finance and audit committee is to assist the governing board in fulfilling its responsibilities on the:

- Financial reporting and budgeting processes
- System of internal controls and risk assessment
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors
- Qualifications, independence, and performance of the internal auditfunction

BRAC RWANDA GOVERNANCE AND MANAGEMENT

GOVERNANCE

BRAC RWANDA MICROFINANCE COMPANY PLC BOARD

Dr. Muhammad Musa	Chairperson
Mr. Shameran Abed	Member
Mr. Hans Eskes	Member
Mr. Syed Abdul Muntakim	Member
Ms. Angelina Muganza	Independent Board Member
Ms. Anne Abakunzi	Independent Board Member
Mr. Tapan Kumar Karmaker	CEO & Ex–officio

MANAGEMENT

Mr. Tapan Kumar Karmaker	Chief Executive Officer
Mr. Mohammad Sheikh Muzam	Programme Manager, Microfinance
Ms. Butera Egidia	Senior HR Officer
Mr. Shahriar Shourav	Head of Internal Audit
Md. Eyashin Chowdhury	Manager, Finance & Accounts
Mr. Phillip Mutijima	Manager, Administration & Public Relation

DEVELOPMENT PARTNERS

brac

WHOLE PLANET FOUNDATION

MICROFINANCE

Although Rwanda has made great strides in advancing financial inclusion in the country, 21% of the population still relies solely on informal financial services, which are often risky, unreliable, and expensive. Women and people living in rural areas are particularly left out of the mainstream financial system making it further difficult for them to access savings and credit services in times of need or invest in income generating opportunities.

OUR APPROACH

Having launched microfinance operations in June 2019, BRAC Rwanda Microfinance Company PLC (BRMCP) seeks to provide financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard-to-reach areas, enabling them to enhance self-employment opportunities, build financial resilience, and harness their entrepreneurial spirit by empowering them economically.

BRMCP has already achieved remarkable success as the first BRAC International microfinance entity to launch as a deposit-taking institution and to have fully digitised operations from the outset. Digitisation will enable us to track client poverty profiles and social outcomes over time, while also increasing operational efficiency.

Our current products include a collateral-free, group-based microloan for women entrepreneurs, and a voluntary savings deposit service, which enables our clients to build their own capital and become more resilient to shocks. We also plan to launch a small enterprise loan product in 2020. Across all endeavours, we strive to abide by the Universal Standards of Social Performance Management and the Client Protection Principles.

HIGHLIGHTS
(As of December 2019)

10 branches in **9** districts across the country

2,371 borrowers and **3,053** voluntary savers

100% of our clients are women and **25%** live in rural areas

Disbursed RWF **390** million (over USD 423,000) in loans

Mobilised RWF **77 million (USD 83,400)** in voluntary savings

MOVING FORWARD

Alongside careful, systematic expansion into rural and hard-to-reach areas, we will develop new client-centric products, particularly for smallholder farmers and youth, and explore the introduction of alternative delivery channels to reach more clients living in remote areas. From 2020 onwards, we will carry out annual Lean DataSM surveys to better understand client profiles, satisfaction, and social outcomes, and continuously evaluate our product offerings and institutional processes to meet and exceed the diverse needs of our clients.

MY DREAM BUSINESS

Uwajeneza Brigitte from Rwanda was working with very low wages which was not sufficient enough to meet her family expenses. In 2016, she decided to save some money and start her own business, selling soft drinks in a small depot. Her initial capital was Rwf 500,000 (USD 523) while her monthly profit was Rwf 100,000 (USD 104) which was not enough to meet the customers' demands in her area. Since she was the only supplier in her rural trading center, she thought of increasing her capital for her business but she could not receive any loans from the commercial banks since she was not eligible for it.

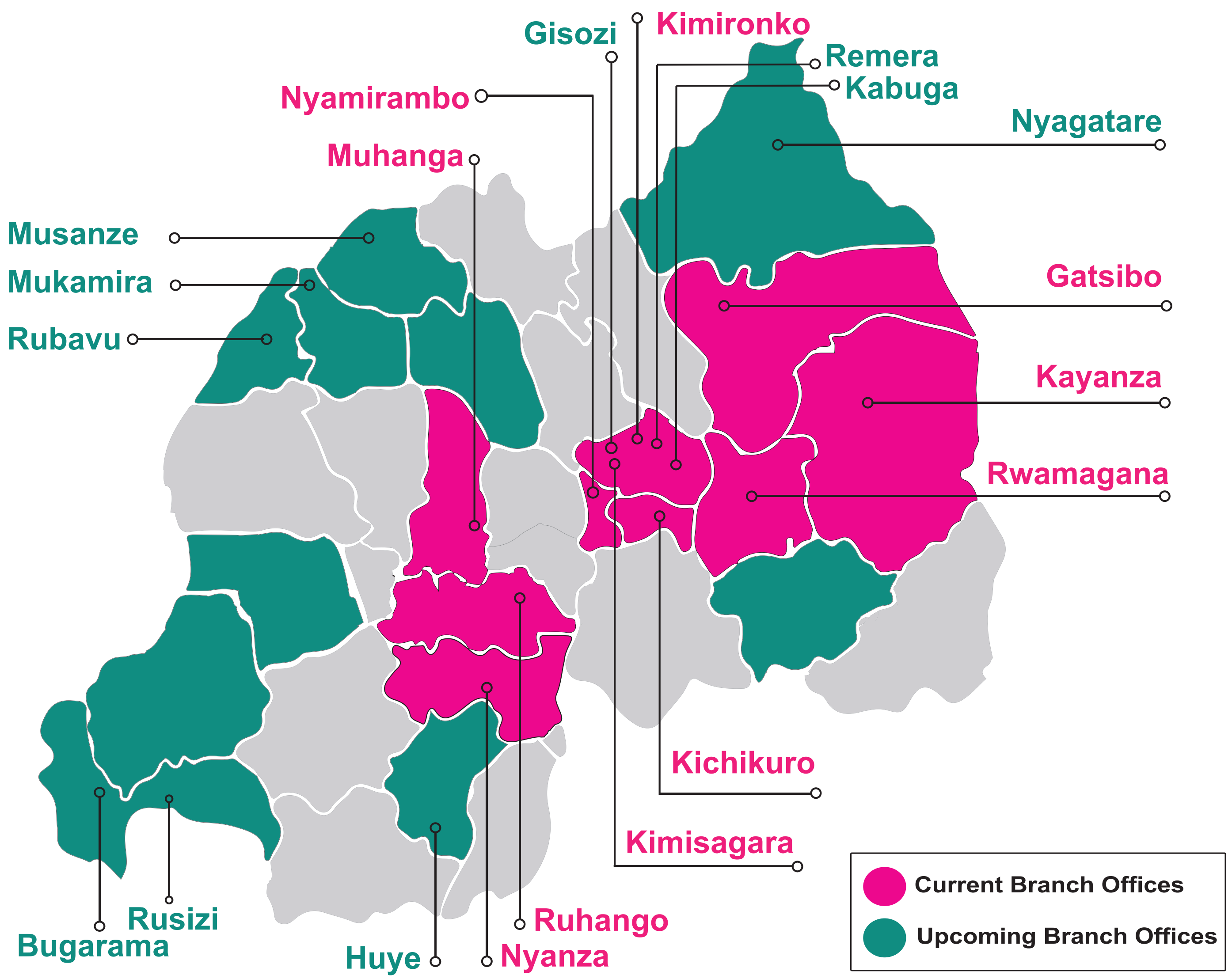
Brigitte came to know of BRAC Microfinance programme in Muhanga district through one of the field staff. She joined the programme promptly and received Rwf 250,000 (USD 262) for a duration of 6 months. She invested the loan in a soft-drink venture, and this allowed her to expand her business. The loan aided her to increase her monthly profit from Rwf 100,000 (USD 104) to Rwf 140,000 (USD 146) per month.

Through increased sales and income, she paid her loan successfully without any hardships.

"BRAC Rwanda Microfinance has helped and inspired me to expand my business for a better living," she says. "My business is growing day by day and I have more customers now."

Moving forward, Brigitte is planning to apply for another loan of Rwf 350,000 (USD 366) to boost her business. She is thankful to BRAC Rwanda Microfinance and hopes to make her dreams come true through the help of BRAC in the future.

BRAC RWANDA MICROFINANCE COMPANY PLC



FINANCIALS

OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Rwanda Microfinance Company Plc completed 2019 with a net loss of USD 831,134 compared to USD 133,836 in 2018. The loss is mainly due to the expansion of branches in new areas and portfolio growth.

OPERATING EXPENSES

Total operating expenses for the year 2019 was USD 894,103 as against USD 140,253 in 2018. In 2018 there was only one office as Country Office for BRAC in Rwanda. An additional 7 branches were opened in 2019 contributing to the additional expenses in 2019.

PROVISIONS FOR IMPAIRMENT LOSSES

In 2019, amount charged for impairment on loans was USD 2,987. The company followed most stringent provisioning policy to be inline with National Bank of Rwanda's guidelines.

FINANCIAL POSITION

In 2019, the company's total assets grew by almost 150% to USD 1,200,186 compared to the previous year's total assets of USD 488,654 further consolidating its position in the market. Loans and advances to customers is now 24% of total assets. Net equity increased to USD 577,819 from USD 440,406 in 2018 due to injection of additional share capital.

CONTRIBUTION TO GOVERNMENT EXCHEQUER (IN USD)

BRAC Rwanda Microfinance Company Plc regularly contributes government exchequer through providing withholdings and deposition tax from it's employees and suppliers and contributing to The Rwanda Revenue Authority (RRA) and Rwanda Social Security Board (RSSB). Total contribution to government exchequer for the last two years as follows:

Particular	2019	2018
Income tax	-	-
Staff Tax	152,738	11,264
Social Security Benefit	42,871	3,292

VALUE ADDED STATEMENTS (IN USD)

A value added statement provides a detail account of total value addition and the distribution of value created by the organization. BRAC Rwanda Microfinance Company Plc contributes positively to overall economic development by empowering the poor people (especially females) through micro-credit.

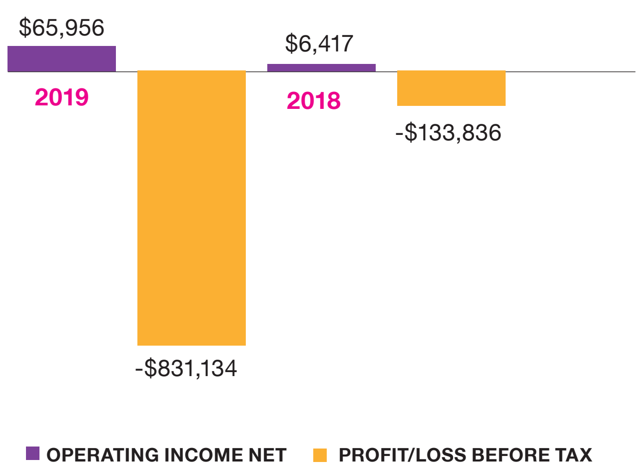
Value Added	2019		2018	
	Amount	%	Amount	%
Interest income on loans	34,081	9%	-	0%
Membership fees	9,926	3%	-	0%
Other income	6,844	2%	6,417	8%
Grant income	15,969	4%	-	0%
Other operating exp.	(439,011)	-117%	(85,499)	-108%
Expected credit loss	(2,987)	-1%	-	0%
Total Value Added	**(375,178)**	**100%**	**(79,082)**	**100%**

Value Distributed	2019		2018	
	Amount	%	Amount	%
Employees				
Salary and allowances	433,991	116%	54,460	69%
Creditors				
Interest Expense	864	0%	-	0%
Local Authorities				
Income tax	-	0%	-	0%
Growth				
Retained Income	(831,134)	-222%	(133,836)	-169%
Depreciation	21,101	6%	294	0%
Total Value Distributed	**(375,178)**	**100%**	**(79,082)**	**100%**

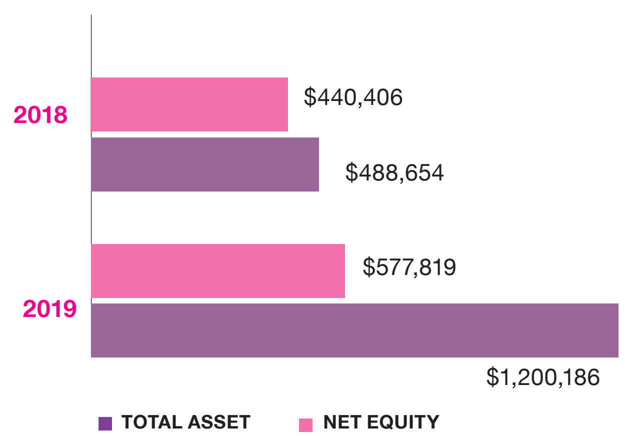
PERFORMANCE REVIEW (IN USD)

Particular	2019	2018
Income Statement		
Operating Income	65,956	6,417
Net profit/(loss) before tax	(831,134)	(133,836)
Financial Position		
Total Asset	1,200,186	488,654
Net Equity	577,819	440,406
Loans to Customer (net)	290,969	-
Cash at Bank	661,328	1,05,954
Returns and Ratio		
Return on Asset	-69%	-27%
Cost to Income	1,356%	2,186%
Operational Statistics		
Total Borrowers	2,371	-
PAR>30	0%	0%

OPERATING INCOME VS PROFIT BEFORE TAX



TOTAL ASSET VS NET EQUITY



BRAC RWANDA MICROFINANCE COMPANY PLC

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

DIRECTORS

Dr. Muhammad Musa	Chair
Mr. Johannes Maria Antonius Eskes	Director
Mr. Shameran Bahar Abed	Director
Mr. Syed Abdul Muntakim	Director
Ms. Angelina Muganza	Independent Director
Ms. Anne Abakunzi	Independent Director
Mr. Tapan Kumar Karmaker	Ex-officio & CEO

REGISTERED OFFICE

BRAC Rwanda Microfinance Company PLC
P O Box-6500, KG 9 Avenue, House Number 54, Nyarutarama, Gasabo
Kigali City, Rwanda.

PRINCIPAL BANKERS

Equity Bank Rwanda
P.O Box 494,
Kigali Rwanda

INDEPENDENT AUDITORS

RUMA Certified Public Accountants
4 KG 2 Ave, Kimihurura
P.O. Box 2611,
Kigali, Rwanda
Email: info@rumacpa.com
Website: www.rumacpa.com

REPORT OF THE DIRECTORS ON THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors submit their report together with the audited financial statements for the year ended 31 December 2019 which show the state of affairs of the Company.

1. INCORPORATION

BRAC Rwanda Microfinance Company PLC is domiciled in Rwanda where it is incorporated as a company limited by shares under the Rwanda Company's act 2017. The address of the registered office is set out on page 26.

2. PRINCIPAL ACTIVITIES

BRAC Rwanda Microfinance Company PLC was registered in September 2018 and its principal activity is to provide a range of financial services responsibly to people at the bottom of the pyramid.

3. RESULTS

	2019 FRW	2019 FRW	2018 FRW	2018 USD
Loss before tax	(749,016,568)	(831,134)	(117,293,688)	(133,836)
Income tax expense	-	-	-	-
Loss after tax	**(749,016,568)**	**(831,134)**	**(117,293,688)**	**(133,836)**
Other comprehensive Income	-	-	-	-
Total comprehensive Income	**(749,016,568)**	**(831,134)**	**(117,293,688)**	**(133,836)**

4. DIVIDENDS

The directors do not recommend payment of dividends for the year ended 31 December 2019 (Year ended 31 December 2018: Nil).

5. RESERVES

The reserves of the Company are set out on pages 34.

6. DIRECTORS

The directors who served during the period and to the date of this report is as shown on page 26.

7. AUDITORS

The auditors, RUMA have expressed their willingness to continue in office and are eligible for reappointment as per the Law Governing companies' no. 17/2018 of 13 April 2018.

By order of board

Director
Shameran Abed
Senior Director
Microfinance and Ultra poor Graduation
BRAC and BRAC International

BRAC RWANDA MICROFINANCE COMPANY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 31 DECEMBER 2019

Law no 17/2018 of 13 April 2018 governing companies in Rwanda requires the directors to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the company keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Law no 17/2018 of 13 April 2018 governing companies in Rwanda. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Having made an assessment of the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern. The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approval of the financial statements

The financial statements, as indicated above were approved by the Board of Directors on 20 March, 2020 and were signed on its behalf by:

Chief Executive Officer
Tapan Kumar Karmaker

Director
Syed Abdul Muntakim
Director Finance
BRAC International

Director
Shameran Abed
Senior Director
Microfinance and Ultra poor Graduation
BRAC and BRAC International

RUMA Certified Public Accountants
Company code: 101808553
KG 2 Av 4, Kimihurura
P. O. Box 2611, Kigali, Rwanda
Tel: +250 788683226 / +250 788651255
Office : +250 252573781
Email:info@rumacpa.com
www.rumacpa.com

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the financial statements of BRAC Rwanda Microfinance Company PLC set out on pages 32 to 52, which comprise the Statement of Financial Position as at 31 December 2019, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the four months then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BRAC Rwanda Microfinance Company PLC as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, the requirements of the Law No. 17/2018 of 13 April 2018 governing companies in Rwanda and in the manner required by Law N° 40/2008 of 26/08/2008 establishing the organisation of micro finance activities and Regulation N° 02/2009 on the organization of microfinance activity.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of BRAC Rwanda Microfinance Company PLC in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Rwanda, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The director is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In accordance with our audit of the financial statements, our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the requirements of the Law No 17/2018 of 13 April 2018 governing companies in Rwanda, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KRESTON

A member of Kreston International | A global network of independent accounting firms

RUMA Certified Public Accountants
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In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
The directors are responsible for overseeing the company's reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error,
- design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors` use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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Office : +250 252573781
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www.rumacpa.com

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Law governing companies no. 17/2018 of 13/04/2018 requires that in carrying our audit, we consider and report to you on the following matters.

We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper accounting records have been kept by the company, so far as appears from our examination of the accounting records.

iii) We are not related to BRAC Rwanda Microfinance Company PLC and have no interests or debts in the company;

iv) In our opinion, the financial statements comply with the international accounting standards.

v) We have communicated to you through a management letter highlighting problems identified during the audit and our recommendations for improvement.

vi) In our opinion and considering the information and explanations given to us through accounting and other company documents, the annual accounts give a true and fair view of the state of affairs of the company as at 31 December 2019.

The engagement partner on the audit resulting in this independent auditor's report is;

RUMA Certified Public Accountants
P.O.Box 2611
KIGALI - RWANDA
Tel: 0252 573781
Fax: 0252 574816

Obed Rugara,
Partner,
RUMA Certified Public Accountants
Date: 20.03.2020

BRAC RWANDA MICROFINANCE COMPANY PLC
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2019

	Notes	2019 FRW	2019 USD	2018 FRW	2018 USD
ASSETS					
Non-current assets					
Property & equipment	5	115,140,830	124,811	9,628,926	10,965
Intangible assets	6	49,298,057	53,438	12,347,178	19,733
Total non-current assets		**164,438,887**	**178,249**	**26,986,104**	**30,698**
Current assets					
Loan to customers	7	268,425,105	290,969	-	-
Other assets	8	64,244,806	69,640	9,445,321	10,744
Cash and cash equivalents	9	610,088,068	661,328	93,143,472	105,954
Balances with other financial institutions	10	-	-	300,000,000	341,258
Total current assets		**942,757,979**	**1,021,937**	**402,588,793**	**457,956**
Total Assets		**1,107,196,866**	**1,200,186**	**429,574,897**	**488,654**
Capital Fund and Liabilities					
Capital Fund					
Share capital	11	1,400,600,000	1,573,826	370,000,000	420,885
Share premium	12	4,637	5	134,454,637	152,946
Retained earnings	13	(866,310,256)	(996,102)	(117,293,688)	(133,425)
Total Capital Fund		**534,294,381**	**577,819**	**387,160,949**	**440,654**
Liabilities					
Non-current liabilities					
Member savings	14	**76,947,689**	**83,410**	**-**	**-**
Related party payables	15	96,225,473	104,307	30,824,386	35,064
Other liabilities	16	52,895,084	57,339	11,589,562	13,184
Donor grants	17	346,834,239	377,311	-	-
Total Liabilities		**495,954,796**	**538,957**	**42,413,948**	**48,248**
Total Liabilities and Capital Fund		**1,107,196,866**	**1,200,186**	**429,574,897**	**488,654**

The financial statements were approved by the Board of Directors on 20.03. 2020 and signed on its behalf by:-

Head of Finance
Eyashin Chowdhury

Chief Executive Officer
Tapan Kumar Karmaker

Director
Syed Abdul Muntakim
Director Finance
Stichting BRAC International

Director
Shameran Abed
Senior Director
Microfinance and Ultra poor Graduation
BRAC and BRAC International

BRAC RWANDA MICROFINANCE COMPANY PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 FRW	2019 USD	2018 FRW	2018 USD
Income on loan Interest	18	30,714,066	34,081	-	-
Interest & other financial expense	19	(778,765)	(864)	-	-
Net interest income		**29,935,301**	**33,217**	**-**	**-**
Membership and other fees	20	8,945,550	9,926	-	-
Other income	21	6,167,555	6,844	5,623,513	6,417
Grant income	22	14,391,611	15,969	-	-
		29,504,716	**32,739**	**5,623,513**	**6,417**
Total operating income		**59,440,017**	**65,957**	**5,623,513**	**6,417**
Impairment loss on loan	23	(2,691,770)	(2,987)	-	-
Operating income after impairment losses		**56,748,247**	**62,969**	**5,623,513**	**6,417**
Staff costs	24	(391,111,898)	(433,991)	(47,728,546)	(54,460)
Other operating expenses	25	(395,637,093)	(439,011)	(74,931,236)	(85,499)
Depreciation & amortization	26	(19,015,824)	(21,101)	(257,419	(294)
Total Operating Cost		**(805,764,815)**	**(894,103)**	**(122,917,201)**	**(140,253)**
Profit/ (Loss) before tax		**(749,016,568)**	**(831,134)**	**(117,293,688)**	**(133,836)**
Income tax expense					
Net Profit/(Loss) after tax		**(749,016,568)**	**(831,134)**	**(117,293,688)**	**(133,836)**
Other Comprehensive Income		**-**	**-**	**-**	**-**
Total Comprehensive Income		**(749,016,568)**	**(831,134)**	**(117,293,688)**	**(133,836)**

BRAC RWANDA MICROFINANCE COMPANY PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital	Share Premium	Retained Earnings	Total Capital Fund	Total Capital Fund
	FRW	FRW	RWF	RWF	USD
At 1 January 2019	370,000,000	134,454,637	(117,293,688)	387,160,949	440,406
Share capital/ Premium	1,030,600,000	(134,450,000)	-	896,150,000	1,000,000
Adjustment to retained earnings	-	-	-	-	(31,453)
Profit/(Loss) for the year	-	-	(749,016,568)	(749,016,568)	(831,134)
As at 31 st December 2019	**1,400,600,000**	**4,637**	**(866,310,256)**	**534,294,381**	**577,819**
At 1 January 2018	-	-	-	-	-
Share capital/ Premium	370,000,000	134,454,637	-	504,454,637	573,831
Adjustment to retained earnings	-	-	-	-	410
Profit/(Loss) for the year	-	-	(117,293,688)	(117,293,688)	(133,835)
At 31 December 2018	**370,000,000**	**134,454,637**	**(117,293,688)**	**387,160,949**	**440,406**

BRAC RWANDA MICROFINANCE COMPANY PLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 FRW	2019 USD	2018 FRW	2018 USD
Cash flows from operating activities					
Cash generated from operations	27	(377,341,709)	(427,686)	(384,067,642)	(437,297)
Loan disbursements		(390,555,000)	(433,373)	-	-
Loan collection		121,377,984	134,685	-	-
Net cash from operating activities		**(646,518,725)**	**(726,374)**	**(384,067,642)**	**(437,297)**
Cash flow from investing activities					
Acquisition of property & equipment		(119,592,188)	(130,434)	(9,896,345)	(11,257)
Acquisition of intangible asset		(37,059,752)	(40,172)	(17,347,178)	(19,733)
Disposal adjustment		183,333	197	-	-
Net cash used in Investing Activities		**(156,468,607)**	**(170,409)**	**(27,243,523)**	**(30,990)**
Cash flow from Financing Activities					
Donor Grants		346,834,239	377,311	-	-
Member savings		76,947,689	83,410	-	-
Share capital		1,030,600,000	1,152,941	370,000,000	420,885
Share Premium		(134,450,000)	(152,941)	134,454,637	152,946
Net cash from financing activities		**1,319,931,928**	**1,460,721**	**504,454,637**	**573,831**
Net increase/(decrease) in cash and cash equivalents		**516,944,596**	**563,938**	**93,143,472**	**105,544**
Cash and cash equivalents at beginning of the year		93,143,472	105,954	-	-
Translation adjustment		-	(8,564)	-	410
Cash and cash equivalents at end of the year	9	**610,088,068**	**661,328**	**93,143,472**	**105,954**

1. GENERAL INFORMATION

BRAC Rwanda Microfinance Company PLC was registered in September 2018 and its principal activity is to provide a range of financial services responsibly to people at the bottom of the pyramid.

2. BASIS OF PREPARATION

The financial statements are prepared on a going concern basis and are presented in Rwandese Franc which is the company's functional currency. All the amounts have been rounded to the nearest Franc. The financial statements have been prepared on the historical cost basis of accounting except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period.

3. STATEMENT OF COMPLIANCE

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

4. SIGNIFICANT ACCOUNTING POLICIES

a) Application of new and revised standards

The following new and revised standards have become effective for the first time in the financial year beginning 1st January 2019:

IFRS 16 Leases
From 1st January 2019, to comply with IFRS 16, Leases, which replaced IAS 17, Leases, the company is expected to recognize lease liabilities relating to leases under which the Company is the lessee that had previously been classified as operating leases (other than leases with less than 12 months to run from 1st January 2019 and leases of low value items). Such liabilities are measured at 1st January 2019 at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate as at 1st January 2019. Corresponding right-of-use assets is recognised, measured as if the Company's new accounting had been applied from 1st January 2019 and discounted using the Company's incremental borrowing rate as at 1st January 2019. The standard has not had an impact on the company financial statements as it does not hold long- term contracts with third parties (all the leases are below 12 months). No right-of-use assets or lease liabilities have been recognised in the financial statements ended 31 December 2019.

IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017)
The Interpretation, applicable to annual periods beginning on or after 1st January 2019, clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty over income tax treatments.

Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017)
The amendments, applicable to annual periods beginning on or after 1 January 2019, allow entities to measure financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)
The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017
The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests.

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017
The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017
The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Amendments to IAS 19 titled Plan Amendment,Curtailment or Settlement (issued in February 2018)
The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2019, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset) in the manner specified in the amended standard.

b) New and revised standards that have been issued but are not yet effective

The Company has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st January 2019, and the Directors do not plan to apply any of them until they become effective. The following are such new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the company's financial statements in the period of initial application.

Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)
The amendments, applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

IFRS 17 Insurance Contracts (issued in May 2017)
The new standard, effective for annual periods beginning on or after 1st January 2021, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.

Amendments to IFRS 3 titled Definition of a Business (issued in October 2018)
The amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st January 2020 and to asset acquisitions that occur on or after the beginning of that period, clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

Amendments to IAS 1 and IAS 8 titled Definition of Material (issued in October 2018)
The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

c) Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires directors to make estimates and assumptions that affect the assets, liabilities, revenues, expenses and the disclosure of contingent liabilities at end of reporting period.

Estimates and judgments are continuously evaluated and are based on directors' experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Such estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Property and equipment
Annually, directors make estimates in determining the depreciation rates for property, plant and equipment using internal technical expertise. The rates used are set out in the accounting policy for property, plant and equipment. These estimates 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 prevailing circumstances.

Impairment of non-financial assets
The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Income taxes
Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Going concern
Directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore the financial statements continue to be prepared on the going concern basis.

d) Recognition of interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument. The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition. The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs).

e) Impairment

The company recognises loss allowances for ECL in relation to loans and advances to customers. ECLs are measured through a loss allowance at an amount equal to:

- 12- month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

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- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk. The company considers the following as constituting an event of default; the borrower is past due more than 90 days on any material credit obligation to the company or the borrower is unlikely to pay its credit obligations to the company in full. This definition of default is used by the company for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

The company monitors all financial assets and issued loan commitments that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the company will measure the loss allowance based on lifetime rather than 12-month ECL. The company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the company monitors all financial assets and issued loan commitments that are subject to impairment for significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the company's historical experience and expert credit assessment including forward-looking information.

f) Financial liabilities

Financial liabilities presented in the statement of financial position represent all amounts payable including interest accruals. Financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

g) Property and equipment and depreciation

Property, plant and equipment are stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Residual value, useful life and depreciation methods are reviewed at least annually at the reporting date. Changes in the residual value and expected useful life are accounted for by changing the depreciation charge for the year, and treated as changes in accounting estimates. Freehold land is not depreciated. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

On revaluation, surplus is credited to the property, plant and equipment revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of comprehensive income, in which case the increase is recognized in the statement of comprehensive income. A revaluation deficit is recognized in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the property, plant and equipment revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made.

Where parts of an item of property, plant and equipment have significantly different useful lives, they are accounted for as separate items of property, plant and equipment. Although individual components are accounted for separately, the financial statements continue to disclose a single asset.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated at annual rates estimated to write off carrying values of the assets over their expected useful lives to their estimated residual values.

The annual depreciation rates in use are:

	Rate
Equipments,Computers and computer peripherals	25%
Furniture and fixtures	10%
Vehicles	20%

h) Tax

Income tax expense is the aggregate amount charged/ (credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the profit and loss account except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax liabilities are recognized for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognized amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

i) Foreign Currency translation

(a) Functional and presentation currency
Items included in the financials are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Rwanda Francs (Frw), which is the company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated using daily average exchange rates as declared by the National Bank of Rwanda. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

All foreign exchange gains and losses are presented in the statement of comprehensive income account within 'other income'. For reporting purposes, Convenience translation has been adopted where the Rwanda Francs have been converted to US Dollars as follows;

Statement of Financial Position 1 USD=Frw 922.52. The National Bank of Rwanda closing rate as at 31 December 2019
Statement of Comprehensive Income 1USD=Frw 901.20 which is the National Bank of Rwanda average rate as at 31 December 2019

j) Financial instruments

Initial Recognition
Financial instruments are recognized when, and only when, the Company becomes party to the contractual provisions of the instrument. All financial assets are recognized initially using the trade date accounting which is the date the Company commits itself to the purchase or sale.

Classification

The Company classifies its financial instruments into the following categories:

a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost;

b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through profit or loss;

c) All other financial assets are classified and measured at fair value through profit or loss;

d) Notwithstanding the above, the Company may:

a. on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income

b. on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency

e) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

f) All other financial liabilities are classified and measured at amortised cost.

Impairment

The Company recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses. Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date. Expected credit losses are measured in a way that reflects an unbiased and probability- weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

k) Fair value measurement

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities(level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability .unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available thereby allowing for situations in which there is little if any, market activity for the asset or liability at the measurement date. However the fair value measurement objective remains the same ie an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability.

As Inputs are not available for loans of BRAC, level 3 hierarchy of fair value is used to measure value for loan at fair value.

l) Retirement benefits obligations

The employees and the Company contribute to the Social Security Fund of Rwanda, a national defined contributions retirement benefits scheme. Contributions are determined by the country's statutes and the Company's contributions are charged to the statement of comprehensive income.

m) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

n) Share capital

Ordinary shares are classified as share capital in equity. Any premiums received over and above the par value of the shares is classified as 'share premium' in equity.

o) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

5. PROPERTY AND EQUIPMENT

Costs	Furniture Fixtures FRW	Computer FRW	Equipment FRW	Vehicles FRW	Total FRW	Total USD
As at 1 January 2019	4,050,000	5,846,345	-	-	9,896,345	11,257
Additions	27,566,650	18,956,516	16,223,000	57,582,000	120,328,166	130,434
Asset transfer to BIHBV	-	(748,463)	-	-	(748,463)	(811)
Disposal adjustment	-	-	(20,000)	-	(20,000)	(238)
Translation adjustment	-	-	-	-	-	(530)
At 31 December 2019	**31,616,650**	**24,054,398**	**16,003,000**	**57,582,000**	**129,256,048**	**140,112**
Depreciation						
At 1 January 2019	64,917	192,502	-	-	257,419	293
Charge for the year	1,609,160	2,815,816	1,828,241	7,653,734	13,906,951	15,432
Asset Depreciation transfer to BIHBV RO	-	(12,485)	-	-	(12,485)	(14)
Disposal adjustment	-	-	(36,667)	-	(36,667)	(41)
Translation adjustment		-	-	-	-	(369)
As at 31 December 2019	**1,674,077**	**2,995,833**	**1,791,574**	**7,653,734**	**14,115,218**	**15,301**
Carrying amounts						
As at 31 December 2019	**29,942,573**	**21,058,565**	**14,211,426**	**49,928,266**	**115,140,830**	**124,811**

Year ended 31 December 2018

Costs	Furniture Fixtures FRW	Computer FRW	Total FRW	Total USD
As at 1 January 2018	-	-	-	-
Additions	4,050,000	5,846,345	9,896,345	11,292
Translation adjustment	-	-	-	(35)
Depreciation				
As at 1 January 2018	-	-	-	-
Charge for the year	64,917	192,502	257,419	293
As at 31 December 2018	**64,917**	**192,502**	**257,419**	**293**
Carrying amounts				
As at 31 December 2018	**3,985,083**	**5,653,843**	**9,638,926**	**10,965**

6. INTANGIBLE ASSETS

	2019 FRW	2019 USD	2018 FRW	2018 USD
Software Development				
Cost				
Year ended 31 December				
As at 1 January	17,347,178	19,733	-	-
Additions	37,059,752	40,172		
Translation difference	-	(929)	17,347,178	19,733
As at 31 December	**54,406,930**	**58,976**	**17,347,178**	**19,733**
Amortization				
As at 1 January	-	-	-	-
Charge for the year	5,108,873	5,669	-	-
Translation difference	-	(131)	-	-
As at 31 December	**5,108,873**	**5,538**	**-**	**-**
Carrying amounts				
As at 31 December	**49,298,057**	**53,438**	**17,347,178**	**19,733**

Intangible asset is a tab based IT software being developed by Field Buzz, a German based IT company. The objective of the software is to enable the loan collection officer carry out household surveys, enrol members in the field as well as initiate loan collection in the first phase which will help BRAC Rwanda to digitise the microfinance field operations.

7. LOAN TO CUSTOMERS

	2019 FRW	2019 USD	2018 FRW	2018 USD
Group loans (Microfinance)	269,177,016	291,784	-	-
Add: Interest receivable	1,939,859	2,103	-	-
Less: Impairment loss on loans (N-14.02)	(2,691,770)	(2,918)	-	-
	268,425,105	**290,969**		

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

	FRW	USD
Opening balance	-	-
Add: Loans disbursement	390,555,000	433,373
Less: Loan realization	(121,377,984)	(134,685)
Translation adjustment	-	(6,903)
Principal outstanding	**269,177,016**	**291,784**
Add: Interest receivable	1,939,859	2,103
Less: Impairment loss on loans (N-14.02)	(2,691,770)	(2,918)
	268,425,105	290,969

The movement on the impairment on loans account is shown below;

	2019 FRW	2019 USD
At 1 January	2,691,770	2,987
Add: Charge for the year	-	(69)
Translation adjustment	**2,691,770**	**2,918**

	2019 FRW	2019 USD	2018 FRW	2018 USD
8. OTHER ASSETS				
Advance office rent	26,231,993	28,435	8,297,110	9,438
Receivable from BV Regional Office	32,278,412	34,989	-	-
Receivable from RRA	5,458,887	5,917	1,148,211	1,306
Advance to staff	275,514	299	-	-
	64,244,806	**69,640**	**9,445,321**	**10,744**
9. CASH AND CASH EQUIVALENTS				
Cash in hand	954,671	1,035	848,894	966
Cash at bank	609,133,397	660,293	92,294,578	104,988
	610,088,068	**661,328**	**93,143,472**	**105,954**
10. BALANCES WITH OTHER FINANCIAL INSTITUTIONS				
Reserves in National Bank of Rwanda	-	-	300,000,000	341,258
11. SHARE CAPITAL				
	1,400,600,000	**1,573,826**	**370,000,000**	**420,885**

Issued and fully paid 140,060 Ordinary shares of Frw 10,000 each.

12. SHARE PREMIUM				
BRAC International Holding B.V	**4,637**	**5**	**134,454,637**	**152,946**

	2019 FRW	2019 USD	2018 FRW	2018 USD
13. RETAINED EARNINGS				
Opening balance	(117,293,688)	(133,425)	-	-
Profit/(Loss) for the year	(749,016,568)	(831,134)	(117,293,688)	(133,835)
Translation adjustment	-	(31,453)	-	410
	(866,310,256)	**(996,012)**	**(117,293,688)**	**(133,425)**
14. MEMBER SAVINGS				
Compulsory savings/Loan Security	37,501,492	40,651	-	-
Voluntary savings	39,446,197	42,759	-	-
	76,947,689	**83,410**	**-**	**-**
15. RELATED PARTY PAYABLES				
Payable to BRAC Bangladesh	29,768,595	32,269	30,824,386	35,064
Payable to BRAC International Holding B.V.	6,604,703	7,159	-	-
Other payables	59,852,175	64,879	-	-
	96,225,473	**104,307**	**30,824,386**	**35,064**
16. OTHER LIABILITIES				
Provision for salary	37,77	41	-	-
Other Liabilities/Liabilities for expense	-	-	703,742	801
Withholding tax payable (employee)	34,175,285	37,046	5,509,203	6,267
Withholding tax payable (others)	14,600,268	15,827	2,020,933	2,299
Provision for Social Security Benefit/Self Insurance	1,081,761	1,173	15,104	17
Audit fee provision	3,000,000	3,252	3,340,580	3,800
	52,895,084	**57,339**	**11,589,562**	**13,184**
17. DONOR GRANTS				
Donation from BRAC USA	85,711,850	95,000	-	-
Utilized grant in the year	(14,391,611)	(15,600)	-	-
Translation adjustment	-	(2,089)	-	-
Sub Total	**71,320,239**	**77,311**	**-**	**-**
Grant from whole planet foundation	275,514,000	300,000	-	-
Total grants	**346,834,239**	**377,311**	**-**	**-**

Grant from BRAC USA was awarded to fund the Participatory need assessment in Rwanda. The Project has an implementation period from 31 May 2019 to 30 June 2020. BRAC also received a grant from whole planet foundation of USD 300,000 (part of Usd 800,000 funding) through a grant agreement dated 22 November 2019 for funding working capital for BRAC general microfinance product in all branches throughout the country for a period of 3 years.

	2019 FRW	2019 USD	2018 FRW	2018 USD
18. Income on loan interest				
Group loans (Microfinance)	30,714,066	34,081	-	-
19. INTEREST & OTHER FINANCIAL EXPENSE				
Interest on member savings	778,765	864	-	-
20. MEMBERSHIP AND OTHER FEES				
Membership fee	3,360,000	3,728	-	-
Loan appraisal fee	3,905,550	4,335	-	-
Sales of Passbook	1,680,000	1,864	-	-
	8,945,550	9,926	-	-
21. OTHER INCOME				
Realizes exchange gain/(loss)	6,167,555	6,844	5,623,513	6,417
22. GRANT INCOME				
Portion of utilized grant	14,391,611	15,969	-	-
23. IMPAIRMENT LOSS ON LOAN				
Loan loss provision expense	2,691,770	2,987	-	-
24. STAFF COSTS				
Salaries	345,639,259	383,533	42,406,655	48,387
Social Security benefit expense	20,365,332	22,598	1,783,346	2,035
Staff bonus	25,107,307	27,860	3,538,545	4,038
	391,111,898	433,991	47,728,546	54,460
25. OTHER OPERATING EXPENSES				
Occupancy expenses				
Rent	68,029,648	75,488	14,241,418	16,250
Utilities	6,051,393	6,715	322,022	367
	74,081,041	82,203	14,563,440	16,617

	2019 FRW	2019 USD	2018 FRW	2018 USD
Travel and transportation expenses				
Travel and transportation	28,681,846	31,826	16,533,176	18,865
Air tickets & VISA cost	47,662,940	52,888	1,843,970	2,104
Staff Perdiem	4,363,608	4,842	454,134	518
	80,708,394	89,556	18,831,280	21,487
Maintenance and general expenses				
Wi-Fi, mobile SIM & bill	12,733,916	14,130	559,000	638
Maintenance and general expenses	55,928,916	62,060	5,535,148	6,316
Meals	9,988,333	62,060	5,535,148	6,316
Accommodation (hotel fare)	4,553,758	5,053	-	-
Bank charge	2,457,848	2,727	360,222	411
Medical expenses	633,008	702	-	-
Design & development/Market Survey	2,177,339	2,416	23,031,942	26,280
Business license & registration	501,225	556	4,083,004	4,659
Visibility & communication expense	-	-	-	-
Vehicle maintenance & fuel	1,900,333	2,109	-	-
Software development & purchase	74,436,434	82,597	-	-
HO logistics expenses	11,458,545	12,715	-	-
Local staff training cost	11,235,802	12,468	-	-
Stationary expenses	16,788,797	18,629	1,424,450	1,625
Unrealized exchange gain/ (loss)	(12,863,069)	(14,273)	-	-
	191,930,527	212,972	34,993,766	39,929
Audit and professional costs				
Professional & consultancy fee	41,417,131	45,958	3,202,170	3,654
Audit fee	7,500,000	8,322	3,340,580	3,812
	48,917,131	54,280	6,542,750	7,466
Total operational costs	395,637,093	439,011	74,931,236	85,499
26. DEPRECIATION & AMORTIZATION				
Depreciation expense	13,906,951	15,432	257,419	294
Amortization expense	5,108,873	5,669	-	-
	19,015,824	21,101	257,419	294

	2019 FRW	2019 USD	2018 FRW	2018 USD
27. CASH GENERATED FROM OPERATIONS				
Profit/(Loss) for the year	**(749,016,568)**	**(831,134)**	**(117,293,688)**	**(133,835)**
Depreciation & amortization	19,015,824	21,101	257,419	293
Loan loss provision	2,691,770	2,987	-	-
Cash flow before changes in working capital	**(727,308,974)**	**(807,046)**	**(117,036,269)**	**(133.542)**
Changes in working capital:				
Decrease/(increase) in receivables and other current assets	245,200,515	265,794	(309,445,321)	(352,002)
Decrease/(increase) in interest receivable	(1,939,859)	(2,103)	-	-
Increase/(decrease) of related party payables	65,401,087	70,894	30,824,386	35,064
Increase/(decrease) of current liabilities	41,305,522	44,775	11,589,562	13,183
Net cash generated from operations	**(377,341,709)**	**(427,686)**	**(384,067,642)**	**(437,297)**

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the company does not hedge any risks.

The company is faced by liquidity, interest rate, credit and foreign currency risks in regards to its principal non-derivative financial instruments. The directors review and agree to the policies of managing these risks. The company does not engage in speculation in the markets and neither does it trade in derivative financial instruments. The company's main financial instruments are;

- Cash and cash equivalents
- Restricted deposits
- Trade and other receivables
- Trade and other payables
- Amounts due to and from related parties

The main risk arising from the company's' financial instruments are liquidity, foreign currency and credit risk.

Liquidity risk management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company always ensures that it will always have sufficient liquidity to meet its obligations when due. The maturity of the company's' financial liabilities is as shown below and the associated assets that can be utilised to pay off the liabilities

Liquidity risk management	On demand	Less than 3 months	3-12 months	1-5 years		Total
Year ended 31 December 2019					**FRW**	**USD**
Loan to customers	-	131,526,879	136,898,226	-	268,425,105	290,969
Other assets	26,231,993	9,295,461	28,717,352	-	64,244,806	69,640
Cash and cash equivalents	-	305,535,003	304,553,065	-	610,088,068	661,328
Total	**26,231,993**	**446,357,343**	**470,168,643**	**-**	**942,757,979**	**1,021,937**
Other liabilities	-	13,138,527	39,756,557	-	52,895,084	57,339
Donor grant	-	261,122,389	85,711,850	-	346,834,239	377,311
Total	**-**	**261,260,916**	**125,468,407**	**-**	**399,729,323**	**434,650**
Excess/ (shortage) liquidity	**26,231,993**	**172,096,427**	**344,700,236**	**-**	**543,028,656**	**587,287**

Interest rate risk management

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the changes in the market interest rates. The company's' exposure to the risk of changes in market interest rates is minimal since it has no debt obligations with floating interest rates.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a company-wide basis. Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution. The Company carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Company's financial assets on the basis of shared credit risk characteristics, such as:

- Type of instrument
- Industry in which the debtor operates
- Nature of collateral.

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 include observable data about the following events:

Significant financial difficulty of the debtor
A breach of contract
It is probable that the debtor will enter bankruptcy
The disappearance of an active market for the financial asset because of financial difficulties.

The company has exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. The highest concentration of credit exposure within the company relates to cash and cash equivalents held with banks and trade receivables. The company places all its funds with recognized financial institutions with strong credit ratings and does not consider the credit exposure to be significant as far as cash and cash equivalents are concerned. The company is exposed to credit risk in its trade receivables and the Company manages this through assessing the credit worthiness of the customers and the effective collectability exercised by the management.

Foreign exchange risk management

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level. The company's transactional exposures give rise to foreign currency gains and losses that are recognized in profit or loss.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's' processes, personnel, technology, and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The company's' objective is to manage operational risk so as to prevent damage to its reputation and avoid control procedures that restrict initiative and creativity. The directors have the responsibility of developing and implementing controls to address operational risks. This is supported by the company standards for the management of operational risks in;

- Compliance and legal requirements
- Training and professional development
- Ethical and business standards
- Development of contingency plans
- Compliance with legal and regulatory requirements
- Developing requirements for the periodic assessment of operational risk faced and the adequacy of controls and
- procedures to address the risks identified.

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Disclaimer: Some names and identifying details in the case stories have been changed to protect the privacy of the individuals.