ASA INTERNATIONAL (RWANDA) PLC

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2025

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1 CORPORATE INFORMATION

Directors

The Directors that served during the year were as follows:

#	Names	Category	Date appointed	Gender	Nationality
1.	Mr. Azim Hossain	Executive/Chairperson	14-Aug-23	Male	Bangladeshi
2.	Mr. Mpyisi Gerald	Independent/Vice-Chairperson	22-May-24	Male	Rwandan
3.	Mrs. Nzamwita Kagwesage Adelaide	Independent	07-sept-22	Female	Rwandan
4.	Mr. Faustin Byakunda	Independent	04-Jan-24	Male	Rwandan

Chief Executive Officer

Mr. Christian Salifou

Company Secretary

Mr. Fred Mugisha

Registered office and principal place of business

ASA International (Rwanda) Plc,
Plot No. - 95, NTORA Village,
KG 784 St. RUHANGO Cell,
Gisozi Sector, GASABO District,
P O Box 1767, Kigali, Rwanda
Telefone: +250 781 447 017 Toll-free : 5002
Email: info@asarwanda.rw

Independent Auditor

Ernst & Young Rwanda Limited
Certified Public Accountants
M-Peace Plaza, Executive Wing 6th floor
P.O. Box 3638, Kigali, Rwanda
Email: info@rw.ey.com
Website: www.ey.com

Legal Counsel/ Advocates

Me Armand INTWAZAYAMUGABO
Phone Number: +250785410756
E-mail : amicusveritatislawfirm@gmail.com

ASA INTERNATIONAL (RWANDA) PLC
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors have the pleasure in presenting their report and the audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of the ASA International (Rwanda) Plc (the "Company").

PRINCIPAL ACTIVITIES

The principal activity is provision of monetary intermediation, financial activities except insurance and pension funding activities (Deposit taking microfinance company licensed by National Bank of Rwanda).

SHAREHOLDERS INTEREST

The issued and fully paid-up ordinary shares are as follows:

No	Shareholders Name	Share Group	Number of Shares	Value FRW
1	ASA INTERNATIONAL HOLDING	Ordinary Share	1,973,269	1,973,269,000
2	ASA INTERNATIONAL N.V	Ordinary Share	1	1,000
			1,973,270	**1,973,270,000**

DIVIDENDS

The Directors do not recommend payment of dividends for the year ended 31 December 2025 (2024: Nil).

RESULTS

The results of the company are set out on page 5.

DIRECTORS

The Directors who served during the period and to the date of this report are as shown on page 1.

AUDITORS

The company's auditor **Ernst & Young Rwanda Limited** was appointed in 2025 in accordance with Law N° 007/2021 of 05/02/2021 governing companies in Rwanda as amended by the law n° 19/2023 of 30/03/2023.

BY ORDER OF THE BOARD

....

Chairperson of the Board

Mr. Azim Hossain

Date: 30 / 04 /2026

ASA International (Rwanda) Plc
ASA INTERNATIONAL
TIN: 103495622
PO Box: 1767 KIGALI-RWANDA
Head Office

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ASA INTERNATIONAL (RWANDA) PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2025

Law no 007/2021 of 05/02/2021 governing companies in Rwanda as amended by the law nº 19/2023 of 30/03/2023 requires the directors to prepare financial statements for each financial year which 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 that are sufficient to show and explain the transactions of the company, that disclose with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the company that comply with IFRS Accounting Standards as Issued by the International Accounting Standards Board (IASB) and the requirements of Law N° 072/2021 of 05/11/2021 governing deposit taking microfinance institutions, Regulation N° 02/2009 of 27/05/2009 on the organization of microfinance activity and the requirements of the law nº 007/2021 of 05/02/2021 governing companies in Rwanda. They are also responsible for safeguarding the assets of the company.

The Directors accept responsibility for the preparation and fair presentation of these financial statements which have been prepared in accordance with IFRS Accounting Standards as Issued by the International Accounting Standards Board (IASB) and the requirements of Law N° 072/2021 of 05/11/2021 governing deposit taking microfinance institutions, Regulation N° 02/2009 of 27/05/2009 on the organization of microfinance activity and the requirements of Law no 007/2021 of 05/02/2021 governing companies in Rwanda as amended by the law nº 19/2023 of 30/03/2023. They also accept responsibility for;

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error;
ii. Selecting and applying appropriate accounting policies;
iii. Making accounting estimates and judgments that are reasonable in the circumstances.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next 12 months from the date of this statement.

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 ..28..../.04.. /2026 and were signed on its behalf by:

Mr. Christan Salifou	Mr. Azim Hossain	Mr. Faustin Byakunda
Chief Executive Officer	Chairperson; Board of Directors	Chairperson; Board Audit Committee

ASA International (Rwanda) Plc
ASA INTERNATIONAL
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Date: 30/04/2026
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Ernst & Young Rwanda Ltd

Ernst & Young Rwanda Limited
Certified Public Accountants
M-Peace Plaza, Executive Wing, 6th floor
KN 4 Avenue, 72 ST
P.O.Box 3638
Kigali, Rwanda

Tel: +250 788309977
+250 788303322
Email: info@rw.ey.com
www.ey.com

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Independent auditor's report
To the Shareholders of ASA International (Rwanda) Plc

REPORT ON THE AUDITED FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of ASA International (Rwanda) Plc ("the Company") set out on pages 7 to 54, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ASA International (Rwanda) Plc as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of Law N° 072/2021 of 05/11/2021 governing deposit taking microfinance institutions, Regulation N° 02/2009 of 27/05/2009 on the organization of microfinance activity and the requirements of Law No. 007/2021 of 05/02/2021 as amended by Law No. 019/2023 of 30 March 2023.

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 the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements of ASA International (Rwanda) Plc in Rwanda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Company in Rwanda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Company and in Rwanda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 March 2025.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included on pages 1 to 3 of the document titled "Annual Report and Audited Financial Statements" which includes the Corporate Information, Report of the Directors and the Statement of Directors' Responsibilities as required by Law No. 007/2021 of 05/02/2021 governing companies as amended by Law No. 019/2023 of 30 March 2023. The other information 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 an audit opinion or any form of assurance conclusion thereon.

In connection 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 a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent auditor's report (Continued)
To the Shareholders of ASA International (Rwanda) Plc

REPORT ON THE AUDITED FINANCIAL STATEMENTS (Continued)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the company are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by Law N° 072/2021 of 05/11/2021 governing deposit taking microfinance institutions, Regulation N° 02/2009 of 27/05/2009 on the organization of microfinance activity and the requirements of Law No. 007/2021 of 05/02/2021 as amended by Law No. 019/2023 of 30 March 2023, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 judgement and maintain professional scepticism throughout 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 the 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.

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Independent auditor's report (Continued)
To the Shareholders of ASA International (Rwanda) Plc

REPORT ON THE AUDITED FINANCIAL STATEMENTS (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

- 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

We communicate with 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

As required by the Law No. 007/2021 of 05/02/2021 governing companies, we report to you based on our audit that:

i) We have no relationship, interests, and debts in the company;

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

iii) In our opinion, proper books of accounts have been kept by the company, so far as appears from our examination of those books; and

iv) We have communicated to you through the management letter, internal control weaknesses identified in the course of our audit including our recommendations with regard to those matters.

Stephen K Sang
For Ernst & Young Rwanda Limited

30 APRIL 2026

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ASA INTERNATIONAL (RWANDA) PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 FRW	2024 FRW
Interest revenue calculated using the effective interest method	6	4,569,522,345	2,942,020,785
Interest expense calculated using the effective interest method	7	(639,291,572)	(298,461,373)
Net interest income		**3,930,230,773**	**2,643,559,412**
Fee and commission income*	8	529,372,466	433,128,209
Fee and commission expense*	9	(12,839,121)	(24,985,534)
Net fee and commission income		**516,533,345**	**408,142,675**
Other operating income	10	494,698,823	88,793,524
Total operating income		**4,941,462,941**	**3,140,495,611**
Credit loss expense on financial assets	11	(330,038,003)	(152,708,185)
Net operating income		**4,611,424,938**	**2,987,787,426**
Personnel expenses	12	(2,001,241,131)	(1,496,588,467)
Other operating expenses	13	(856,483,814)	(736,004,450)
Depreciation of property and equipment	14	(52,527,555)	(61,009,634)
Amortization of intangible assets*	15	(3,939,351)	(9,937,300)
Depreciation of right-of-use assets	16	(144,285,040)	(115,995,937)
Exchange rate differences	17	(25,015,011)	(45,618,772)
Total operating expenses		**(3,083,491,902)**	**(2,465,154,560)**
Profit before tax		**1,527,933,036**	**522,632,866**
Income tax expense	18	(427,322,912)	(251,858,023)
Profit for the year		**1,100,610,124**	**270,774,843**
Other comprehensive income		-	-
Total comprehensive income for the year		**1,100,610,124**	**270,774,843**

* Financial statements lines reclassified for better presentation as per IFRS requirements.

The notes 1 to 35 from an integral part of these financial statements.

ASA INTERNATIONAL (RWANDA) PLC
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 FRW	2024 FRW
ASSETS			
Cash and cash equivalents	19	1,270,553,845	1,279,244,506
Loans and advances to customers	20	10,220,345,053	6,789,859,584
Other assets	21	132,192,262	40,016,084
Property and equipment*	14	162,832,162	65,121,051
Right of use of assets	16	212,459,084	285,976,135
Deferred tax asset	22	85,291,694	57,180,191
Intangible assets*	15	6,770,931	6,715,132
TOTAL ASSETS		**12,090,445,031**	**8,524,112,683**
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	23	1,973,270,000	1,973,270,000
Retained earnings	24	1,203,714,485	103,104,362
Statutory reserves		-	-
TOTAL EQUITY		**3,176,984,485**	**2,076,374,362**
LIABILITIES			
Debt issued and other borrowed funds	25	1,715,567,131	2,128,028,816
Due to Customers	26	6,241,466,540	3,256,918,931
Current tax liability	27	230,843,795	76,623,386
Lease liabilities	16	213,680,490	270,027,837
Other liabilities	28	511,902,590	716,139,351
TOTAL LIABILITIES		**8,913,460,546**	**6,447,738,321**
TOTAL EQUITY AND LIABILITIES		**12,090,445,031**	**8,524,112,683**

* Financial statements lines reclassified for better presentation as per IFRS requirements.

The notes 1 to 35 from an integral part of these financial statements.

The financial statements from pages 7 to 54 were authorized for issue by the Board of Directors on ......30......./.....04....../2026 and signed on its behalf by

Mr. Christan Salifou	**Mr. Azim Hossain**	**Mr. Faustin Byakunda**
Chief Executive Officer	Chairperson; Board of Directors	Chairperson; Board Audit Committee

ASA International (Rwanda) Plc
ASA INTERNATIONAL
TIN: 103495622
P.O.Box 4757 KIGALI-RWANDA
Head Office

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ASA INTERNATIONAL (RWANDA) PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 FRW	2024 FRW
OPERATING ACTIVITIES			
Profit Before Tax		1,527,933,036	522,632,866
Adjustments for non-cash item:			
Depreciation of property and equipment	14	52,527,555	61,009,635
Amortization of intangible assets	15	3,939,351	9,937,299
Depreciation of right-of-use assets	16	144,285,041	115,995,937
Interest expenses on lease liability	16	45,797,033	46,215,811
Unrealized FX loss		(59,734,116)	20,882,943
Gain on disposal		-	230,399
Adjustment for:			
Changes in operating Assets	26.a	(3,522,661,647)	(1,802,317,626)
Changes in operating Liabilities	26.b	2,778,357,990	1,585,853,160
Income tax paid		(273,102,503)	(328,192,987)
Net cash flow used in operating activities		**697,341,740**	**232,247,436**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	(150,238,666)	(43,772,846)
Purchase of intangible assets	15	(3,995,150)	(5,992,725)
Proceeds from sale of property and equipment		-	559,000
Net cash flow used in investing activities		**(154,233,816)**	**(49,206,571)**
FINANCING ACTIVITIES			
Proceeds from debt issued and other borrowed fund	25	-	1,200,000,000
Repayment of principal portion of lease liabilities	16	(131,962,511)	(100,113,285)
Repayment of interest portion of lease liabilities	16	(40,949,858)	(42,233,638)
Repayment of borrowing	23	(393,196,383)	(633,670,786)
Net cash flows used in financing activities		**(566,108,752)**	**423,982,291**
Net Increase in cash and cash equivalents		(23,000,828)	607,023,157
Net foreign exchange difference		14,310,167	8,384,676
Cash and cash equivalent at 1 January		1,279,244,506	663,836,673
Cash and Cash Equivalent at 31 December	19	**1,270,553,845**	**1,279,244,506**

Additional information on operational cash flows from interest and dividends

Interest paid		(270,389,695)	(199,559,692)
Interest received		4,226,948,077	2,828,057,533

The notes 1 to 35 from an integral part of these financial statements.

ASA INTERNATIONAL (RWANDA) PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Issued capital (Note 23)	Retained Earnings (Note 24)	Reserves	Total
	FRW	FRW	FRW	FRW
As at 01 January 2025	**1,973,270,000**	**103,104,361**	**-**	**2,076,374,361**
Total comprehensive Income for the year	-	1,100,610,124	-	1,100,610,124
As at 31 December 2025	**1,973,270,000**	**1,203,714,485**	**-**	**3,176,984,485**

	Issued capital (Note 23)	Retained Earnings (Note 24)	Reserves	Total
	FRW	FRW	FRW	FRW
As at 01 January 2024	**1,973,270,000**	**(174,827,993)**	**-**	**1,798,442,007**
Adjustment on retained earning*	-	7,157,511	-	**7,157,511**
Total comprehensive Income for the year	-	270,774,843	-	270,774,843
As at 31 December 2024	**1,973,270,000**	**103,104,361**	**-**	**2,076,374,361**

*Adjustment on retained earned earning in 2024 relates to adjustment of 2023 overstatement of current tax liability.

1. GENERAL INFORMATION

ASA International (Rwanda) PLC "subsequently referred to as ASA Rwanda or the Company" is a limited Company incorporated in Rwanda. The principal activity of the company is monetary intermediation, other financial activities, except insurance and pension funding activities (Deposit taking microfinance company licensed by National Bank of Rwanda). ASA Rwanda had thirty-seven (37) branches comprising of seven (7) located in Kigali city and Thirty (30) located outside Kigali city.

2. BASIS OF PREPARATION

The financial statements are prepared on a going concern basis and are presented in Rwandan Francs 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 at the end of each reporting period.

3. STATEMENT OF COMPLIANCE

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

4. MATERIAL ACCOUNTING POLICIES

a) New and amended standards and interpretations in issue

New standards or amendments	Effective date	Brief description/adoption status
Amendments to IAS 21 - Lack of exchangeability	1 January 2025	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. This amendment did not have a material impact on the Company's financial statements.

4. MATERIAL ACCOUNTING POLICIES (Continued)

a) New and amended standards and interpretations in issue (Continued)

New standards or amendments	Effective date	Brief description/adoption status
Amendments to IFRS 9 and IFRS 7	1 January 2026	On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include: • Clarifications of the requirements for recognition and derecognition of financial assets and liabilities • A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date • Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed • Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments • The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI) The Company is currently working to identify all impacts the amendments will have on the financial statements .
Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	1 January 2026	In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity. The amendments: • Clarify the application of the 'own-use' requirements for in-scope contracts • Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope • contracts • Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows The Company does not expect that the amendments will have a material impact on its financial statements.

4. MATERIAL ACCOUNTING POLICIES (Continued)

a) New and amended standards and interpretations in issue (Continued)

New standards or amendments	Effective date	Brief description/adoption status
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The Company is currently working to identify the impacts the standard will have on the primary financial statements and notes to the financial statements. The Bank considers its main business activities to include the provision of financing to customers and investing in financial assets. In accordance with IFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing or financing categories. The initial expected material impacts of IFRS 18 on the Company's financial statements are, as follows: • Income and expenses from the following will be classified in the operating category within the statement of profit or loss: (a) cash and cash equivalents; (b) liabilities from transactions that involve only the raising of finance; (c) generally, assets invested in as part of the Bank's main business activity of investing in financial assets that generate a return individually and largely independently of the Bank's other resources • Foreign exchange differences will be classified in the same category as the related income and expense giving rising to the foreign exchange difference, with some exceptions. • Gains and losses on hedging instruments, including those not designated as such, but used to manage exposure to identified risks, will be classified in the same category as the income and expenses relating to the risk being covered, with some exceptions. • For the statement of cash flows, the 'operating profit' subtotal will be used as the starting point for determining cash flows from operating activities. Furthermore, the classification of the total cash flows from all dividends received, all interest paid and all interest received will each, respectively, be classified in a single category in the statement of cash flows following the classification of the related income and expenses in the statement of profit or loss. • New disclosures will be added for: (a) management-defined performance measures; (b) specified expenses by nature if expenses are presented by function in the operating category of the statement of profit or loss; • A reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18, and the amounts previously presented applying IAS 1.

4. MATERIAL ACCOUNTING POLICIES (Continued)

b) 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 losses on financial assets
In determining the expected credit losses, the Company makes the following judgments:

- **Significant increase in credit risk (SICR)**
  In assessing whether a significant increase in credit risk (SICR) has occurred for an exposure since initial recognition, the Company considers both quantitative and qualitative information and analysis. In doing so, the Company makes judgements about the appropriate indicators used as SICR triggers. The triggers that the Company has determined as appropriate include the 30-day backstop, movement in PD and other qualitative factors, such as moving a customer/facility to the watch list, or the account becoming forborne.

- **Multiple economic scenarios**
  The Company in its measurement of ECLs makes judgements about the type and number of macroeconomic scenarios in order to reflect the Company's exposure to credit risk.

- **Definition of Default**
  Significant judgement exists with regards to when an asset is considered to have defaulted, and the resulting definition of default against which parameters of ECL model such as PD, LGD and EAD are evaluated.

Other judgements in the determination of ECL include:

- Development of ECL models, including the segmentation of products, the various formulas and the choice of inputs.

The segmentation of financial assets when their ECL is assessed on a collective basis

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.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The company has concluded that it is acting as a principal in all of its revenue arrangements.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Non- interest incomes

Fees income

Fees income that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate. Fees income including loan processing fees, loan insurance fund fees are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period and unamortized portion is presented under loans and advances (Note 20) to measure loans and advances at amortized cost.

Member admission fees

ASA Rwanda recruits eligible borrowers for all its loan programs on an individual basis. ASA Rwanda standard operations manual requires newly admitted clients to pay a one-off non-refundable fee of FRW 2,500. The admission fee is a prerequisite for any loan program and a qualified borrower cannot process a loan before payment. This fee is payable directly to ASA Rwanda branch account. The fees income is recognised by the company on cash basis in its accounts.

d) 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 derecognition 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

d) Property and equipment and depreciation (continued)

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
Office Equipment's	33.33%
Computers and Software's	33.33%
IT Equipment's (Tablet)	50%
Office furniture's	20%
Motor vehicles	20%
Leasehold improvements	25%

e) Intangible assets and amortization

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

e) Intangible assets and amortization (continued)

Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

The annual amortization rates in use are:

	Rate
Software	33.33%

f) 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

f) *Tax (continued)*

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 effects 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.

g) Foreign Currencies

The financial statements are presented in Rwandan Francs, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

h) Financial Instruments

Initial recognition and measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL;

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost as described above or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4. MATERIAL ACCOUNTING POLICIES (Continued)

h) Financial Instruments (continued)

Classification and subsequent measurement (Continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de- recognition is also recognized in profit or loss.

De-recognition- financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

De-recognition- financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4. MATERIAL ACCOUNTING POLICIES (Continued)

h) Financial Instruments (continued)

Identification and measurement of impairment

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.

At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably. Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate

The company recognizes 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
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.

Interest income on credit-impaired (Stage 3) financial assets is recognized using the effective interest rate applied to the net carrying amount (i.e., after deducting expected credit loss allowances) in accordance with IFRS 9 Financial Instruments. Accrual on a gross basis is suspended upon classification to Stage 3. Where recovery is uncertain, interest income is recognized on a cash basis.

Interest income on Stage 3 assets is included within interest income in the statement of profit or loss, with the basis of recognition (net vs gross) as disclosed in these accounting policies. These financial statements also disclose the impact of credit-impaired assets on interest income and, where material, separately present income earned on Stage 3 exposures.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjects to the write-off. This assessment is carried out at the individual asset level. The Company also follows BNR's requirement on write-off which stipulates that A deposit-taking microfinance company writes off loans that have been classified as loss for more than 12 months.

Recoveries of amounts previously written off are recognized when cash is received and are included in "total credit loss expense" in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

i) 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.

j) 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.

k) 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

l) *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. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Company's' activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to certain risk limits and other controls as described in the paragraphs below. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable to the risk exposures relating to his or her responsibilities. ASA Rwanda is amongst others, exposed to business risk, operational risk, IT risk, finance risk, and legal & compliance risk.

Risk management structure

The company's risk management principles allow it to balance its risk and reward effectively by aligning its risk appetite with its business strategy. The company's risk management framework is based on its three lines of defence model. The company's objectives in using the three lines of defence model include: identifying the risk areas and minimizing loss, protecting its clients by minimizing financial risk, protecting the interests of its shareholders and investors, preserving its branches, data, records and physical assets, maintaining its business and operational structure, enforcing a standard operational procedure for managing risk, and providing guidelines in line with internationally accepted risk management principles.

The first line of defence is the team, person or department that is responsible for executing particular tasks/activities, as well as for mitigating any related risks. The second line of defence is comprised of management of respective departments and personnel that oversee the first line of defence and provide expertise in risk management to help develop strategies, policies and procedures to mitigate risks and implement risk control measures. The third line of defence is the internal audit department, which evaluates and improves the effectiveness of the risk management, control and governance processes through independent verification of risk control measures. The internal audit department is based at head office of the Company and led by Head of Internal Audit and audits each branch based on the risk ratings but at least once a year.

The company has designed and implements a comprehensive risk management framework approved and overseen by the Board of Directors to enable it to identify, measure, evaluate, mitigate and prevent risks, monitor and report all identified risks on a timely basis as required by National Bank of Rwanda.

The risk management framework takes into consideration the following:

Risk category	Definition	Risks	Description
Business risk	Business risk is an organisation's exposure to factors that will lower its profit or lead it to fail. Anything that threatens a company's ability to achieve its financial and operational goals is considered a business risk.	Growth risk	Risks and challenges associated with the Company's operational expansion.
		Competition risk	Risk that the Company might face for not responding to the competitive environment or failing to meet customer needs.
		Reputation risk	Risk to earnings or capital arising from negative public opinion.
		Climate related risk	Risk related to potential negative impact of climate change on the organisation.
		Health &Environmental risk	Risk arising from the threat of natural disasters and viral diseases.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Risk category	Definition	Risks	Description
Operational risk	Operational risk refers to uncertainties a company faces when it attempts to do its day-to-day business activities. It can result from breakdowns in internal procedures, people and systems.	Transaction risk	Human or system errors within the Group's daily product delivery and services.
		Human Resource risk	Likelihood of negative results due to a failure within its human resource department.
		Fraud and Integrity risk	Risk of incidents of fraud and misappropriation by staff or client.
IT risk	Information technology risk is any threat to business data, critical systems and business processes due to IT failure. It is the risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an organisation.	Business continuity	This risk refers to loss of data in case of a catastrophic event.
		System vulnerability	This risk refers to the vulnerability of our IT system to different types of cyber-attacks.
		IT support	Risk of delay in resolving IT related issues which may negatively impact the operations.
		System access control	Risk of misuse of system access.
		IT fraud risk	Risk of fraud due to control gap in IT system and processes.
		Data migration risk	Risk of loss of data during the time of data migration.
Finance risk	The company experiences financial risks such as credit risk, liquidity risk, exchange rate/ currency risk and interest rate risk which can adversely impact the earnings.	Credit risk	Risk that the Group will incur a loss because its clients or counterparties fail to discharge their contractual obligations.
		Liquidity risk	Risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances.
		Exchange rate risk	Possibility of financial loss to the Company arising from adverse movements in foreign exchange rates.
		Interest rate risk	Risk arising from the possibility of change in the value of assets and liabilities because of changes in market interest rates.
Legal & Compliance risk	Financial and other losses the Company may suffer as a result of regulatory changes or failure to comply with applicable laws and regulation	Local regulation	Risk of non-compliance to local regulation
		Change of policy	Risk of negative impact arising from change in policies by regulatory authorities.
		Product transparency	Risk of negative public opinion for not ensuring product transparency.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Business risk
The Company manages its business risks by adopting various mitigation strategies at entity level. While setting growth targets the company remains prudent, as uncontrolled growth may lead to increased overdue loans. Sites for new branches are selected after thorough assessment as per the operational manual.

When it comes to competition, the company continuously monitors clients' satisfaction and focuses on tailoring its products according to clients' needs. In order to safeguard its reputational risk, the company ensures that staff meet the highest standards in terms of client protection principles and business transparency.

Climate change risk is thoroughly assessed by the company. The company has started the process of collecting its carbon emission data to determine the major emission sectors so a carbon management plan can be put in plane to reduce emissions. During the year, the company's operations were adversely impacted by the covid-19 pandemic, however this was mitigated by proactively amending operational procedures to adapt to changing conditions.

Climate change risk is thoroughly assessed by the company. The company has started the process of collecting its carbon emission data to determine the major emission sectors so a carbon management plan can be put in plane to reduce emissions.

Operational risk
Transaction risk is mitigated by strictly following operational procedures and ensuring thorough monitoring by supervisors. Human resource risk is mitigated by attracting, retaining and developing staff by providing competitive remuneration structures and long-term career opportunities, and by investing in training and development of all staff. The Company evaluates its human resource risk by observing the availability of skilled staff within its compensation bands as well as compliance and regulatory issues that impact staff, including visas or employment permits needed for its expatriate staff.

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.

IT Risk
The rise of the knowledge economy and the digital revolution has led to organisations becoming increasingly dependent on information, information processing and especially IT. The Company's IT business continuity is safeguarded by maintaining secure data centres with disaster recovery sites, either on premises or offsite. System vulnerability is regularly assessed and virus guards, firewalls and other security measures are kept up to date. Adequate internet connectivity is provided at all branches to ensure smooth running of operations; proper internet connectivity is provided at head office level. IT issues are addressed through the JIRA issue management software based on priority. A strong password policy is in place to prevent unauthorised system access and staff are made aware that password sharing is prohibited.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Finance risk

Regarding credit risk, the Company adheres strictly to the operating procedures of the ASA Model, which includes setting limits on the amount of risk it is willing to accept for each individual borrower, taking a security deposit, preventing over-borrowing. The Company continuously monitors changes in the portfolio and will take immediate action when changes occur. As for liquidity risk, the Company remains well funded and continues to have good access to a wide range of funding sources, both at local and international level. The Company maintains solid relationships with its debt providers who continue to show strong interest in funding its operations. As a deposit taking microfinance company, ASA Rwanda collects customer savings from its members and continues to aggressively mobilize more deposits to minimize reliance on external borrowings.

The Company manages its currency risk through natural hedging, i.e. by matching the relevant microfinance subsidiary's local currency assets with local currency liabilities, and by obtaining funding denominated in local currency. The company manages currency risk through contracting with suppliers in Rwandan francs to avoid fluctuation of foreign currencies against the functional currency.

The Company's strategy in evaluating and managing its interest rate risk is to conduct a cost of funds analysis and to monitor interest rates and fixes appetite as far as interest rates are concerned. 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.

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.
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;

- Loans and advances to customers
- Cash and cash equivalents
- Other receivables
- Customer deposits and borrowings
- Other payables

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

Legal and compliance risk

New changes are proactively discussed with regulators; new requirements (such as minimum capital requirements) are timely implemented; and the Company's ASA Model and digital strategy are proactively discussed with different authorities.

Risks are mitigated through standardised practices that are part of the ASA Model of microfinance. These include:

- Standardised loan products.
- Basic voluntary deposit services.
- Effective and rigid procedures for cost-effective delivery of microcredit and limited deposit services.
- Zero tolerance on the late deposit of loan instalments by loan officers.
- Group selection without joint liability.
- Loans granted exclusively for income-generating activities.
- Full repayment via instalments before eligibility for new loan.
- No incentive or bonus payments for operating staff.
- Frequent client interactions through weekly collections.
- Ongoing assessment of client needs, benefits and satisfaction.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) 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.

The Audit Committee is assisted in these functions by Internal Audit department. Internal Audit personnel undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Climate risk considerations

The effect of climate risk on credit risk was assessed, and the impact in the current year was determined to not be material at 31 December 2025.

Credit risk on loans and advances 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 this 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.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Credit risk management (continued)

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. Loans and advances to customers are secured by security deposits. Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Company resulting from its loans and advances.

Credit risk grading

The Company's internal risk ratings scales are adopted from National Bank of Rwanda credit risk grading to reflect its assessment of the probability of default of individual counterparties. the classification criteria are as follow:

Performing/Normal

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

Watch

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

Substandard

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

Doubtful

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

Loss

These are loans that are more than 365 days overdue. These are also those credit facilities that are considered uncollectable or which may have some recovery value but it is not considered practicable nor desirable to defer write off. They are also accounts classified as "Doubtful" with little or no improvement over the period it has been classified as such.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

Once a facility is classified as doubtful, the probability of default reaches 100%.
The table below shows the link between the regulator risk classifications and the IFRS 9 stage allocation for assets for the Company:

Days past due	National Bank of Rwanda Guidelines	IFRS 9 Staging
0-29	Normal	Stage 1
30-89	Watch	Stage 2
90-179	Sub-standard	Stage 3
180-364	Doubtful	Stage 3
Over 364 or considered uncollectible	Loss	Stage 3

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) *Credit risk management (continued)*

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

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

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

Change in credit quality since initial recognition

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

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

The Company in determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition considered reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company historical experience, expert credit assessment and forward-looking information.

The Company in determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition considered reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company historical experience, expert credit assessment and forward-looking information.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) *Credit risk management (continued)*

Expected credit loss measurement (continued)

The Company identifies a significant increase in credit risk where

- Exposures have a regulatory risk rating of "WATCH"
- An exposure is greater than 30 days this is in line with the IFRS 9 30 DPD rebuttable presumption;
- an exposure has been restructured in the past due to credit risk related factors or which was NPL and is now regular (subject to the regulatory cooling off period);or
- by comparing an exposure:
    - credit risk quality at the date of reporting; with
    - the credit risk quality on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

The Company in determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition considered reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company historical experience, expert credit assessment and forward-looking information.

The assessment of SICR incorporates forward-looking information and is performed on a regular basis at a portfolio level for all financial instruments held by the Company. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent team.

Backstop

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. The Company has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2025.

Definition of default and credit-impaired assets

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

Quantitative criteria
The borrower is more than 90 days past due on its contractual payments.

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

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) *Credit risk management (continued)*
Expected credit loss measurement (continued)

An instrument is considered to no longer be in default (i.e. to have cured) if the borrower remained compliant with the repayment schedule for next three consecutive instalments, as from the time it was reclassified as watch loan until full repayment of the loan.

Measuring ECL — Explanation of inputs, assumptions and estimation techniques

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. PDs have been developed using empirical data from the start of operation of ASA Rwanda
- EAD is equal to the outstanding exposure at the reporting date
- Loss Given Default (LGD) represents the Company expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral (customers' security deposits). LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected life time of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans.

The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.
Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Forecasts of these economic variables (the "base economic scenario").

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD. The PDs were adjusted with weightings of economic variables that are linked to the performance of financial assets.

Economic variables assumptions

The Macroeconomic forecasts used in the computation of the probability of default includes the following:
- Gross Domestic Product trend
- Consumer Price Index pattern
- Interest rates movements

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) *Credit risk management (continued)*

In line with IFRS 9, below are the scenario weightings that concern macroeconomic overlays. The weightings assigned to each economic scenario at 31 December as follows:

Scenario	2025	2024
Downside %	34%	25%
Base %	38%	46%
Upside %	28%	29%

The economic scenario weights are determined by forecasted weights of the economic factors considered in the IFRS 9 ECL model.

Credit Risk Exposure

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by adhering strictly to the operating procedures set forth in the operational manual which includes setting limits on the amount of risk it is willing to accept for individual counterparties.

Maximum exposure to credit risk

The maximum credit exposure is equal to the carrying amounts of the financial instruments on the Company's statement of financial position.
As mentioned above, the Company reduces its concentration risk by ensuring a widely diverse portfolio, distributed amongst various regions in the country.

Customer security deposits are cash collateral and are presented as part of Due from customers in the statement of financial position. These security deposits are considered as collateral for the loans to customers and therefore reduce the credit risk on these loans.

Maximum exposure to credit risk

	Dec-25 FRW	Dec-24 FRW
Cash and cash equivalents (excluding cash in hand)	1,269,002,542	1,254,161,996
Loans and advances to customers	10,220,345,053	6,789,859,584
Customer security deposits	(1,395,144,510)	(981,385,298)
Other financial assets	96,528,986	31,973,212
Maximum credit exposure	**10,190,732,071**	**7,094,609,494**

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) *Credit risk management (continued)*

Maximum exposure to credit risk (Continued)

Gross loans

Changes in Changes in the gross carrying amount

Below is a transitional table between stages between 1 January 2025 to 31 December 2025:

2025 Gross loans reconciliation	Stage 1 FRW	Stage 2 FRW	Stage 3 FRW	Total
Balance as at 1 January	6,706,851,936	107,392,689	456,563,476	**7,270,808,102**
Stage transfer				
Stage 1 to stage 2	(182,991,704)	182,991,704	-	-
Stage 1 to stage 3	(261,278,414)	-	261,278,414	-
Stage 2 to stage 3	-	(83,355,459)	83,355,459	-
Stage 2 to stage 1	1,145,460	(1,145,460)	-	-
Stage 3 to stage 1	277,092	-	(277,092)	-
Stage 3 to stage 2	-	-	-	-
New loans disbursed	21,367,955,062	303,615,838	581,388,360	**22,252,959,260**
Repayments	(17,504,280,714)	(245,721,070)	(708,595,279)	**(18,458,597,063)**
Net movement in gross loans and advances	**10,127,678,718**	**263,778,242**	**673,713,338**	**11,065,170,298**
Write-off during the period	-	-	(294,190,010)	**(294,190,010)**
Balance as at 31 December	**10,127,678,718**	**263,778,242**	**379,523,328**	**10,770,980,288**

Below is a transitional table between stages between 1 January 2024 to 31 December 2024:

2024 Gross loans reconciliation	Stage 1 FRW	Stage 2 FRW	Stage 3 FRW	Total FRW
Balance as at 1 January	4,886,884,828	95,305,630	267,798,707	**5,249,989,165**
Stage transfer				
Stage 1 to stage 2	(68,364,543)	68,364,543	-	-
Stage 1 to stage 3	(295,080,903)	-	295,080,903	-
Stage 2 to stage 3	-	(68,908,212)	68,908,212	-
Stage 2 to stage 1	1,855,580	(1,855,580)	-	-
Stage 3 to stage 1	(2,388,870)	-	2,388,870	-
Stage 3 to stage 2				
New loans disbursed	17,368,840,562	84,474,978	35,351,460	**17,488,667,000**
Repayments	(15,184,894,718)	(69,988,670)	(204,043,527)	**(15,458,926,915)**
Net movement in gross loans and advances	**6,706,851,936**	**107,392,689**	**465,484,625**	**7,279,729,250**
Write-off during the period	-	-	(8,921,148)	**(8,921,148)**
Balance as at 31 December	**6,706,851,936**	**107,392,689**	**456,563,477**	**7,270,808,102**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) *Credit risk management (continued)*

Concentration of credit risk

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. We use a number of controls and measures to minimise undue concentration of exposure in our two client segments. These include portfolio and counterparty limits, approval and review controls.

As at 31 December 2025	Principal outstanding FRW	Interest receivable FRW	Unamortized loan processing fee FRW	Total FRW	%
Small Loans	5,066,341,458	158,137,519	(121,441,847)	**5,103,037,130**	**47%**
Small Business Loans	5,596,479,528	205,613,057	(134,149,428)	**5,667,943,158**	**53%**
	10,662,820,986	**363,750,576**	**(255,591,275)**	**10,770,980,288**	**100%**

As at 31 December 2024	Principal outstanding FRW	Interest receivable FRW	Unamortized loan processing fee FRW	Total FRW	%
Small Loans	5,210,448,459	126,497,559	(126,531,556)	**5,210,414,461**	**72%**
Small Business Loans	2,050,608,732	59,582,292	(49,797,386)	**2,060,393,640**	**28%**
	7,261,057,191	**186,079,851**	**(176,328,942)**	**7,270,808,102**	**100%**

Expected credit losses

The below table provides a breakdown by stage, of loans and advances to customers, debt instruments subject to ECL impairment:

31-Dec-25

Amount in FRW	Loans and advances to customers		Total
	Small loans	Small Business Loans	
Carrying amount			
Stage 1	4,678,007,514	5,449,671,202	**10,127,678,716**
Stage 2	137,983,328	125,794,915	**263,778,243**
Stage 3	287,066,488	92,456,840	**379,523,328**
Total	**5,103,057,330**	**5,667,922,956**	**10,770,980,287**
Allowance for ECL			
Stage 1	(20,244,668)	(11,268,103)	**(31,512,771)**
Stage 2	(96,246,489)	(66,231,349)	**(162,477,838)**
Stage 3	(275,653,177)	(80,991,448)	**(356,644,625)**
Total	**(392,144,334)**	**(158,490,900)**	**(550,635,234)**
Net carrying amount			
Stage 1	4,657,762,846	5,438,403,099	**10,096,165,947**
Stage 2	41,736,839	59,563,566	**101,300,405**
Stage 3	11,413,311	11,465,392	**22,878,703**
Total	**4,710,912,996**	**5,509,432,057**	**10,220,345,053**
ECL Coverage ratio			
Stage 1	0.4%	0.2%	**0.3%**
Stage 2	70%	53%	**62%**
Stage 3	96%	88%	**94%**
Total	**55%**	**47%**	**52%**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) *Credit risk management (continued)*

Expected credit losses (continued)

31-Dec-24

Amount in FRW

	Loans and advances to customers		Total
	Small loans	Small Business Loans	
Carrying amount			
Stage 1	4,724,959,504	1,981,892,432	**6,706,851,936**
Stage 2	81,550,212	25,842,477	**107,392,689**
Stage 3	403,907,124	52,656,353	**456,563,476**
Total	**5,210,416,839**	**2,060,391,262**	**7,270,808,102**
Allowance for ECL			
Stage 1	(22,875,619)	(8,115,633)	**(30,991,252)**
Stage 2	(402,034)	(107,802)	**(509,836)**
Stage 3	(398,440,144)	(51,007,285)	**(449,447,429)**
Total	**(421,717,797)**	**(59,230,720)**	**(480,948,517)**
Amortized cost			
Stage 1	4,702,083,885	1,973,776,799	**6,675,860,684**
Stage 2	81,148,178	25,734,675	**106,882,853**
Stage 3	5,466,979	1,649,068	**7,116,047**
Total	**4,788,699,042**	**2,001,160,542**	**6,789,859,584**
ECL Coverage ratio			
Stage 1	0.5%	0.4%	**0.5%**
Stage 2	0.5%	0.4%	**0.5%**
Stage 3	99%	97%	**98%**
Total	**33%**	**33%**	**33%**

Reconciliation of ECL allowance

2025

ECL allowance reconciliation	Stage 1 12-month ECL FRW	Stage 2 Lifetime ECL FRW	Stage 3 Lifetime ECL FRW	Total FRW
Balance as at 1 January	30,991,252	509,836	449,447,429	**480,948,517**
New loans disbursed	31,236,579	140,178,223	46,213,202	**217,628,004**
Stage transfer				
Stage 1 to stage 2	(845,888)	845,888	-	-
Stage 1 to stage 3	(1,232,797)	-	1,232,797	-
Stage 2 to stage 3		(400,122)	400,122	-
Stage 2 to stage 1	5,047	(5,047)	-	-
Stage 3 to stage 1	277,092	-	(277,092)	-
Stage 3 to stage 2	-	-	-	
Charge during the year	521,519	161,968,002	201,387,206	**363,876,727**
Repayments	(12,807,785)	(99,849)	(628,950,389)	**(641,858,023)**
Write-off during the period	-	-	(294,190,010)	**(294,190,010)**
Balance as at 31 December	**31,512,770**	**162,477,838**	**356,644,626**	**550,635,234**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) *Credit risk management (continued)*

Expected credit losses (continued)

Reconciliation of ECL allowance (continued)

2024 ECL allowance reconciliation	Stage 1 12-month ECL FRW	Stage 2 Lifetime ECL FRW	Stage 3 Lifetime ECL FRW	Total FRW
Balance as at 1 January	28,678,839	535,559	223,112,459	**252,326,858**
New loans disbursed	31,492,468	82,005,978	35,351,460	**148,849,906**
Stage transfer				
Stage 1 to stage 2	(399,845)	399,845	-	-
Stage 1 to stage 3	(1,735,870)	-	1,735,870	-
Stage 2 to stage 3	-	(395,224)	395,224	-
Stage 2 to stage 1	10,322	(10,322)	-	-
Stage 3 to stage 1	1,738,870	-	(1,738,870)	-
Stage 3 to stage 2	-	-	-	-
Charge during the year	2,312,412	8,895,425	226,334,970	**237,542,807**
Repayments	(31,105,944)	(82,000,277)	(35,743,684)	**(148,849,905)**
Write-off during the period	-	-	(8,921,148)	**(8,921,148)**
Balance as at 31 December	**30,991,252**	**9,430,984**	**440,526,281**	**480,948,517**

The ECL on other financial assets is immaterial due to the short-term nature of the instruments.

b) 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 manages liquidity risk through an ongoing process of balancing the contractual maturities of financial liabilities with the availability of liquid financial assets and committed funding sources. Liquidity risk is monitored on a regular basis by management, with oversight provided through established treasury and risk management processes. The Company seeks to maintain sufficient levels of cash, cash equivalents and other high-quality liquid assets to meet expected cash outflows under both normal and stressed conditions.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Liquidity risk management (Continued)

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 as disclosed below at the undiscounted cashflow amounts;

31-Dec-25	On demand FRW	< 3 months FRW	3-12 months FRW	1-5 years FRW	> 5 years FRW	Total FRW
Financial assets						
Cash and cash Equivalents	819,118,914	451,434,931	-	-	-	**1,270,553,845**
Loans and Advances to Customers	2,246,487,603	2,784,242,856	7,271,013,242	756,745,965	-	**13,058,489,666**
Other financial assets	96,528,986	-	-	-	-	**96,528,986**
Total undiscounted financial assets (A)	**3,162,135,503**	**3,235,677,787**	**7,271,013,242**	**756,745,965**	**-**	**14,425,572,497**
Financial liabilities						
Borrowings	-	200,729,818	1,002,823,700	866,292,862	-	**2,069,846,380**
Due to customers	1,846,322,030	665,778,195	3,907,939,500	209,051,815	-	**6,629,091,540**
Lease liability	-	-	213,680,490	-	-	**213,680,490**
Due to related parties	-	-	92,932,459	-	-	**92,932,459**
Other financial liabilities	186,780,103	24,591,866	58,744,601	33,827,604	-	**303,944,174**
Total undiscounted Financial liabilities (B)	**2,033,102,133**	**891,099,879**	**5,276,120,750**	**1,109,172,281**	**-**	**9,309,495,043**
Excess/(shortage) liquidity (A-B)	**1,129,033,369**	**2,344,577,908**	**1,994,892,492**	**(352,426,316)**	**-**	**5,116,077,454**

31-Dec-24	On demand FRW	< 3 months FRW	3-12 months FRW	1-5 years FRW	> 5 years FRW	Total FRW
Financial assets						
Cash and cash Equivalents	877,447,243	401,797,262	-	-	-	1,279,244,506
Loans and advances to customers	1,838,561,081	2,318,193,467	4,238,029,340	138,266,371	-	8,533,050,259
Other financial assets	31,973,212	-	-	-	-	31,973,212
Total undiscounted financial assets (A)	**2,747,981,536**	**2,719,990,729**	**4,238,029,340**	**138,266,371**	**-**	**9,844,267,977**
Financial liabilities						
Borrowings	300,000,000	191,814,800	911,306,010	1,193,196,383	-	2,596,317,193
Due to customers	421,688,792	567,139,529	2,315,276,097	35,957,738	-	3,340,062,155
Lease liability	-	-	270,027,837	-	-	270,027,837
Due to related parties	-	-	-	476,221,188	-	476,221,188
Other financial liabilities	74,920,387	30,447,878	22,542,780	29,175,104	-	157,086,149
Total undiscounted financial liabilities (B)	**796,609,179**	**789,402,206**	**3,519,152,725**	**1,734,550,412**	**-**	**6,839,714,522**
Excess/(shortage) liquidity (A-B)	**1,951,372,358**	**1,930,588,523**	**718,876,615**	**(1,596,284,041)**	**-**	**3,004,553,455**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in levels of volatilities. The object of market risk management is to change and control market risk exposures within acceptable limits, while optimizing the return on risk.

Market risk limits are set and continuously reviewed by the Risk and Compliance Department of the Company. As a part of its established market risk management process, the Risk and Compliance Department also monitors early signs of possible changes in market conditions such as: anticipated and actual changes to interest rates; socio-economic factors driving mortgage prepayment behaviours; and economic and geopolitical factors driving currency. Market risk limits are ultimately approved by the Board.

At an operational level, market risk is primarily managed by the Company's Finance and Accounts Department, which is responsible for ensuring that the Company's exposures are in compliance with market risk limits approved by the Board and to take adequate actions when necessary.

- **Foreign exchange risk**

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.

The table below summarises the Company's exposure to foreign currency exchange rate risk as at 31 December:

	Dec-25		Dec-24	
	FRW	USD	FRW	USD
Balances with Banks	52,613,426	36,097	52,613,426	37,905
Due to related parties	(92,931,293)	(63,759)	(476,221,188)	(343,094)
Net foreign currency exposure at the end of the year	**(40,317,867)**	**(27,662)**	**(423,607,762)**	**(305,189)**

Sensitivity analysis

As at 31 December, if the Rwandese Franc had weakened/strengthened by (-)/+ 5% (based on historical performance of reporting currency) against the USD, with all other factors held constant, the effect on the balances would have been:

	Dec-25		Dec-24	
	FRW	USD	FRW	USD
Balances with Banks	55,244,097	37,902	57,874,768	39,707
Due to related parties	(97,577,858)	(66,947)	(523,843,306)	(359,402)
Net foreign currency exposure at the end of the year	**(42,333,761)**	**(29,045)**	**(465,968,538)**	**(319,695)**

The following table demonstrates the sensitivity to a reasonably possible change (based on historical performance of the reporting currency during the period) in the below mentioned exchange rates of major transaction currencies, with all other variables held constant, of ASA Rwanda profit before tax (due to changes in the fair value of monetary assets and liabilities). The sources of sensitivity drivers are derived from monthly publications by the National Bank of Rwanda.

		Impact on profitability/Equity	
Currency	Increase/decrease in exchange rate	31-Dec-25	31-Dec-24
USD	+5%	2,015,893	42,360,776
	-5%	(2,015,893)	(42,360,776)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by having fixed rate loans and borrowings.

The following tables summarizes the Company's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates as at 31 December:

2025	Carrying Amount	< 3 months	3-12 months	1-5 years	> 5 years	Non-interest bearing
	FRW	FRW	FRW	FRW	FRW	FRW
Financial assets						
Cash and cash equivalents	1,270,553,845	451,434,931	-	-	-	819,118,914
Loans and advances	10,220,345,053	4,588,535,322	4,875,063,766	756,745,965	-	-
Other financial assets	96,528,986	-	-	-	-	96,528,986
Total financial assets	**11,587,427,884**	**5,039,970,253**	**4,875,063,766**	**756,745,965**	**-**	**915,647,900**
Financial liabilities						
Borrowings	1,715,567,131	200,729,818	614,837,313	900,000,001	-	-
Due to customers	6,241,466,540	1,227,169,972	4,802,779,105	211,517,463	-	-
Lease liability	213,680,490	-	213,680,490	-	-	-
Due to related parties	92,932,459	-	-	-	-	92,932,459
Other financial liabilities	303,944,174	-	-	-	-	303,944,174
Total financial assets	**8,567,590,795**	**1,427,899,790**	**5,631,296,909**	**1,111,517,464**	**-**	**396,876,633**
Total interest sensitivity gap	**3,019,837,090**	**3,612,070,464**	**(756,233,143)**	**(354,771,499)**	**-**	**518,771,267**

2024	Carrying Amount	< 3 months	3-12 months	1-5 years	> 5 years	Non-interest bearing
	FRW	FRW	FRW	FRW	FRW	FRW
Financial assets						
Cash and cash equivalents	1,279,244,506	401,797,262	-	-	-	877,447,243
Loans and advances	6,789,859,584	3,685,613,613	2,965,979,600	138,266,371	-	-
Other financial assets	31,973,212	-	-	-	-	31,973,212
Total financial assets	**8,101,077,302**	**4,087,410,876**	**2,965,979,600**	**138,266,371**	**-**	**909,420,455**
Financial liabilities						
Borrowings	2,128,028,816	23,526,423	911,306,010	1,193,196,383	-	-
Due to customers	3,256,918,931	905,685,096	2,315,276,097	35,957,738	-	-
Lease liability	270,027,837	-	270,027,837	-	-	-
Due to related parties	476,221,188	-	-	-	-	476,221,188
Other financial liabilities	157,086,149	-	-	-	-	157,086,149
Total financial assets	**6,288,282,920**	**929,211,519**	**3,496,609,945**	**1,705,375,308**	**-**	**633,307,336**
Total interest sensitivity gap	**1,812,794,382**	**3,158,199,357**	**(530,630,345)**	**(1,567,108,937)**	**-**	**276,113,119**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

e) Capital Management

The company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

The company's regulator National Bank of Rwanda (BNR) sets and monitors capital requirements for the Company as a whole and has compiled in full of all its imposed capital requirements over the reported period. In implementing current capital requirements, BNR requires the Company to maintain a prescribed ratio of total capital to total weighted assets.

Tier 1 capital consists of shareholders' equity comprising paid up share capital, share premium, prior year retained profits, net current after tax profits to-date (only 50%), general reserves less good will and other intangible assets. Tier 2 capital include supplemental capital comprising Revaluation reserves (up to 25%), Hybrid capital instruments and Subordinated debts.

The below table summarizes capital requirements for the year ended:

Description	2025 FRW	2024 FRW
Core capital "Tier 1"	**2,626,007,444**	**2,069,216,850**
Total supplementary capital	-	-
Total capital (core capital + supplementary capital)	**2,626,007,444**	**2,069,216,850**
Total RISK WEIGHTED ASSETS	**11,214,071,387**	**7,580,123,935**
Core capital / Risk weighted assets (Tier 1 Capital Ratio)	**23.42%**	**27.30%**
Minimum capital required (10%)	1,121,407,139	758,012,394
AVAILABLE	2,626,007,444	2,069,216,850
DEFICIENCY	-	-
Total capital/ Risk weighted assets (Total Capital Ratio/Tier 2)	**23.42%**	**27.30%**
Minimum capital required (12.5%)	1,401,758,923	947,515,492
AVAILABLE	2,626,007,444	2,069,216,850
DEFICIENCY	-	-

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

e) Strategic risks

Nonetheless ASA Model continued to be resilient amidst Covid-19 pandemic, the pandemic had pressing impact on the earnings of the company. The company continues to oversee covid-19 situation and internal projections are optimistic in regards to sustainability of the company. The Group is supportive and is committed towards the company's post covid-19 operations help. The company's operations continue to be exposed to uncertainties, global health crisis and technological advancements.

- **Diversification and expansion**

The company moves into diversified loans and savings products with any intention to boost up operational performance, client's satisfaction and efficiency. The company plans to continue growing its client base and loan portfolio in existing branches and intends to outreach other females in urban, semi-urban and rural areas with financial services.

- **Digitization and innovation**

As a result of Covid-19, digital financial services are imperative. A blend of ASA Model with digital banking solutions will yield clients satisfaction, efficiency and effectiveness. The parent company embarked into digitalization initiative with pilot testing of digital platforms in some sister companies in Ghana and Pakistan and upon successful assessment, the solution will be deployed in other subsidiaries including ASA Rwanda. The group aims to enhance the application of the ASA Model with a state-of-the-art IT Backbone that delivers first class digital services. This results amongst others, in increasingly cashless transactions and access to client information anytime, anywhere. The company aims to introduce digital financial services based on local demand with the objective to further improve the efficiency and quality of its services, seize new market opportunities and further empower operating staff.

6 Interest revenue calculated using the effective interest method

Interest and similar income on loans to customers and interest income on term deposits.

	2025 FRW	2024 FRW
Interest income on small loan	2,530,625,526	2,475,613,711
Interest income on small business loan	2,003,399,403	527,415,763
Interest waiver for holidays	(4,469,478)	(10,474,989)
Interest Income on Stage 3 loans	(18,141,762)	(63,438,873)
Interest from bank	58,108,657	12,905,172
	4,569,522,345	**2,942,020,785**

7 Interest expense calculated using the effective interest method

	2025 FRW	2024 FRW
Interest expense on borrowings	(244,706,269)	(180,321,114)
Interest on customer deposits	(348,788,269)	(71,924,448)
Interest expense on lease liability	(45,797,033)	(46,215,812)
	(639,291,572)	**(298,461,373)**

8 Fee and commission income

	2025 FRW	2024 FRW
Loan processing/ appraisal fees income	498,376,959	404,840,625
SMS notification income	30,995,507	28,287,584
	529,372,466	**433,128,209**

9 Fee and commission expense

	2025 FRW	2024 FRW
Up-front/processing/ maintenance/ commitment fee	(4,359,830)	(13,962,343)
SMS Notification expenses	(8,479,291)	(11,023,191)
	(12,839,121)	**(24,985,534)**

10 Other operating income

	2025 FRW	2024 FRW
Admission fee	42,997,035	41,355,509
Passbook sale	7,876,075	9,052,000
Miscellaneous income	712,534	35,837,173
Notice pay from outgoing staff	1,863,042	2,547,018
Gain from sale of asset	-	1,825
Management fees expense reversal	441,251,289	-
	494,698,823	**88,793,524**

11 Credit loss expense on financial assets

	2025 FRW	2024 FRW
Loan loss provision expenses	(363,876,727)	(237,542,807)
Interest exemption of customer loans	(648,445)	(6,190,335)
ECL charge adjustment for interest income on loan under stage 3	18,141,762	63,438,873
Bad debt realization	16,345,407	27,586,084
	(330,038,003)	**(152,708,185)**

12 Personnel expenses

	2025 FRW	2024 FRW
Salaries and wages	(1,779,192,636)	(1,395,383,558)
Social security Fund	(139,989,867)	(61,898,756)
Staff medical fund (Employer's contribution)	(15,157,925)	(11,722,542)
Staff medical expense	(466,053)	9,672,837
Provision for bonus	(50,903,082)	-
Other personnel expenses*	(15,531,568)	(37,256,449)
	(2,001,241,131)	**(1,496,588,467)**

*Other personnel expense includes staff welfare costs, travel allowance and other staff related costs.

13 Other operating expenses

	2025 FRW	2024 FRW
Legal fees	(33,144,717)	(10,153,550)
Audit fees	(35,999,928)	(31,901,759)
Professional fees	(32,688,762)	(5,387,087)
Transport	(203,360,141)	(170,357,947)
Utilities (electricity/gasoline/water/etc)	(20,411,290)	(20,896,231)
Office supplies expenses	(59,553,808)	(43,761,333)
Accommodation	(25,558,393)	(3,859,100)
Bank charges	(5,967,212)	(5,920,900)
Communication Internet/courier/telephone)	(90,535,107)	(80,254,884)
Advertisement expenses	(33,843,842)	(553,800)
Repairs and maintenance	(17,810,226)	(7,186,098)
Permits and licenses	(16,177,971)	(11,877,177)
Personnel training and development	(54,175,582)	(7,478,127)
Miscellaneous expense	(90,100)	(521,700)
International Travel Expenses	(61,299,790)	(18,145,061)
Monitoring Allowance	(17,049,040)	(9,983,688)
Directors' Fees and Allowances	(33,950,745)	(9,649,923)
Security Charges for Office Buildings Expenses	(10,278,933)	(7,122,339)
Deposit Guaranty Fund Contribution Account	(3,701,064)	(2,423,254)
Management fee expense	-	(235,944,950)
Other Administrative Expenses	(96,012,282)	(48,911,150)
Broker fees	(108,824)	(247,647)
Printing and photocopy	(4,766,058)	(3,466,745)
	(856,483,814)	**(736,004,450)**

* Other administrative expense includes corporate social responsibility expense, insurance expense, trading license expense, and other computer accessories expense.

14 Property and equipment

2025	Leasehold improvements FRW	Office Equipment FRW	IT Equipment FRW	Office Furniture FRW	Vehicles FRW	Total FRW
Cost						
As at 01-Jan-25	-	31,072,970	268,748,336	43,067,764	37,483,000	**380,372,070**
Additions	31,363,023	16,684,713	64,406,530	7,784,400	30,000,000	**150,238,666**
Disposals						**-**
As at 31-Dec-25	**31,363,023**	**47,757,683**	**333,154,866**	**50,852,164**	**67,483,000**	**530,610,736**
Accumulated Depreciation						
As at 01- Jan-25	-	20,503,107	246,880,473	32,552,689	15,314,750	**315,251,019**
Charge for the year	3,338,263	7,701,572	26,319,494	3,171,626	11,996,600	**52,527,555**
Disposals						**-**
As at 31-Dec-25	**3,338,263**	**28,204,679**	**273,199,967**	**35,724,315**	**27,311,350**	**367,778,574**
Carrying Amount						
31-Dec-25	28,024,760	19,553,006	59,954,899	15,127,849	40,171,650	**162,832,162**

2024	Office Equipment FRW	IT Equipment FRW	Office Furniture FRW	Vehicles FRW	Total FRW
Cost					
As at 01-Jan-24	20,951,970	251,015,336	33,791,764	31,858,000	**337,617,070**
Additions	10,811,000	18,060,846	9,276,000	5,625,000	**43,772,846**
Disposals	(690,000)	(327,846)	-		**(1,017,846)**
As at 31-Dec-24	**31,072,970**	**268,748,336**	**43,067,764**	**37,483,000**	**380,372,070**
Accumulated Depreciation					
As at 01- Jan-24	15,823,245	200,344,932	29,851,005	8,450,650	**254,469,832**
Charge for the year	4,812,687	46,631,163	2,701,684	6,864,100	**61,009,634**
Disposals	(132,825)	(95,622)	-		**(228,447)**
As at 31-Dec-24	**20,503,107**	**246,880,473**	**32,552,689**	**15,314,750**	**315,251,019**
Carrying Amount					
31-Dec-24	**10,569,863**	**21,867,863**	**10,515,075**	**22,168,250**	**65,121,051**

15 Intangible assets

Software	2025 FRW	2024 FRW
Cost		
As at 01 January	42,143,731	36,151,006
Additions	3,995,150	5,992,725
Disposals	-	-
As at 31 December	**46,138,881**	**42,143,731**
Accumulated Depreciation		
As at 01 January	35,428,599	25,491,299
Charge for the year	3,939,351	9,937,300
Disposals		-
As at 31 December	**39,367,950**	**35,428,599**
Carrying Amount	**6,770,931**	**6,715,132**

16 Right-of-use assets and lease liability

Right-of-use assets	2025 FRW	2024 FRW
As at 1 January	285,976,135	211,279,109
Additions during the period	70,767,989	190,692,963
Amortization during the period	(144,285,040)	(115,995,937)
As at 31 December	**212,459,084**	**285,976,135**

Lease liabilities	2025 FRW	2024 FRW
As at 1 January	270,027,837	175,465,986
Interest expense on lease liability	45,797,033	46,215,811
Additional lease liabilities during the period	70,767,989	190,692,963
Lease payments – Principal	(131,962,511)	(100,113,285)
Lease payments - Interests	(40,949,858)	(42,233,638)
As at 31 December	**213,680,490**	**270,027,837**

17 Exchange rate differences

	2025 FRW	2024 FRW
Exchange Loss	(39,325,180)	(54,003,448)
Exchange Gain	14,310,169	8,384,676
	(25,015,011)	**(45,618,772)**

18 Income tax expense

	2025 FRW	2024 FRW
Current income tax expense		
Current income tax	(455,434,415)	(222,350,827)
Change in estimate related to prior years		7,157,511
Deferred income tax expense		
Deferred tax credit/(charge)	28,111,503	(36,664,707)
Income tax expense	**(427,322,912)**	**(251,858,023)**

18.1 Current income tax expense

	2025 FRW	2024 FRW
Accounting Profit Before Tax	1,527,933,036	522,632,866
Income tax expense at nominal rate	(427,821,250)	(146,337,202)
Tax effect of:		
Permanent differences (non-deductible expenses)	498,338	(105,520,821)
Income tax expense (28%,28%)	**(427,322,912)**	**(251,858,023)**

19 Cash and Cash Equivalent

	2025 FRW	2024 FRW
Cash in Hand	1,551,303	25,082,510
Cash at Bank	817,567,611	852,364,733
Cash at Bank – Term Deposit	451,434,931	401,797,263
	1,270,553,845	**1,279,244,506**

20 Loans and Advances to Customers

	Note	2025 FRW	2024 FRW
Gross loan portfolio	20.1	10,662,820,986	7,261,057,191
Interest receivable on loans to customers	20.2	363,750,576	186,079,851
Provision for Credit Loss	20.3	(550,635,234)	(480,948,517)
Unamortized loan processing fee		(255,591,275)	(176,328,941)
		10,220,345,053	**6,789,859,584**

20.1 Gross Loan Portfolio

	2025 FRW	2024 FRW
Small loans	5,066,341,457	5,210,448,460
Small business loans	5,596,479,529	2,050,608,731
	10,662,820,986	**7,261,057,191**

20.2 Interest receivable

	2025 FRW	2024 FRW
Small loans	158,137,519	126,497,559
Small business loans	205,613,057	59,582,292
	363,750,576	**186,079,851**

20.3 Allowance for expected credit loss

	2025 FRW	2024 FRW
Balance at the beginning of the period	(480,948,517)	(252,326,858)
ECL charge for the year	(363,876,727)	(237,542,807)
Bad debts written off	294,190,010	8,921,148
Balance at the end of the period	**(550,635,234)**	**(480,948,517)**

21 Other Assets

	2025 FRW	2024 FRW
Financial assets		
Security deposit rental	16,573,983	7,240,000
Staff/salary advance	51,544,607	11,313,743
Other receivables*	28,410,397	13,419,470
Non-financial assets		
Prepayments	26,880,011	6,259,619
Tax Deducted on Source receivable	8,783,265	1,783,252
	132,192,262	**40,016,084**

* Other receivables include misappropriation receivables and a security deposit.

22 Deferred tax asset

	2025 FRW	2024 FRW
Opening balance	57,180,191	93,844,898
Credit/(Charge) for the year	28,111,503	(36,664,707)
	85,291,694	**57,180,191**

Deferred tax asset relates to the following temporary differences:

Details	At 01 January 2025 FRW	(Charge)/credit to profit or loss FRW	Charged to OCI FRW	At 31 December 2025 FRW
Property, plant & equipment	(756,521)	(7,146,557)	-	6,390,036
Loan loss provision	(46,333,513)	20,139,264	-	(66,472,777)
Unrealised gain/Loss	(9,589,627)	(463,219)	-	(9,126,408)
Leave provision	(6,635,761)	12,275,594	-	(18,911,355)
Right-of-use assets	80,073,318	20,584,774	-	59,488,544
Lease liability	(73,938,087)	(17,278,353)		(56,659,734)
Total	**(57,180,191)**	**28,111,503**	**-**	**(85,291,694)**

Details	At 01 January 2024 FRW	(Charge)/Credit to profit or loss FRW	Charged to OCI FRW	At 31 December 2024 FRW
Property, plant & equipment	(21,536,066)	(20,779,545)	-	(756,521)
Loan loss provision	(69,857,664)	(23,524,151)	-	(46,333,513)
Unrealised gain/Loss	-	9,589,627	-	(9,589,627)
Leave provision	(4,210,444)	2,425,317	-	(6,635,761)
Right-of-use assets	59,158,151	(20,915,167)	-	80,073,318
Lease liability	(46,261,319)	(27,676,768)	-	(73,938,087)
Tax losses from prior years	(11,137,556)	(11,137,556)	-	-
Total	**(93,844,898)**	**(36,664,707)**	**-**	**(57,180,191)**

23 Issued capital

	2025 FRW	2024 FRW
Issued and fully paid Ordinary Shares 2024: 1,973,270 shares 2024: 1,973,270 shares of FRW 1,000 each	**1,973,270,000**	**1,973,270,000**

24 Retained Earnings

	2025 FRW	2024 FRW
Opening balance	103,104,361	(174,827,993)
Adjustment to retained earning	-	7,157,511
Profit for the year	1,100,610,124	270,774,843
	1,203,714,485	**103,104,361**

25 Debt issued and other borrowed funds

	Note	2025 FRW	2025 FRW
Symbiotics managed Funds: Netri Fundación Privada	22.1	293,196,383	586,392,765
BK Capital managed fund: Aguka Fund	22.2	500,000,000	500,000,000
East African Development bank	22.3	900,000,000	1,000,000,000
Interest payable on third-party loans		23,451,513	44,669,673
Unamortized processing fees on third-party loans		(1,080,765)	(3,033,622)
		1,715,567,131	**2,128,028,816**

Movement of the borrowings as follows:

2025

Details	Netri Fundación Privada	BK Capital	East African Development Bank (EADB)	Total
Principal amount				
Opening balance	586,392,765	500,000,000	1,000,000,000	**2,086,392,765**
Repayment	(293,196,382)	-	(100,000,000)	(393,196,382)
Closing balance	**293,196,383**	**500,000,000**	**900,000,000**	**1,693,196,383**
Interest payable				
Opening balance	33,854,932	2,243,311	8,571,429	44,669,672
Additions	50,705,433	74,000,836	120,000,000	**244,706,269**
Repayment	(67,352,999)	(70,000,000)	(128,571,429)	(265,924,428)
Closing balance	**17,207,366**	**6,244,147**	**-**	**23,451,513**
Unamortized processing fees				
Opening balance	(3,033,621)	-	-	(3,033,621)
Repayment	1,952,856	-	-	1,952,856
Closing balance	**(1,080,765)**	**-**	**-**	**(1,080,765)**
Borrowings at amortized cost	**309,322,985**	**506,244,147**	**900,000,000**	**1,715,567,131**

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25 Debt issued and other borrowed funds (continued)

2024

Details	Grameen Credit Agricole Microfinance Foundation	Symbiotics, REGMIFA	Netri Fundación Privada	BK Capital	East African Development Bank (EADB)	Total
Principal amount						
Opening balance	515,666,385	118,004,401	586,392,765	300,000,000	-	**1,520,063,551**
Additions	-	-	-	200,000,000	1,000,000,000	**1,200,000,000**
Repayment	(515,666,385)	(118,004,401)				**(633,670,786)**
Closing balance	-	-	**586,392,765**	**500,000,000**	**1,000,000,000**	**2,086,392,765**
Interest payable						
Opening balance	808,002	28,454,758	34,414,722	230,769	-	**63,908,251**
Additions	7,937,435	28,662,456	77,137,252	58,012,542	8,571,429	**180,321,114**
Repayment	(8,745,437)	(57,117,214)	(77,697,042)	(56,000,000)	-	**(199,559,692)**
Closing balance	-	-	**33,854,932**	**2,243,311**	**8,571,429**	**44,669,673**
Unamortized processing fees						
Opening balance	(856,072)	1,606,465	(4,991,830)	-	-	(4,241,437)
Additions	-	-		-	-	-
Repayment	856,072	(1,606,465)	1,958,208	-	-	1,207,815
Closing balance	-	-	**(3,033,622)**	-	-	**(3,033,622)**
Borrowings at amortized cost	-	-	**617,214,076**	**502,243,311**	**1,008,571,429**	**2,128,028,816**

25.1 Symbiotics managed Funds

ASA Rwanda entered into loan agreement from Netri Fundación Privada amounting to FRW586,392,765 disbursed on 21 July 2023 for a term of 3 years at fixed interest rate of 13.25%.

25.2 BK Capital managed fund: Aguka Fund

ASA Rwanda entered into a loan agreement with Aguka Fund in 2023. The facility was arranged through BK Capital amounting to FRW500,000,000. The first tranche amounting to FRW300,0000 was renewed in December 2023 and the second draw down in May 2024. This credit line is for 1 year with interest rate of 14% p.a.

25.3 East African Development Bank

ASA Rwanda entered into a loan agreement with East African Development Bank for a loan facility of FRW1,000,000,000 to finance company's operations. This loan facility is for 5 years with interest rate of 12% p.a.

26 Due to Customers

ASA Rwanda collects deposits in two forms: security deposits and voluntary deposits. Voluntary savings includes fixed term deposits of FRW 150Mln and 600Mln from BK group and BK capital respectively. The rate of interests on voluntary savings is 6% p.a and negotiable for large deposits.

	2025 FRW	2024 FRW
Clients' security deposits	1,395,144,510	981,385,298
Clients' Term Deposits	3,000,000,000	750,000,000
Clients' Voluntary savings	1,846,322,030	1,525,533,633
	6,241,466,540	**3,256,918,931**

27 Current tax liability

	2025 FRW	2024 FRW
Balance as at beginning of period	76,623,386	160,115,860
Change in estimate related to prior years		(7,157,511)
Income tax charge during the year	455,434,415	222,350,827
Transfers from deferred tax assets	28,111,503	(36,664,708)
Tax paid CIT for previous year	(273,102,503)	(328,192,986)
	230,843,795	**76,623,386**

28 Other Liabilities

	Note	2025 FRW	2024 FRW
Financial liabilities			
Due to related parties	25.1	92,932,459	476,221,188
Professional fees payable		23,700,363	400,000
Audit fees payable		24,591,866	22,542,780
Other accounts payable		95,539,187	30,047,878
Employees' earned leave fund		67,540,554	23,699,147
Employees' salary provision/Bonus		58,744,601	51,221,240
Security deposit from employee		33,827,604	29,175,104
Non-financial liabilities			
PAYE tax payable		61,467,728	42,922,386
National social security fund payable		33,478,841	12,927,980
National hospital insurance contributions payable		2,047,101	7,291,963
Withholding tax payable		4,703,844	10,444,358
VAT payable		13,328,443	9,245,328
		511,902,590	**716,139,351**

* Other accounts payables is comprised of accrued/unpaid invoices/expenses and other dues as at the year end.

29 Additional cash flow information

29.a Changes in operating assets

	2025 FRW	2024 FRW
Loans and Advances to Customers	(3,430,485,469)	(1,836,851,355)
Other Assets	(92,176,178)	34,533,729
	(3,522,661,647)	**(1,802,317,626)**

29.b Changes in operating liabilities

	2025 FRW	2024 FRW
Due to Customers	2,984,547,610	1,286,049,488
Unamortized processing fees on third-party loans	(1,952,858)	(5,920,744)
Other Liabilities	(204,236,762)	305,724,416
	2,778,357,990	**1,585,853,160**

30 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Shareholders

The two shareholders of ASA International Rwanda Plc are ASA International Holding and ASA International N.V. Transactions made with the shareholders and other related parties during the year were as follows:

a) Management fees expense

	2025 FRW	2024 FRW
ASA International N.V. (ASAI N.V.)	(399,000,952)	455,346,610
ASAI Management Services Ltd (AMSL)	(42,249,185)	20,874,577
	(441,250,137)	**476,221,188**

As a result of BNR recommendation on transfer pricing, the Board of Directors resolved to terminate TP agreements with ASA International Group with effect from March 2026. The terminated TP agreements are Franchise Agreement with ASAI N.V; Corporate Services Agreement with ASAI N.V., Legal Agreement with ASAI N.V., Treasury Agreement with ASAI N.V., IT Services Agreement with AMSL.

This resulted in reversal of management fees payable to ASA International N.V, and ASAI Management Services Ltd for the invoices accrued since BNR inspection in 2023 to January 2026. It is worth noting that the remaining payable fees to ASAI N.V & AMSL relates to Directors fees and remuneration and costs reimbursements to the related companies.

b) Due to related parties

	2025 FRW	2024 FRW
Management fees payable to ASA International N.V.	90,196,657	455,346,610
Management fees payable to ASAI Management Services Ltd.	2,735,802	20,874,577
	92,932,459	**476,221,188**

c) Key management compensation

The remuneration to the key management staff was as follows:

	2025 FRW	2024 FRW
Salaries and other short-term employment benefits	104,215,602	157,371,310

The key management is composed of Chief Executive Officer.

d) Directors' remuneration

The remuneration and sitting allowance to the Directors for the Board meeting attendance and services is as follows:

	2025 FRW	2024 FRW
Directors' Fees and Allowances	33,950,745	9,649,923

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31. Fair value measurement

The following table provides the fair value measurement of the Company's assets and liabilities carried at amortised cost as at 31 December 2025 and 31 December 2024:

	2025	2024
	FRW	FRW
Financial assets		
Cash on hand	1,551,303	25,082,510
Due from banks	1,269,002,542	1,254,161,996
Loans and advances to customers	10,220,345,053	6,789,859,584
Other financial assets	96,528,987	31,973,213
Total financial assets	**11,587,427,885**	**8,101,077,303**
Financial liabilities		
Deposits from customers	6,241,466,540	3,256,918,931
Borrowings	1,715,567,131	2,128,028,816
Due to related parties	92,932,459	476,221,188
Lease liabilities	213,680,490	270,027,837
Other financial liabilities	303,944,175	157,086,149
TOTAL FINANCIAL LIABILITIES	**8,567,590,795**	**6,288,282,921**

The management considers the carrying amounts of the company's financial instruments to approximate their fair value as they are short term in nature.

31. Fair value measurement (Continued)

Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled.

As at 31 December 2025	Within 12 months FRW	After 12 months FRW	Total FRW
Assets			
Cash and cash equivalents	1,270,553,845	-	1,270,553,845
Loans and Advances to Customers	9,463,599,088	756,745,965	10,220,345,053
Other assets	132,192,262	-	132,192,262
Property and Equipment	-	162,832,162	162,832,162
Right of use of assets	-	212,459,084	212,459,084
Deferred tax asset	-	85,291,694	85,291,694
Intangible assets	-	6,770,931	6,770,931
Total Assets	**10,866,345,195**	**1,224,099,836**	**12,090,445,031**
Liabilities			
Debt issued and other borrowed funds	815,567,131	900,000,001	1,715,567,131
Due to Customers	6,029,949,077	211,517,463	6,241,466,540
Current tax liability	230,843,795	-	230,843,795
Lease liabilities	213,680,490	-	213,680,490
Due to related parties	92,932,459	-	92,932,459
Other liabilities	418,970,131	-	418,970,131
Total Liabilities	**7,801,943,083**	**1,111,517,464**	**8,913,460,547**
Net	3,064,402,112	112,582,372	**3,176,984,484**

As at 31 December 2024	Within 12 months FRW	After 12 months FRW	Total FRW
Assets			
Cash and cash equivalents	401,797,262	-	1,279,244,506
Loans and Advances to Customers	6,651,593,213	138,266,371	6,789,859,584
Other assets	40,016,084	-	40,016,084
Property and Equipment	-	65,121,051	65,121,051
Right of use of assets	-	285,976,135	285,976,135
Deferred tax asset	-	57,180,191	57,180,191
Intangible assets	-	6,715,132	6,715,132
Total Assets	**7,093,406,559**	**553,258,880**	**8,524,112,683**
Liabilities			
Debt issued and other borrowed funds	934,832,433	1,193,196,383	2,128,028,816
Due to Customers	3,220,961,193	35,957,738	3,256,918,931
Current tax liability	76,623,386	-	76,623,386
Lease liabilities	270,027,837	-	270,027,837
Due to related parties	476,221,188	-	476,221,188
Other liabilities	239,918,164	-	239,918,164
Total Liabilities	**5,218,584,201**	**1,229,154,121**	**6,447,738,321**
Net	**2,621,071,384**	**-1,422,144,265**	**1,198,927,119**

32. Capital commitments

There were no capital commitments at the end of the year, 2024: Nil.

33. Contingent Liabilities

The company had no contingent liabilities as at 31 December 2025, 2024: Nil.

34. Events after the reporting period

There are no events after the reporting date that require disclosure in or adjustments to the financial Statements as at the date of this report. 2024: None.

35. Ultimate parent company

The ultimate parent company is ASA International Group Plc a company incorporated in England and Wales.