



GOSHEN FINANCE PLC



ANNUAL REPORT 2022

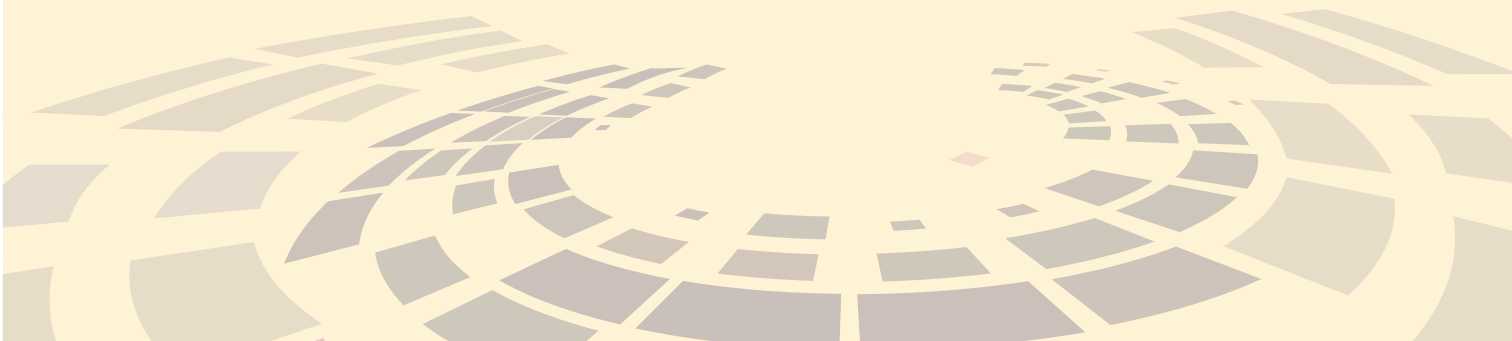
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Your Development Is Our Concern
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GOSHEN FINANCE PLC

ANNUAL REPORT 2022

Your Development is Our Concern





BACKGROUND

Goshen Finance PLC is a Microfinance institution that provides financial services such as credit and savings to low- and medium-income, Businesses, individuals and households in Rwanda. Goshen Headquarters is in Remera, Gisimenti in the City of Kigali, approximately 5 KM from Kigali International Airport. Goshen was established on 29th September 2005 by 205 members of the Seventh day Adventist Church.

On 6th April 2006, it was allowed to provisionally function by MINICOM (Ministry of Commerce) and by the Central Bank of Rwanda (BNR) on 2nd July 2007 after getting a license to collect savings and grant loans. Goshen's primary target group constitutes of the segment of the population whose access to the formal commercial banks is limited.

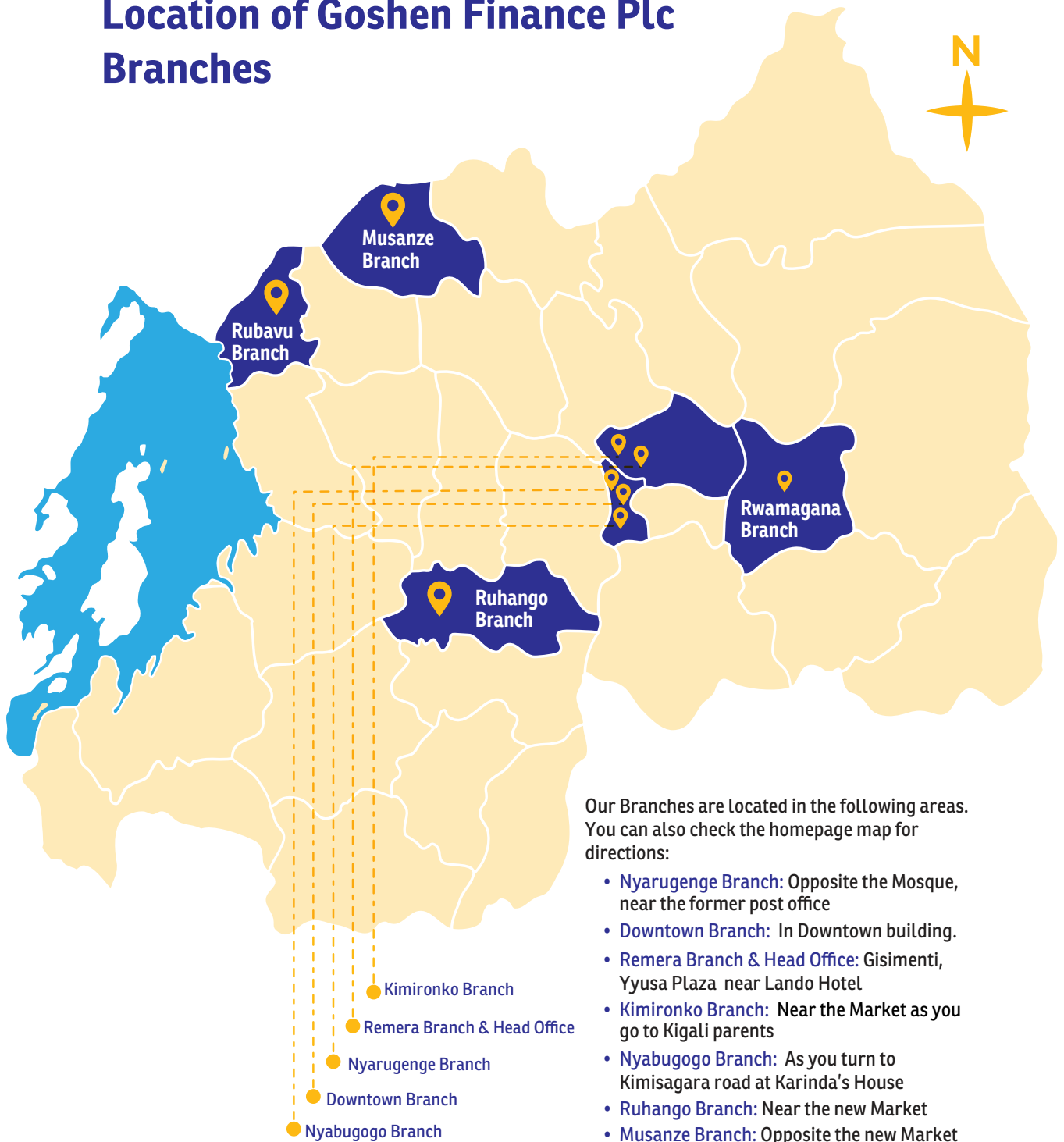
It primarily serves small and medium business owners, women, and youth cooperatives through business, personal, agriculture, mortgage, car and social loans.

Goshen is a name of a Region in the Country of Egypt where the Jewish lived after they fled from their home Country Canaan due to famine. These were Jacob the Father of Joseph, Jacob's other sons, daughters, and grandchildren with everything they owned. (Genesis 45:10 and Exodus 9:26).

While in Egypt God took good care of them and gave them everything they needed in life. In the same context, whenever a client comes to Goshen Finance Plc, She or He gets financial products and services of their choice.

It currently employs 84 staff members, with a network of Nine Branches (9), five of them (5) are based within Kigali City while the other Four Branches are in Ruhango, Musanze and Rubavu and Rwamagana Districts respectively, as shown below in the map at the next page.

Location of Goshen Finance Plc Branches



Our Branches are located in the following areas. You can also check the homepage map for directions:

- **Nyarugenge Branch**: Opposite the Mosque, near the former post office
- **Downtown Branch**: In Downtown building.
- **Remera Branch & Head Office**: Gisimenti, Yyusa Plaza near Lando Hotel
- **Kimironko Branch**: Near the Market as you go to Kigali parents
- **Nyabugogo Branch**: As you turn to Kimisagara road at Karinda's House
- **Ruhango Branch**: Near the new Market
- **Musanze Branch**: Opposite the new Market
- **Rubavu Branch**: Near the Mosque
- **Rwamagana Branch**: Opposite MTN and Mango centers

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INTRODUCTION

This Annual Report for the year 2022 serves as an overview of Goshen Finance PLC performance, achievements, and impact in the microfinance Sector in Rwanda.

As we reflect on the past year, we are filled with appreciation for the trust and support extended to us by our shareholders, dedicated clients, and valuable stakeholders. The persistent belief in our mission has enabled us to continue our activities as we contribute to the financial inclusion and poverty alleviation in the communities we serve.

Throughout the year 2022, we encountered both challenges and opportunities, and we have crossed them with resilience and determination. The sector has changed, and we kept adapting dynamically to our strategies to remain at the forefront of innovation while maintaining our commitment to the principles that guide us.

In this report, we will take you on a journey that highlights our accomplishments in the past year, showcasing the measurable impact we have made on the lives of countless individuals and businesses. We will also provide a transparent and thorough analysis of our financial performance, demonstrating the carefulness and efficiency with which we manage our resources.

Financial Inclusive has always been at the heart of our mission, and we are proud to share that we have continued to expand our range of financial products and services, catering to the diverse needs of our clients. This inclusivity remains central to our mission, ensuring that no one is left behind on the path to economic prosperity.

Furthermore, we recognize the significance of environmental, social, and governance factors in today's working environment. Throughout the year, we have placed a strong emphasis on sustainable practices by applying technology in responsible lending and other services we offer, and impactful community initiatives by lending to farmers than before and contributing to a better and more equitable financial inclusion in Rwanda.

We owe our accomplishments to God first and next to the commitment, dedication, and hard work of our team, who always go above and beyond to deliver exceptional service to our clients. Their passion and commitment have been helpful in making a positive difference in the lives of the individuals and communities we serve.

Once more we extend our heartfelt appreciation to our valued stakeholders, for the continued support and partnership. Together, we will continue to drive positive change and empower those who aspire to build a brighter future.





Vision

The Leading Christian-based Microfinance Institution in the Region



Mission

To provide quality financial and non-financial services to small and medium businesses, promoting their socio-economic development.



Values

God First

As a Christian based Microfinance Institution, God is our priority in all our plans and Operations.
Mathew 6:33

Accountability

We hold ourselves accountable for our actions and outcomes, good or bad, in order to create confidence

Customer Centric

We are aware that we cannot exist without customers. We strive to listen and meet our Customers' needs and deliver beyond their expectations.

Teamwork

Goshen Finance PLC is made up of amazing individuals but it is only through teamwork that achieve our targets and create values of our customers, Institution and the

Integrity

We are honest, transparent and truthful in our dealings with our customers and other stakeholders, both external and internal.

Excellence

We take pride in supporting the unbanked in our country through hard work and sacrifice. We are guided by high standards from the Bible, ourselves and each other.

Moto: Your development is our concern

ECONOMIC OVERVIEW

The Rwandan economy continued to achieve strong growth in 2022 despite global headwinds and an unprecedented increase in food prices, according to the 20th edition of the Rwanda Economic Update report.

The economy showed resilience despite a challenging economic environment in 2022. After a strong rebound in 2021 from the COVID-19 induced-contraction in the preceding year, the economy faced multiple challenges in 2022—pandemic scars, headwinds from the war in Ukraine, climate-related shocks, and mounting inflationary pressures.

Despite these challenges, real GDP grew by 8.2% in 2022, following a 10.9 percent increase in 2021. (20th edition of the Rwanda Economic Update report)

The observed good performance was mainly driven by the strong performance of the services sector, which contributed by 5.7 percentage points to the real GDP growth.

The services sector grew by 12.2 percent in 2022, owing primarily to a strong recovery in the tourism industry. (MONETARY POLICY AND FINANCIAL STABILITY STATEMENT | MARCH 2023).

The financial sector remains adequately capitalized and liquid. As at end December 2022, the banking sector aggregate Tier 1 Capital Adequacy Ratio (CAR) and total CAR stood at 20.9 percent and 21.7 percent respectively, higher than the prescribed minimum prudential requirements, and all banks continue to maintain capital buffers more than the minimum requirements.

Regarding the capitalization of the microfinance sector, the aggregate CAR of Microfinance Institutions (MFIs) stood at 34.5 percent, higher than the 15 percent minimum regulatory requirement.

All categories of MFIs hold adequate capital buffers. (monetary policy and financial stability statement | march 2023).



BUSINESS OVERVIEW



In 2022, Goshen has achieved a commendable performance whereby in terms of portfolio, it increased to FRW 9 billion FRW from FRW 7.3 billion recorded in 2021 and the net profit was FRW 316.6 million from a net profit of (246.4) million recorded in 2021 which is an increase of 28% compared to 2021.



.....

GOSHEN's Non-Performing Loans Ratio (NPL) was well managed whereby in 2021 we were at 1% and we maintained it to 1% in 2022 whereby our industry benchmark ratio is 5%.



SOCIAL PERFORMANCES



Goshen Finance is committed to impact the community and changes the lives of its clients and stakeholders. In terms of poverty alleviation, we give credits to individuals we lend to without giving in collaterals, Women, Youth and Men. We have 2245 clients in this cluster in which 1500 are Men and 202 are Women. We strive to empower Women because they play a crucial role in poverty reduction and economic development of the households.



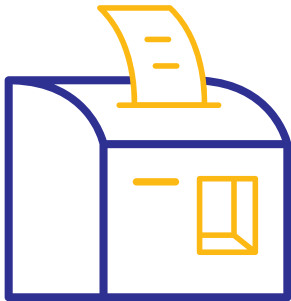
Goshen Finance protects its clients through the International Client protection principles by SMART Campaign, and the standards of the National Bank of Rwanda. We make sure that our clients are treated fairly from all abusive practices.



Goshen Finance seeks to increase financial access for the unbanked and underbanked populations by extending its services to reach and serve individuals who are excluded from the formal financial services, we are working in 21 Districts of Rwanda in which we have clients who are in savings groups in their respective areas like Markets, Schools, residential areas, and we try to educate them to reach our MFI for Financial Inclusion.



We have the code of conduct policy in place which has the ethical to guide the staff, we have different tools of collecting Clients complaints and suggestions like, a phone line which is used more than other tools and stationed at the Head Office, suggestion boxes at every Branch, Register Book at every Branch and clients also write through emails or normal letters which are dropped at our Branches or Head Office.



Additional to that, we have a chatbot on our website which was initiated by the National Bank of Rwanda and it supports the clients to give us their suggestions and complaints.

As our mission states we give financial and non-financial services to our clients to promote their social and economic development.

We operate in a social and economic manner by considering the environment, Social and Governance, Our Board of Directors were trained in environment protection, and some of our staffs are trained as well, our goal is to continue to train all staff in the environmental protection, and we have the environment protection policy in place to guide the staffs how to better protect the environment.

The education will extend to our clients and all our touch points will be indicating and guiding our clients and staff in terms of environmental protection which will help in monitoring and evaluating the social performance activities if they align with the social mission for a positive impact on the lives of our clients and communities.





Peter Nkubara
Chairman of the Board of
Directors

NOTE FOR THE CHAIRMAN OF THE BOARD

We are honoured to take this opportunity to give our 2022 annual report to the public, shareholders, and all stakeholders.

Despite global challenges which have destabilized the world economy and our country in general, GOSHEN FINANCE has been resilient and achieved a great.

Among the tasks that the Board has tried to address, the main one is the mobilizing of the paid-up capital and ensuring that shareholders have the right to their dividends. We are still working on that matter and confident to cover the Gap for ensuring the business continuity and compliance in terms of CAPITAL ADEQUACY.

Goshen Finance will continue to ensure its core values and make sure that God is always shown in its daily activities.

While concluding, I salute the efforts of everyone in Goshen Family, for the incredible support given to maintain the performances of 2022.

May God bless Goshen Finance





Musangamfura Ignace
Managing Director

Introduction

Goshen Finance management is pleased to appreciate the performances of the year 2022 and committed to continue the same trend for enabling Goshen Finance Plc to achieve all assigned target concerning the Customer service experience, social and financial performances, customer protection and , other performances as dictated by different regulations

Customer as our focus

We have been resilient since its creation due to the clients who are trusted, who stayed and banked with us even during the difficult situations in previous years. We will continue to value them, by listening to their critics, and designing the products which meet their needs.

NOTE FOR THE MANAGING DIRECTOR

Human Resources

We are committed to creating and enabling environment for high performance as well as fostering an inclusive and flexible workplace which supports the work life balance.

Training and Development: With our different Partners, different training programs, workshops and seminars were conducted to enhance skills and knowledge of the

Employees were trained in green finance and protection of the environment, Financial Education strategy by the National Bank of Rwanda, Sales techniques/ psychology of sales to technical employees, Business Officers, and Branch Managers. Goshen has registered lower staff turn over since previous years, which is a result of staff's motivation and treatment as family than employment only.

We have revised policies to ensure they are on standard as well as beneficial to the staff. Goshen has maintained the commitment of ensuring the staffs' well being by providing the medical coverage with a very low staff's contribution. We have a balanced gender where the women represent 51% out of 49% of male.

ICT:

Electronic services are our long-term vision. We have already the mobile payment which reduced the queue in branches and facilitated clients to make other payments.

From December 2022, Goshen finance is active at BNR Payment System (RIPPS) and this has shown a significant impact to the transactions with the clients, increased the confidence that our clients had to our services and reduced the risk of transporting cash on hand.

Goshen is planning to introduce its own mobile application for activating more services to the clients.

Financial performances 2022

As shown in this report, the performance of 2022 vis a vis other previous year has shown a significant increase resulted from the positive trend of new disbursed loans around FRW 3.3B compared to FRW 1.9B of 2021.

Goshen has achieved a commendable gross profit whereby the increase was from RWF 352 million in 2021 to FRW 454 million recorded in 2022.

Goshen has maintained a diversity and sound risk management. GOSHEN's Non-Performing Loans Ratio (NPL) was well managed whereby we have registered 1% in 2022 from 1.4% in 2021 versus an industry benchmark ratio of 5% and 8% of the sector performance.

Social performances

Goshen Finance is committed to impact the community and changes the lives of its clients and stakeholders like SULF RWANDA, Cordaid, and Rwamagana Rice Cooperatives.

To achieve these, we work with different partners whose missions are linked with social performances, social responsibilities, environment, and churches.

Goshen has supported different communities of Genocide against Tutsi survivals and contributed to their graduation from one category to another, we supported some of them to access the health services programs in Ruhango and shall continue to work hand in hand with the local authorities for support in our capacity in the areas where our Branches are located.



Staff During the Labour Day Celebration Event

Labour day was celebrated by bringing together all employees with the Management, had some entertainment, and lunch together. Discussions were held about the achievements as well as the new strategies of more achievements.



Social Day with Board Members

Together with the Board of Directors, its Goshen Culture to have a social day which brings together all the employees and the Board Members. It's always fun by playing different games and having lunch together. This is always a great moment for hearing from the Board members new strategies for the MFI.



Games during the Staff Social Day 2022



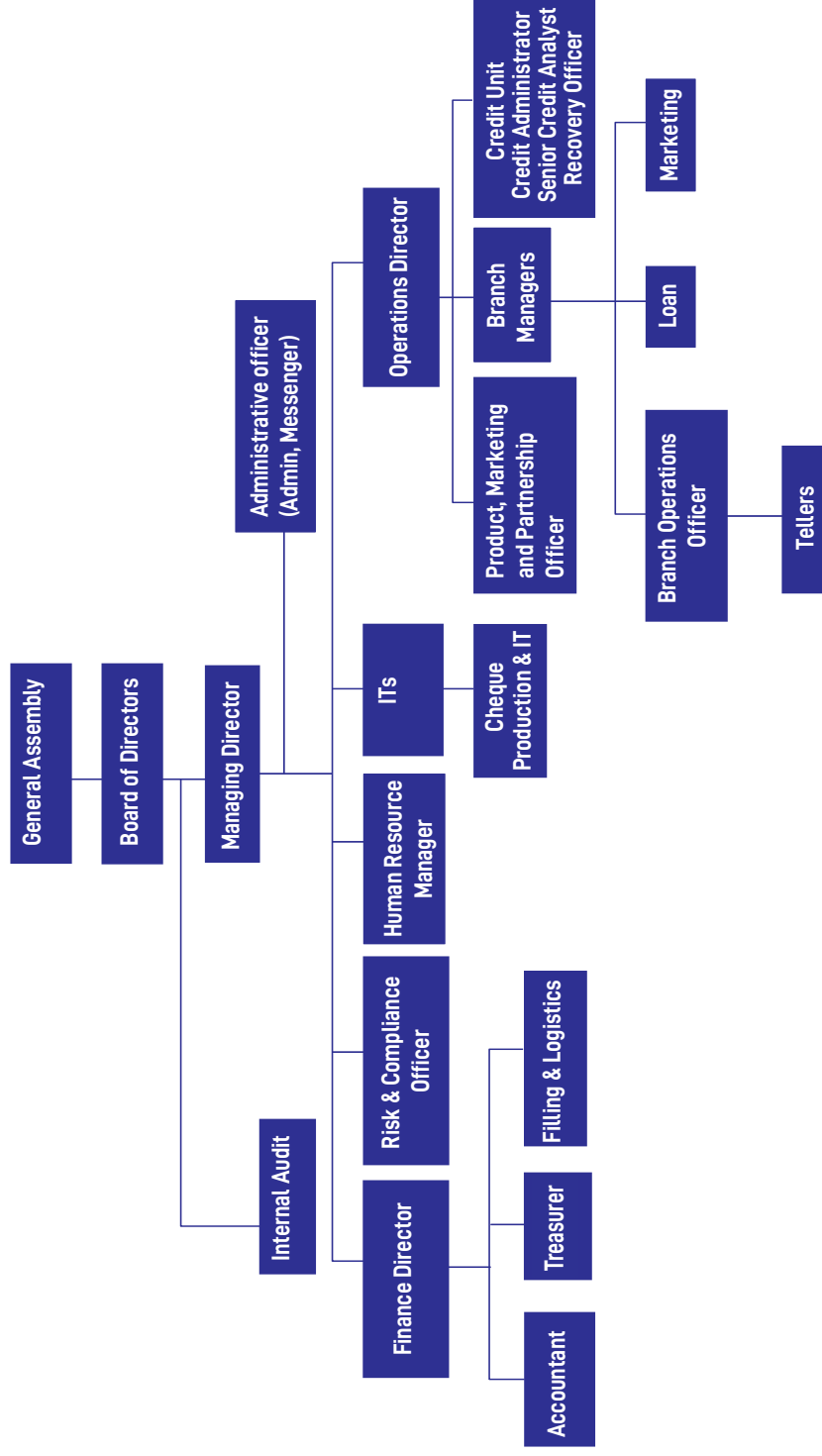
Some employees
during the training of
social environment
and green Finance
with the support of
our Partner Cordaid



“Goshen Finance Plc Board of Directors and Some employees during the training on the Green Finance and environmental protection”



ORGANIZATION CHART



BOARD OF DIRECTORS



NKUBARA Peter
Chairman

Master of Business Leadership, Management responsibilities in different public organ companies, Board chairman in different organizations.



MUZIGANYI Gerard
Director

MBA-MIS, Network & System Administrator in Gasabo District, Part time assistant Lecturer at UNILAK.



UHAWENIMANA Edison
Vice Chairman

Bachelor's degree in law, experienced in different Business, currently is country Director of TREVO.



RUCIBIGANGO Mary
Director

Masters in management of development currently is Coordinator of Agricultural information and communication center (MINAGRI).



Kabanda Idi Innocent
Director

Master's studies in Economics policy Management and CPA in progress, Board member in different institutions currently is Director of portfolio management in RSSB



NGABOYISONGA
Emile
Director

Bachelor of Economic Sciences, self-employed in export and re-export and local distribution of MINIMEX product .



Raissa Concessa
Director

Master of Business Administration, Self-employed as Manager of Enterprise de construction Rubare



MUSANGAMFURA Ignace
Managing Director

- Master's degree in finance.
- Ten years in different departments of the Banking Industry.
- Expert in Microfinance Sector through attending different courses and training for the Microfinance Sector in the School of Microfinance in Mombasa, Frankfurt School of Finance and Management.
- Chairperson of Rwanda Institute of Cooperatives, Entrepreneurs and Microfinance in Rwanda from 2019 to date.
- Chairperson Arbitrary committee of the Association of Microfinance Institutions in Rwanda.

BOARD COMMITTEES

Audit committee



Muziganyi Gerard
(Chair)



Idi Kabanda Innocent
(Member)



Rucibigango Mary
(Member)

Strategic committee



Ngaboyisonga Emile
(Chair)



Nkubara Peter
(Member)



Idi Kabanda Innocent
(Member)

Credit committee



Uhawenimana Edison
(Chair)



Nkubara Peter
(Member)



Concessa Raissa
(Member)

SENIOR MANAGEMENT 2022



MUSANGAMFURA Ignace
Managing Director



NSHIMIYIMANA Felicien
Finance Director



NDAHIMANA Charles
Operations Director



BAKAMURERA Rachel
HR Manager



PERFORMANCE HIGHLIGHTS INDICATORS

Indicators	Year	
	2021	2022
Operational Performance		
Number of Branches	9	9
Numbers of Districts covered	19	21
Amount of loans Disbursed (Rwf)	7,655,788,609	8,288,146,266
No of loans Disbursed	2,372	2,634
Loan Outstanding (Rwf)/Gross Loan Outstanding	7,287,833,960	9,016,465,549
Number of active borrowers	2,374	6,051
PAR>30 days	1%	1.29%
Total Staff	65	72
Financial Performance		
Total income (Rwf)	1,746,251,554	2,126,254,111
Total Expense (Rwf)	1,393,493,548	1,671,495,183
Profit/Loss before tax (Rwf)	352,758,006	454,758,928
Total borrowings (Rwf)	8,933,083,921	10,648,462,809
Total Assets (Rwf)	9,986,409,714	12,306,305,818
Total Equity (Rwf)	1,053,325,794	1,657,843,009
Paid up Capital (Rwf)	669,150,800	956,975,000
Return on Equity	26.5%	24.8%
Return on Assets	2.7%	2.9%
Operating Expense Ratio	60.7%	60.7%
Operating Self Sufficiency	127.6%	127%
Social Performance Indicators (SPM)		
Governance (Board Members)	7	7
Number of Management	4	4
Number of Women in Management position	1	1

SAVING PRODUCTS

Goshen Finance Plc has different types of Saving Products as detailed in the table below.

Savings Account	Interest	Description
Current account	0%	It is a financial deposit service offered to all clients as a tool of frequent deposits, withdrawals, payment of suppliers, loan disbursements and loan repayments. The deposit service is always available to clients.
Teganya	8% p.a	It's a saving for the purpose of interest earnings to clients. Withdraw is done once per month. Savings accrue an annual interest rate calculated on the average quarterly balance and is paid on a quarterly basis.
Term deposit	8% p.a	Savings are deposited for a determined period for interest earnings. The terms and conditions are determined by the contract between GOSHEN FINANCE PLC and the client. The minimum amount for the term
Housing	0% p.a	Savings for a house loan – Clients save for a period of a year and get four times their savings to buy land or to do a house construction or house renovation & repayments are in the period of maximum 5 years.
Nzigamira	6% p.a	It is a social product for encouraging children's savings. The minimum is 500 Rwf/month. Interests are paid in three months; withdraw can be done once per quarter.
Transport	0%	This is a saving for acquiring a transport asset – save for a year and get four times your savings to buy this facility.

LOAN PRODUCTS

Goshen Finance Plc has different loan products as details below

Business Loan Products

Business Loan Products	Term	Description/Target clients & the range
Ordinary/ Business	2 years	The loan amount ranges between 000,001 – 100,000,000 and target clients with businesses to increase their working capital & asset financing needs.
Agriculture and livestock	8 months	The loan amount ranges between 000,001 – 100,000,000 and it targets agriculture and other related businesses.
Housing loan	5 years	Loan amount range between 1,000,000 – 100,000,000 and targeted all clients who can save constantly a certain amount, salary earners and business dealers.
Education loan	5 years	The loan amount ranges between 1,300,000 – 100,000,000 and it targets schools and individuals with private school projects.
Transport loan	4 years	Loan amount between 1,000,000 to 100,000,000 and is dedicated for a vehicle, tractor for business use or personal use benefited by individuals or companies.

Social Loan Products

Personal Loan Product	Term	Description/Target clients & the range
Employee loan	3 years	The loan amount offered to employees is 10 times the net salary which is paid back within a period of up to 36 months.
Equipment	18-36 months	These loans are targeted to individuals for purchase of business and home equipment and appliances.
School fees loan	One semester	School loans are targeted to both parents/guardians of students and students themselves with a need of school fees.
Other Social loans	12 months	This product serves for different social purpose like salary overdraft, loan for consumption purpose and other social emergencies.

LOAN PORTFOLIO

LOAN PORTFOLIO PER PRODUCT - END DEC 2022

No	Loan Product	No of Borrowers		Outstanding Bal.			
		Nov	Dec	Nov	Dec	Nov	Dec
1	Business Loans	729	763	2,865,489,130	3,185,996,890	31%	34%
2	Housing Loans	650	649	2,836,301,429	2,816,996,474	31%	30%
3	Education Loans	121	119	2,184,363,789	2,158,519,456	24%	23%
4	Transport Loans	213	207	689,645,544	631,232,645	7%	6.7%
5	Agriculture & Livestock	520	509	427,292,139	312,846,987	5%	3.3%
6	Employee Loans	212	207	104,085,384	103,422,967	1%	1.1%
7	Goshen Staff Loans	39	38	80,024,591	78,765,633	1%	0.8%
8	Group Lending Loans	21	13	11,937,960	8,577,476	0.31%	0.1%
9	Social Loans	357	295	27,752,435	26,189,060	0.42%	0.3%
10	Equipment Loans	6	5	31,760,859	30,840,830	0.37%	0.3%
11	Consumer Loans	7	6	5,730,118	4,848,185	0.04%	0.1%
TOTAL		2,875	2,811	9,264,383,378	9,358,236,603	100%	100%

LOAN PORTFOLIO PER BRANCH - END DECEMBER 2022

No	Loan Product	Dec	Gross Outstanding Balance	
			December	Dec
1	Nyarugenge	357	2,527,536,940	27%
2	Remera	452	1,974,621,046	21%
3	Kimironko	189	1,143,561,197	12%
4	Nyabugogo	190	996,300,981	11%
5	Downtown	97	590,032,393	6%
6	Musanze	492	615,286,098	7%
7	Rubavu	185	563,784,074	6%
8	Ruhango	520	549,934,399	6%
9	Rwamagana	329	397,179,477	4%
Total		2,374	9,358,236,605	100.0%

EXTERNAL AUDITORS' REPORTS



GOSHEN FINANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2022

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report on the financial statements of Goshen Finance Plc for the period ended December 31, 2022.

1. Nature of business

Goshen Finance Plc was incorporated in Rwanda with interests in the financial services industry. The Company operates in Rwanda.

There have been no material changes to the nature of the Company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Law No 007/2021 of 05/02/2021 Governing companies in Rwanda and Law n° 40/2008 of 26/08/2008 establishing the organization of microfinance activities. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations, and cash flows of the Company are set out in these financial statements.

3. Share capital

	2022 Frw	2021 Frw	2022 Number of shares	2021 Number of shares
Issued				
Ordinary shares	<u>696,975,000</u>	<u>669,150,000</u>	<u>696,975</u>	<u>669,150</u>

4. Dividends

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

5. Directors

The Directors in office at the date of this report are shown on page 1.

There have been no changes to the directorate for the period under review.

6. Going concern

The Directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The Directors are not aware of any new material changes that may adversely impact the Company. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation that may affect the Company.



GOSHEN FINANCE PLC**FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2022****REPORT OF THE DIRECTORS**

The Company has experienced robust business operations that are facilitating the smooth recovery from the effects of Covid-19 on the Company's cash flows as most clients with restructured loans have paid them off and the outstanding are being adequately serviced. The Directors have not identified a material uncertainty that may cast significant doubt over the Company.

7. Auditor

BDO EA Rwanda Ltd has been appointed as company's auditor for the current year and has expressed its willingness to continue in office in accordance with the Rwanda Companies Act.

By Order of the Board

Director

Date:

28/04/2023 2023



GOSHEN FINANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required in terms of the Law No 007/2021 of 05/02/2021 Governing companies in Rwanda and to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

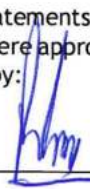
The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing, and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems, and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

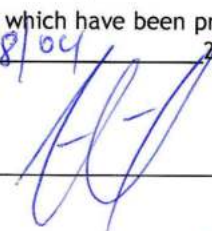
The Directors have reviewed the Company's cash flow forecast for the year to December 31, 2023, and, in light of this review and the current financial position, they are satisfied that the Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements and notes set out on pages 10 to 36, which have been prepared on the going concern basis, were approved by the Board of Directors on 28/04 2023 and were signed on their behalf by:

Director



Director






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Tel: +250 788 309225
rwanda@bdo-ea.com
www.bdo-ea.com

BDO EA Rwanda Ltd
Career Center Building, 8th Floor
KG 541st Road, P.O. Box 6593
Kigali, Rwanda

REPORT OF THE INDEPENDENT AUDITORS

To the shareholder of Goshen Finance Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Goshen Finance Plc set out on pages 10 to 36, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Goshen Finance Plc as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Law no. 007/2021 of 5/02/2021 governing companies in Rwanda and Law n° 40/2008 of 26/08/2008 establishing the organization of micro finance activities.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements 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 in Rwanda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasize of matter

Provision for non-performing loans

We draw attention to note 11 of the financial statements which states that the provision on non-performing loans has been recognized as per the National Bank's regulation No. 02/2009 and not as per the requirement of IFRS 9 Financial Instruments- Expected Credit Loss Model.

Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Law no. 007/2021 of 5/02/2021, which we obtained prior to the date of this report. 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.

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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.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Law No. 007/2021 of 05/02/2021, 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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.





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

Report on other legal and regulatory requirements

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

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the Organization, so far as appears from our examination of those books;
- the Organization's Statement of Financial Position and Statement of income and expenditure are in agreement with the books of account;
- we have communicated with those charged with governance our significant audit findings, and significant deficiencies in internal control that we identified during our audit.

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Emmanuel Habineza, FCCA, CPA(R)
(PC/CPA0007/0014)
Managing Partner

Date: 28/04/2023

FINANCIAL STATEMENTS



Balance Sheet end 2022	2022(Frw)	2021(Frw)
Cash on hand and balances with the Central Bank of Rwanda	957,149,691	703,283,667
Balances due from other banks	2,012,787,812	1,665,979,187
Loans and Advances to customers	8,962,887,113	7,247,916,691
Receivables & Other assets	141,794,349	116,902,674
Property and equipment	101,640,678	117,129,533
Intangible assets	130,046,175	135,197,962
Total assets	12,306,305,818	9,986,409,715
Equity and liabilities		
Liabilities		
Customer deposits	9,434,866,252	7,948,732,907
Long term borrowings	995,736,102	823,761,215
Deferred tax liability	15,761,147	18,015,791
Trade and other payables	145,707,014	87,681,951
Current tax payable	56,392,294	54,892,056
Total	10,648,462,809	8,933,083,921
Equity		
Share capital	956,975,000	669,150,000
Reserves	54,409,973	54,409,973
Share premium	5,328,800	5,292,800
Retained earnings	324,495,835	78,022,690
Profit for the period	316,633,401	246,450,332
Total equity	1,657,843,009	1,053,325,794
Total Equity and liabilities	12,306,305,818	9,986,409,715
Profit or Loss Account end 2022	2022(Frw)	2021(Frw)
Interest income	1,656,632,558	1,272,926,988
Interest expenses	(362,453,351)	(303,204,395)
Net interest income	1,294,179,207	969,722,593
Fees and commissions income	150,536,629	121,704,385
Fees and commissions expense	(440,397)	0
Net fees and commissions income	150,096,232	121,704,385
Other operating income	319,084,924	351,620,182
Total	469,191,161	473,324,566
Total Operating Income	1,763,370,368	1,443,047,159
Net provision for bad and doubtful loans	(160,760,510)	(128,272,513)
Net Operating Income	1,602,609,858	1,314,774,647
Operating expenses	(1,147,840,925)	(962,016,640)
Profit before income tax	454,758,928	352,758,006
Taxation charge	(138,125,527)	(106,307,675)
Profit after taxation	316,333,401	246,450,332
Other comprehensive income	-	-
Total comprehensive income for the year	316,333,401	246,450,332

The total assets of Goshen Finance PLC grew by 23.2% which was driven by the increase loans and advances to customers by 23.7% to FRW 8.96 billion. The profit before tax increases by 28.4% year to year, which was driven by increase on interest income and improvement in cost efficiency.

Statements of Changes in Equity End December 2022

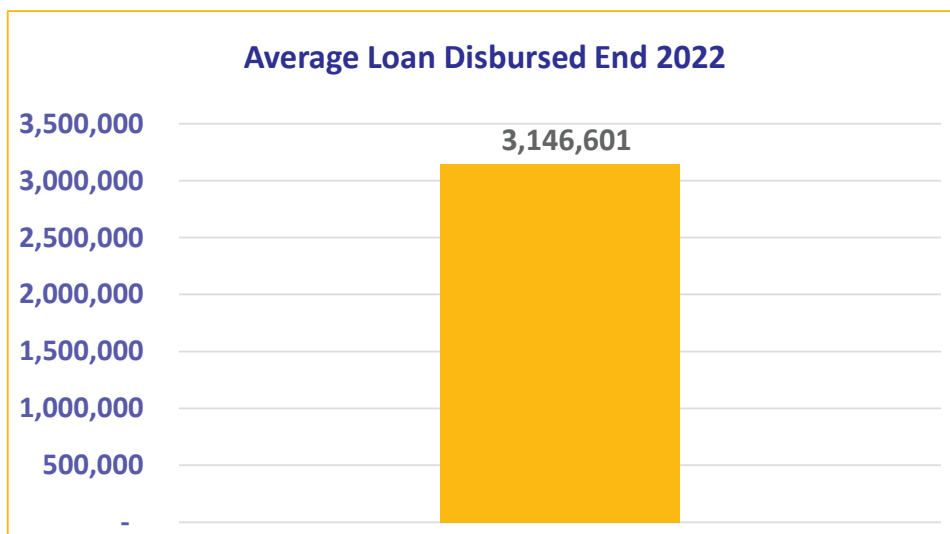
	Share capital in Frw	Preference capital in Frw	Share premium in Frw	Total share capital in Frw	Revaluation reserve in Frw	Retained income in Frw	Total equity in Frw
Balance at January 1, 2021	659,509,000	-	5,112,800	664,621,800	15,886,167	78,122,690	758,630,657
Adjustment	-	-	-	-	-	(100,001)	(100,001)
Profit for the year	-	-	-	-	38,523,806	246,450,332	284,974,138
Other comprehensive income	-	-	-	-	-	-	-
Issue of shares	9,641,000	-	180,000	9,821,000	-	-	9,821,000
Balance on December 31, 2021	669,150,000	-	5,292,800	674,442,800	54,409,973	324,473,021	1,053,325,794
Balance on January 1, 2022	669,150,000	-	5,292,800	674,442,800	54,409,973	324,473,021	1,053,325,794
Prior year adjustment		-				22,814	22,814
Profit for the year	-	-	-	-	-	316,633,401	316,633,401
Other comprehensive income	-	-	-	-		-	-
Issue of shares	27,825,000	260,000,000	36,000	287,861,000			287,861,000
Balance at December 31, 2022	696,975,000	260,000,000	5,328,800	962,303,800	54,409,973	641,129,236	1,657,843,009

Cash Flow Statement end December 2022

Cash flows from operating activities	2022(Frw)	2021(Frw)
Profit before taxation	454,758,928	352,758,006
Adjustments for:		
Depreciation and amortization	77,722,862	86,126,883
Total	532,481,790	438,884,889
Changes in working capital:		
Changes in loans and advances	(1,714,970,422)	(1,092,558,194)
Changes in other receivables	(24,891,674)	(3,743,830)
Changes in payables	80,630,488	20,603,274
Cash generated from operations	(1,126,749,820)	(636,813,861)
Tax Paid	(138,857,120)	(44,277,741)
Net cash from operating activities	(1,265,606,940)	(681,091,602)
Cash flows from investing activities		
Purchase of property and equipment	(42,790,293)	(53,625,864)
Purchase of other intangible assets	(14,291,927)	(2,800,000)
Net cash from investing activities	(57,082,220)	(56,425,864)
Cash flows from financing activities		
Proceeds on share issue	287,861,000	9,821,000
Proceeds from borrowings	171,974,887	206,641,978
Changes in customer deposit	1,806,178,864	503,765,232
Net cash from financing activities	1,923,363,807	720,228,211
Total cash movement for the year	600,674,649	(17,289,255)
Cash at the beginning of the year	1,869,262,854	1,886,552,109
Total cash at end of the year	2,469,937,503	1,869,262,854

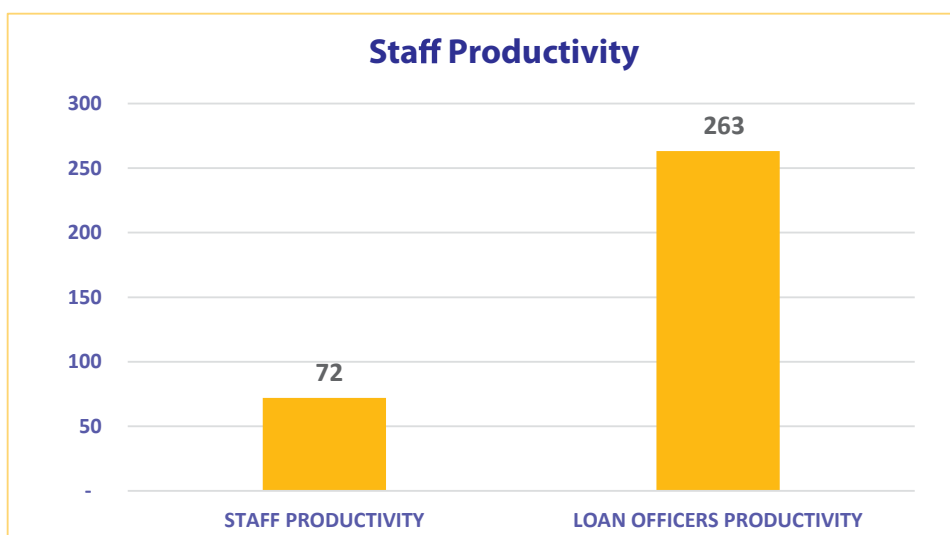
A. Average Disbursed Loan

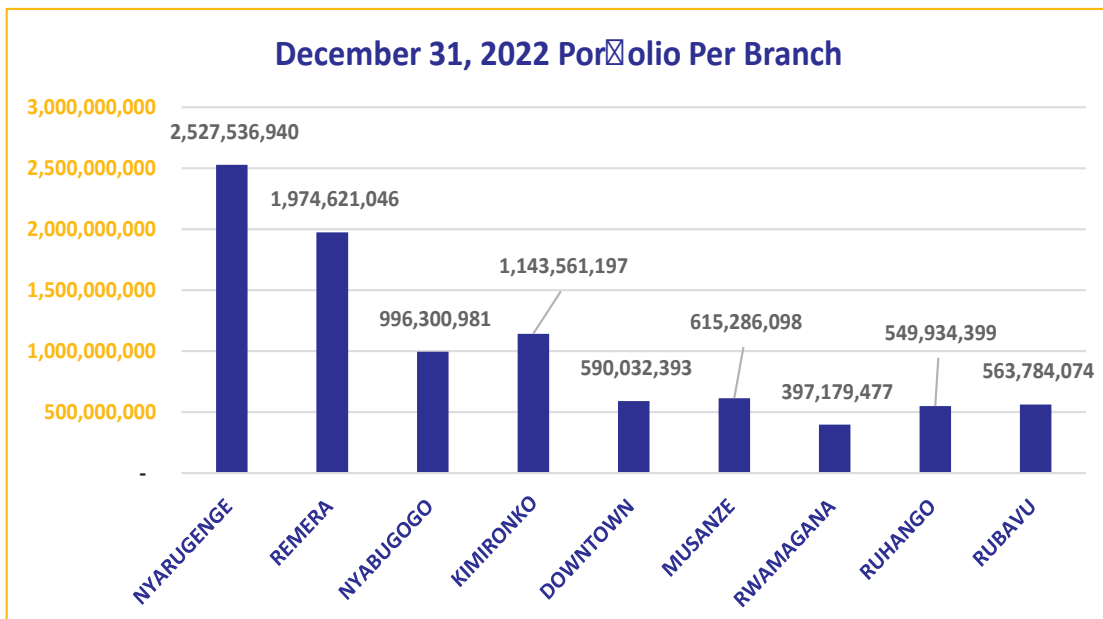
Number Of Borrowers	Gross Outstanding Disbursed	Average Loan Disbursed
2,634	8,288,146,266	3,146,601



B. Staff Productivity

No. of Loan Officers	Active number of borrowers	Staff Productivity	L. Officers Productivity
23	6,051	72	263

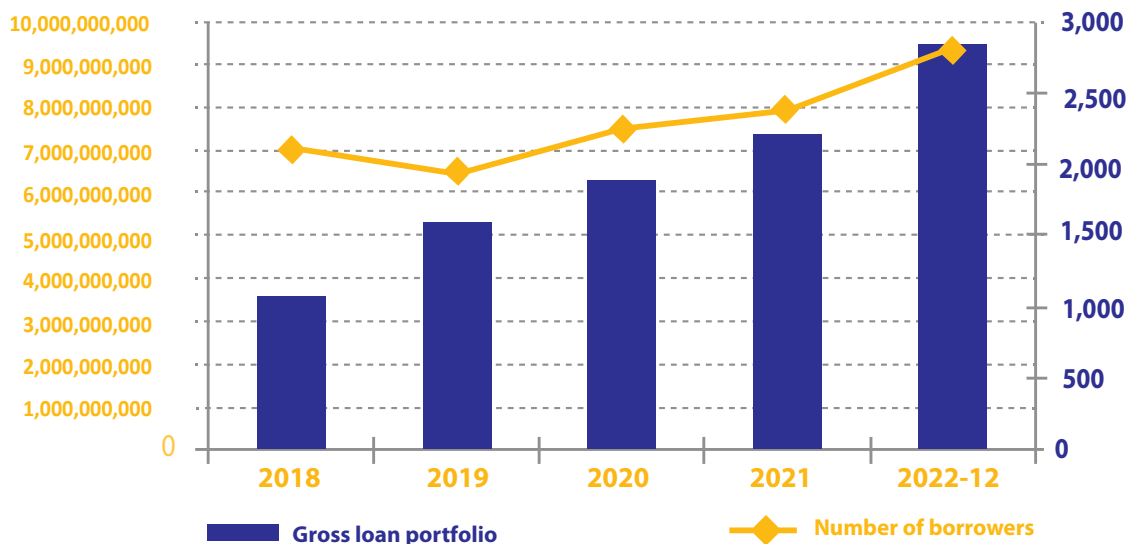




Basing on the graph above, Nyarugenge and Remera Branches covers 50% of the whole gross loan portfolio because they are the ones which opened before and followed by Kimironko and Nyabugogo, the rural area Branches growth is not the same as the urban Branches.

Portfolio size

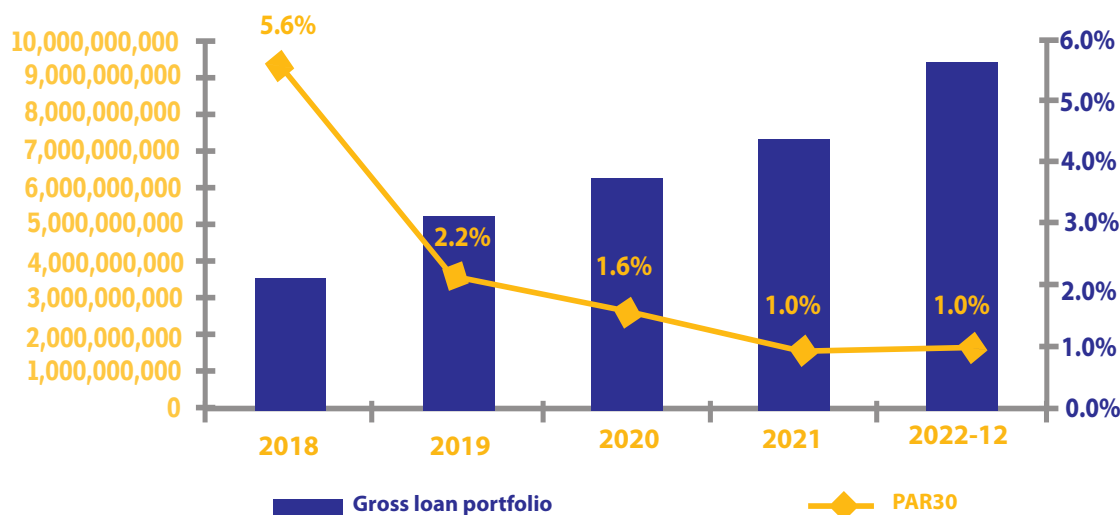
MFI Factsheet



The gross loans portfolio grew by 1.7 billion to 9.3 billion (23.7% y-o-y) which is linked to increase in disbursements and the number of borrowers that grew by 438 to 2,812 (18.4%) year to year.

Portfolio quality evolution

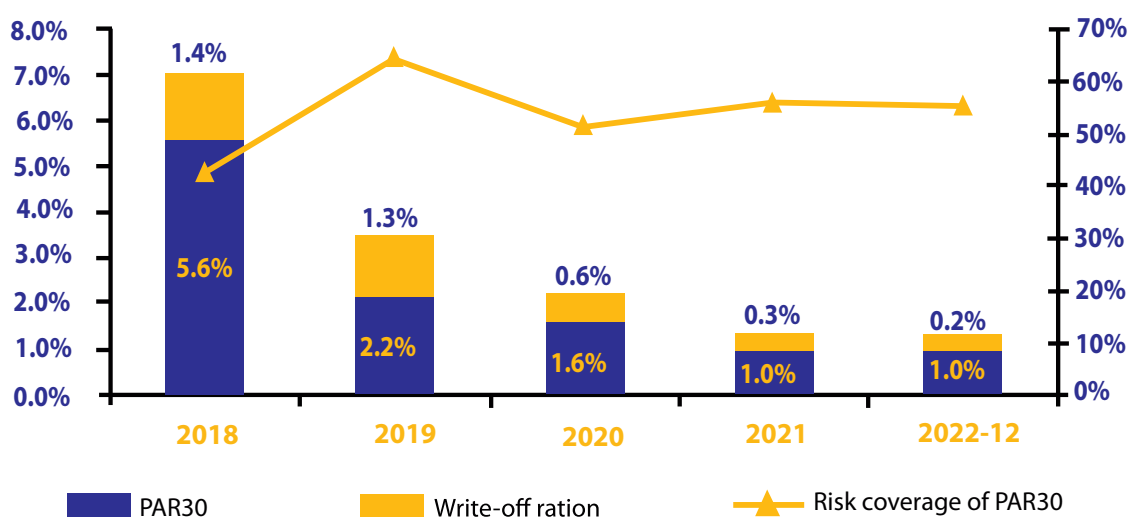
MFI Factsheet



The NPL ratio of 1% has been maintained in 2021 to 2022 because of consistent monitoring of our portfolio and recovery efforts.

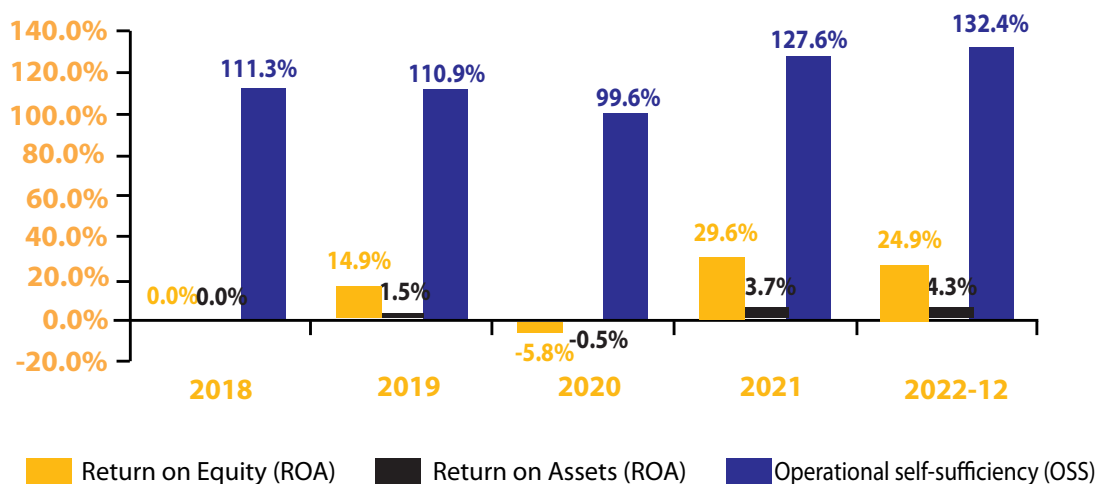
PAR 30 and risk coverage

MFI Factsheet



Operational self-sufficient

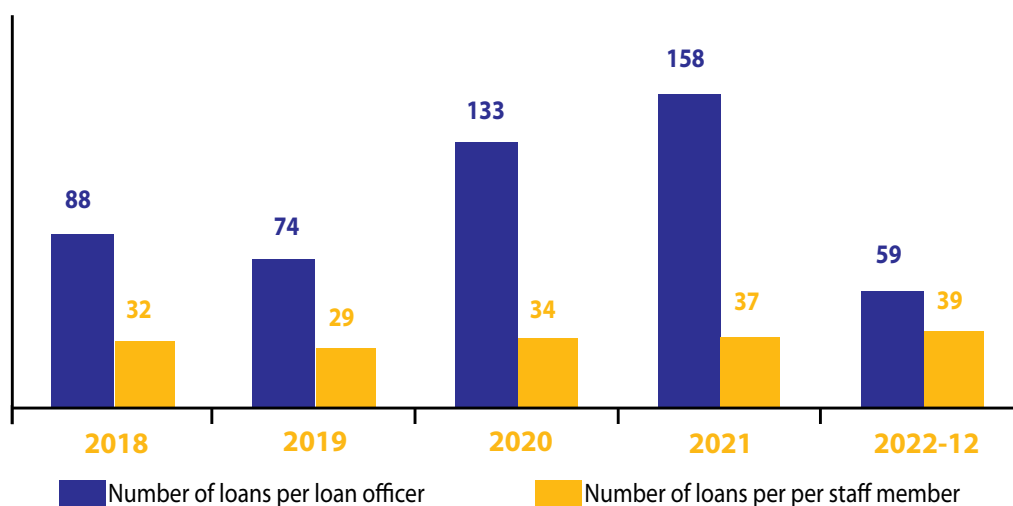
MFI Factsheet



Goshen Finance Plc recorded a significant improvement in the financial self-sufficiency (FSS) from 127% to 132.4%, which is a measure of an institution's ability to generate sufficient revenue to cover its operating costs.

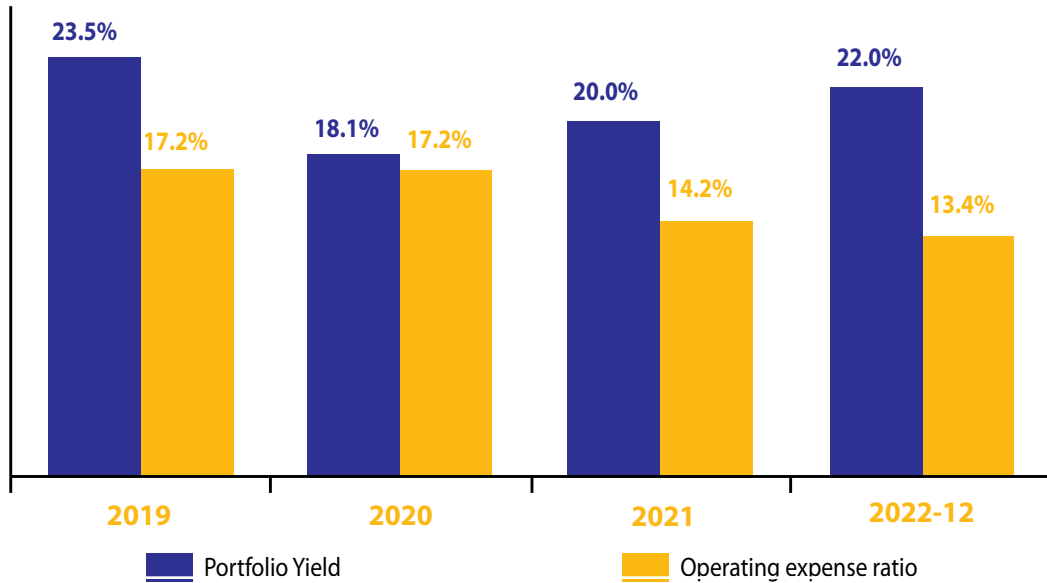
Productivity of Staff

MFI Factsheet



Portfolio Yield & Operating expense ratio

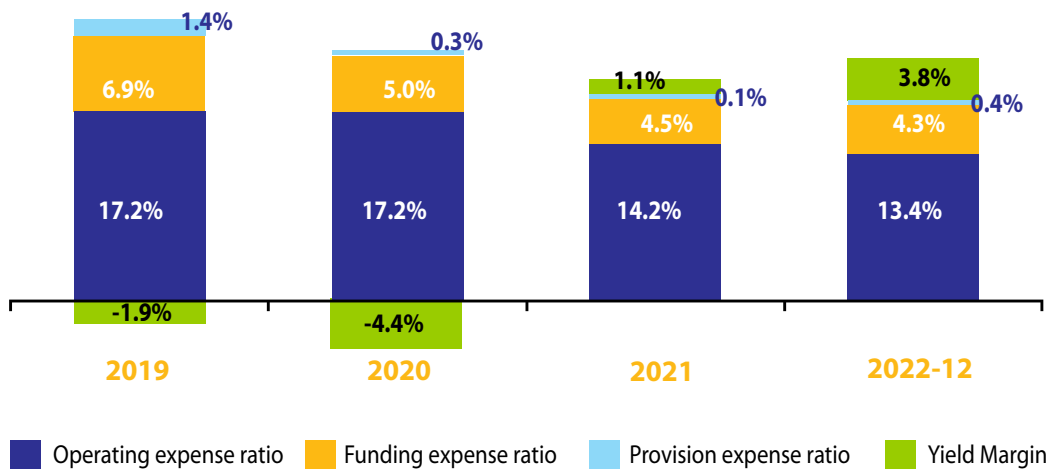
MFI Factsheet



The Bank has consistently generated income from its portfolio and maintained great costs efficiency.

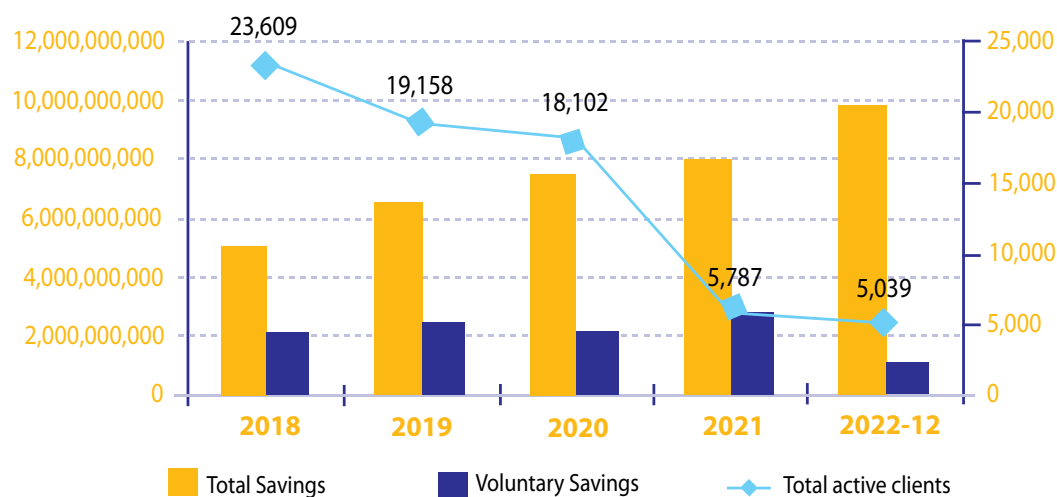
Break-down of Portfolio Yield

MFI Factsheet



Savings evolution

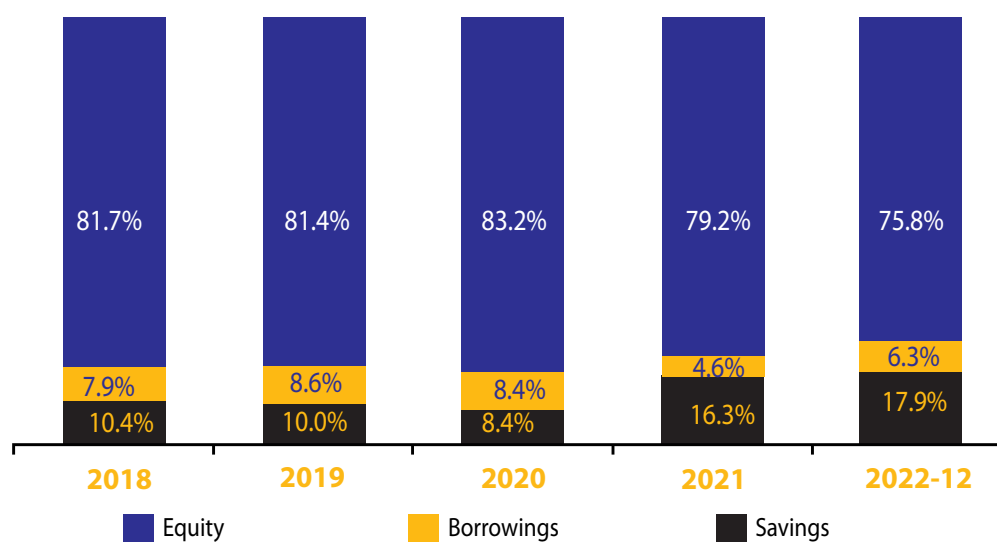
MFI Factsheet



Savings has played an important role in funding the investment of Goshen Finance Plc. The Bank has recorded a significant growth while maintaining a strategic savings mix that serve the clients need and ensuring best funding mix.

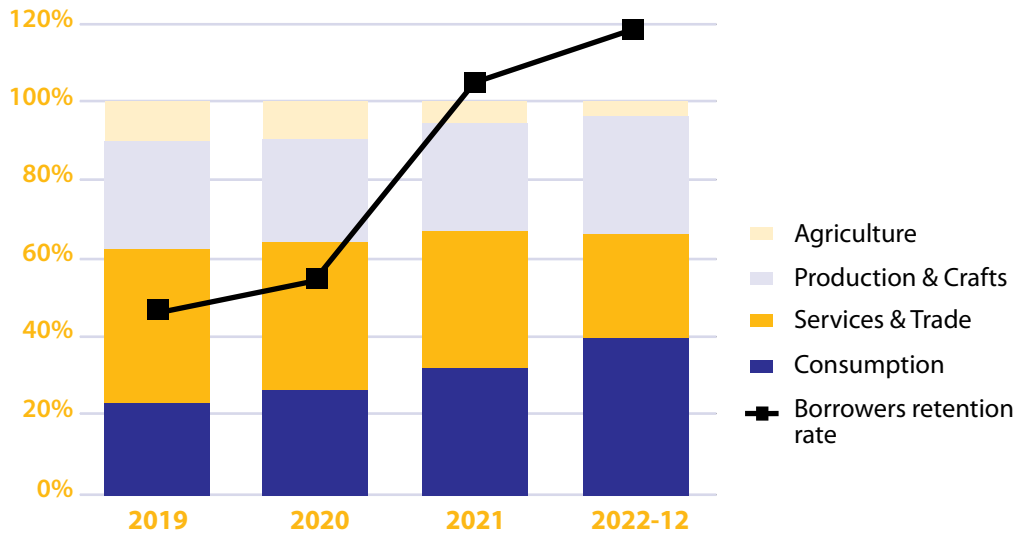
Funding Structure

MFI Factsheet



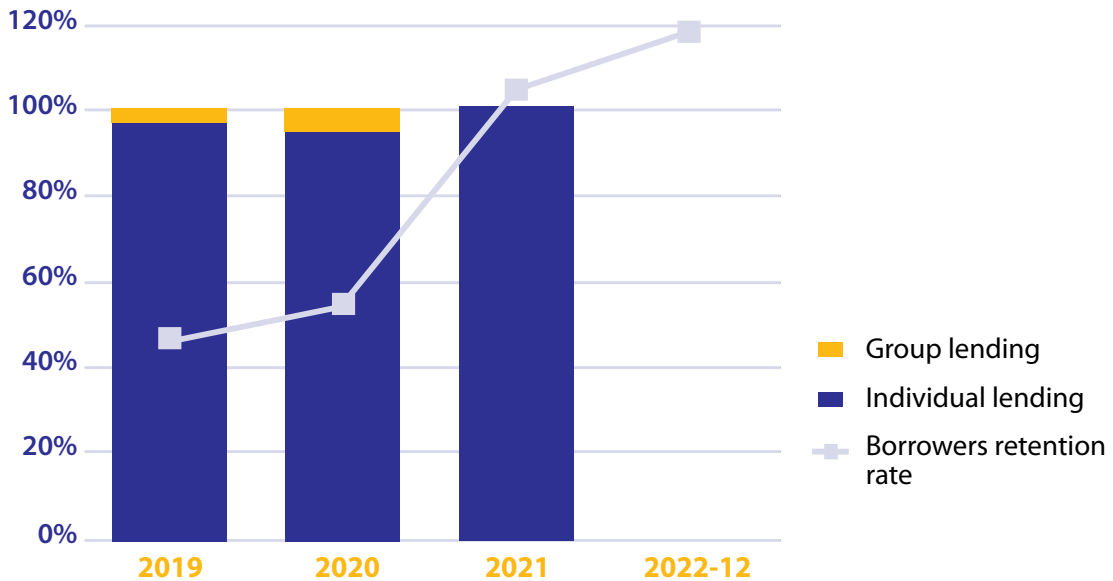
Loan portfolio distribution by sector

MFI Factsheet



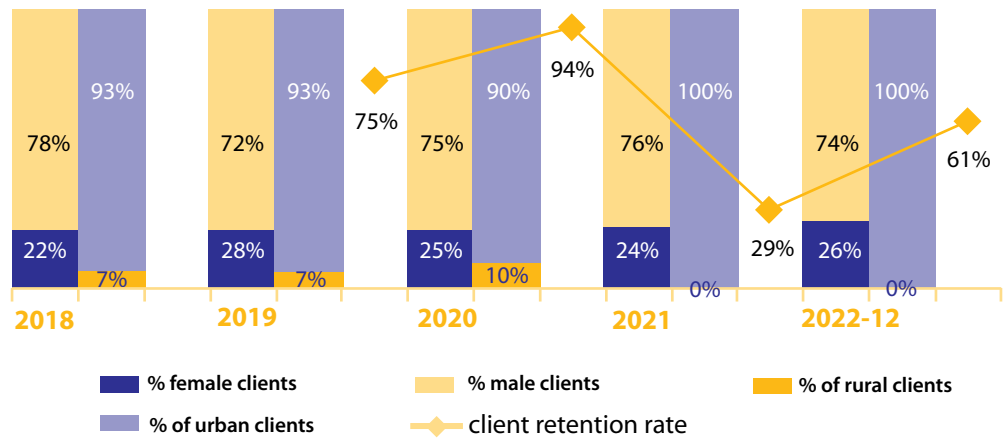
Loan portfolio distribution by lending methodology

MFI Factsheet



Gender and rural distribution of clients

MFI Factsheet



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The Managing director of Goshen Finance Plc Mr. Musangamfura Ignace on the right-side signing trepa project MOU with the Country Director of Cordaid Mr. Patrick Birasa on the left side. TREPA Project creates socio-economic and environment benefits in the Eastern part of Rwanda.





CONCLUSION

In the year 2022, Goshen Finance Plc has continued to make significant progresses in achieving its mission while serving small and medium households through its diverse range of financial products and services.

Throughout the year 2022 Goshen Finance Plc demonstrated resilience and adaptability in the face of various economic challenges and uncertainties, confirming its commitment to promoting sustainable development.

The report highlights Goshen Finance Plc efforts to improve the lives of its clients by not only providing access to credit but also through providing financial education to its clients. The institution's commitment to social impact is evident through the numerous success stories shared within the report.

Furthermore, this annual report highlights the cautious risk management practices and transparent governance framework, which have contributed to its stability and growth. By maintaining a strong portfolio quality and ensuring responsible lending practices.

Looking forward, we are working hard to capitalize on emerging opportunities in the evolving financial environment. The report anticipates further innovation in digital financial services, which will enhance accessibility for clients and streamline operational efficiency. The institution's commitment to continuous improvement and learning is evident, as it adapts to the changing needs of its clients while sustaining its core values.





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