NATIONAL BANK OF RWANDA
ANNUAL REPORT
2017/2018

TOWARDS A **PRICE BASED MONETARY POLICY** FRAMEWORK

CONTENTS

TRANSITIONING TO PRICE BASED MONETARY POLICY FRAMEWORK

National Bank of Rwanda's Mission is to ensure price stability and sound financial system.

In pursuit of price stability mission, NBR conducted monetary policy using monetary aggregates as intermediate targets to achieve the ultimate monetary policy objective of price stability.

This framework has worked well in the past, however due to structural changes in the economy such as financial innovations, the relationship between monetary aggregates and inflation continues to be weakened.

In view of the above, NBR is shifting to a more forward looking policy strategy called Price based monetary policy framework.
The new framework enables NBR to use all available information not just one variable to determine the best settings for monetary policy instruments.

NBR IDENTITY STATEMENT

The National Bank of Rwanda strives to be a World class Central Bank that contributes to economic growth & development, by using robust monetary policy tools to maintain stable market prices. The Bank ensures financial stability in a free market economy as it embraces innovations, diversity, inclusiveness, and economic integration.

VISION

To become a World Class Central Bank

MISSION

To ensure Price Stability and a Sound Financial System

OUR CORE VALUES

INTEGRITY

We uphold high moral, ethical and professional standards for our people, systems and data

MUTUAL-RESPECT AND TEAM-WORK

We keep ourselves in high spirit, committed to each other for success

ACCOUNTABILITY

We are result-focused and transparent, and we reward according to performance

EXCELLENCE

We passionately strive to deliver quality services in a timely and cost effective manner. We continuously seek improvement by encouraging new ideas and welcoming feedback that adds value to customer services.

NBR MID-TERM STRATEGIC FOCUS AREAS

(2017/18-2023/24)

The National Bank of Rwanda strategic plan sets out five strategic focus areas in which the Bank must excel to achieve its mission and vision. The strategy was reviewed based on Rwanda's aspirations for economic transformation in line with the National Strategy for Transformation (NST1).

> Inflation was maintained below the 5.0% medium term inflation benchmark. The annual average headline inflation eased to 2.3 from 6.8 percent recorded in 2016-17.

GOVERNOR'S FOREWORD

It gives me great pleasure to present to the Rwandans and other stakeholders the annual report of the National Bank of Rwanda for the financial year ended 30 June, 2018. The report entails a comprehensive overview of what NBR has achieved and its financial statements.

The world economy exhibited favorable financial conditions as well as, improvement in global trade and international commodity prices which contributed to good performance of our external sector with formal export increasing by 46.1 percent. In Rwanda, the economy expanded by 8.9 percent in the fiscal year 2017-18 from 3.4 percent registered in 2016-17. The improved performance was largely influenced by a combination of factors like favorable weather conditions that supported the agriculture sector and the recovery in the construction sector.

Inflation was maintained below the 5.0% medium term inflation benchmark. The annual average headline inflation eased to 2.3 percent from 6.8 recorded in 2016-17. The decline in inflation was mainly attributed to good harvests that eased inflationary pressures on food crops as well as efficient monetary policy management.

Similarly, due to good performance of external sector and efficient implementation of the monetary and exchange rate policy, exchange rate pressures eased with the FRW depreciating against USD at an average of 3.6 percent in 2017-18 compared to 6.0 percent registered in 2016-17. The stability of FRW contributed to ease the imported inflation.

With this favorable condition, the Bank reduced its policy rate from 6.0 percent to 5.5 percent in december 2017 to continue financing the economy.

The financial sector was stable, financially sound and conformed to prudential requirements in terms of capital adequacy and liquidity. An improvement in asset quality of the banks was observed during the year as highlighted in the reduction of non-performing loans ratio in the banks from 8.2 in June 2017 to 6.9 percent recorded in June 2018.

The ratio of credit to GDP for both banks and MFIs combined slightly reduced to 23.1 percent from 24.1 registered in 2016-17. This was mainly due to tight credit conditions implemented by the banks as a strategy to address non-performing loans that had shown an increasing trend in previous years. However, over the same period financial assets increased from Frw 3,846 billion to Frw 4,312 billion registering a ratio to GDP of 53.2 percent.

On fostering the use of electronic payment systems, NBR and other financial institutions improved their payment infrastructure. We also conducted intensive awareness campaigns in collaboration with other partners aimed at helping merchants to understand the benefits for using electronic payments. As a result, the ratio of electronic payment to GDP increased to 30 percent in June, 2018 compared to 21.09 percent in 2016-17.

The foreign reserves management achieved positive results with reserves increasing to 4.3 months of import above our medium term target of 4.0 as at the end of financial year 2017-18.

The returns on foreign reserve investment stood at 1.350 percent compared to the benchmark of 1.131. This is mainly attributed to flexible strategic asset allocation (SAA) adopted by the Bank and US interest rate hikes.

In line with our vision to become a world class central bank, we continued to implement NBR ICT strategy initiatives as an enabler for the Bank to effectively execute its mission. Some of the key achievements included launching of Internet Banking that ensures all payments by our clients are done online, cheque truncation system that greatly improved the cheque clearing process and most importantly we enhanced our cyber security capabilities that led to NBR being certified as ISO 27001 compliant.

The Bank continued to enhance its financial stewardship role recording a net profit of FRW 4.6 Billion for the year 2017-18 up from Frw 677 Million recorded in 2016-17. The increase was due to significant growth in interest income from foreign operations, efficient reserves management and robust financial controls. In addition to that, the 2017-18 financial statements were audited by KPMG our external auditors and they issued a clean audit report.

During the year, the Bank was privileged to welcome new Board members to support our efforts in delivering on the Bank's mandate and achievement of its vision.

It is worth noting that the Bank implemented several human capital development programs ranging from capacity development to wellbeing of its staff.

I would like to extend my appreciation to the top leadership of our country, board of directors, all staff and other stakeholders for their guidance, support, commitment and dedication to achieve the Bank's Vision.

RWANGOMBWA John
Governor

INTRODUCTION

2017-18 AT A GLANCE

ECONOMIC GROWTH
8.9%
Compared to 3.4% in 2016-17

Growth of agriculture sector
8.0%
Growth of industry sector
8.0%
Growth of service sector
10.0%

ANNUAL AVERAGE HEADLINE INFLATION
2.3%
From 6.8% in 2016-17

FRW DEPRECIATION VS USD (END JUNE 17)
3.6
Compared to 6.0% in 2016-17

NBR KEY REPO RATE
5.5% December 2017
From 6.0% in June 2017

CREDIT TO THE ECONOMY (% OF GDP)-BANKS & MFIS
23.1%

CAPITAL ADEQUACY RATIO (BANKS) >15%
21.4%

CAPITAL ADEQUACY RATIO (MFIS) >15%
32.5%

BANKING SECTOR PROFITABILITY
FRW 23 BILLION

SOLVENCY MARGIN FOR INSURANCE SECTOR/PRIVATE AND PUBLIC (MIN. 100%)
1091%

SOLVENCY MARGIN FOR INSURANCE SECTOR/ PRIVATE (MIN. 100%)
149%

E-PAYMENT TRANSACTION /GDP
30%
From 21.09% in June 2017

CUMULATIVE RETURN ON FOREIGN EXCHANGE RESERVES INVESTMENT
1.354%
Above benchmark of 1.131%

ANNUAL GROSS RESERVES IN MONTHS OF IMPORTS
4.3

INVESTMENT SHARE IN GOVERNMENT SECURITIES:
Share of retail investors
9.0%
From 4.2% in 2016-17

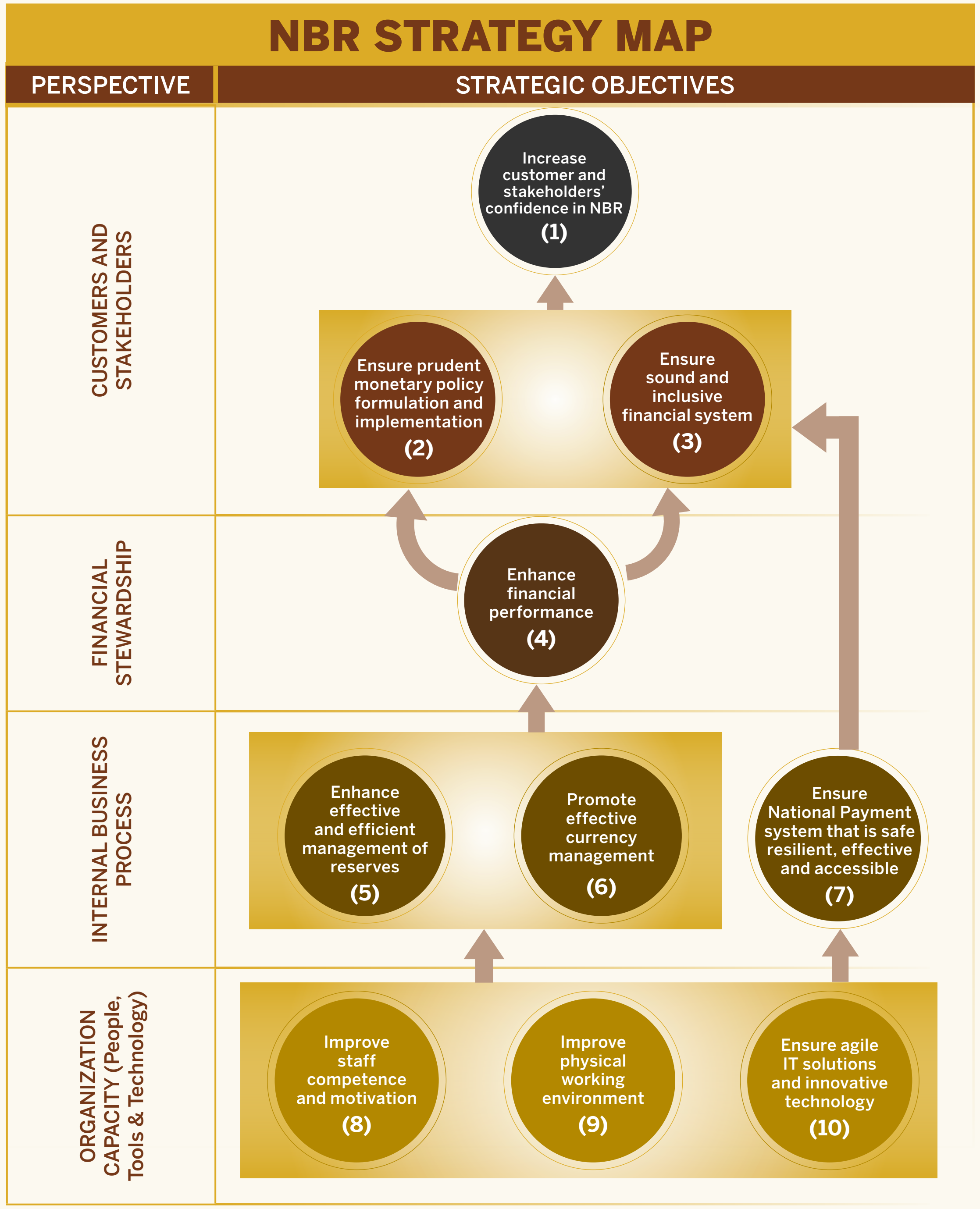
TOTAL NUMBER OF STAFF,
352

34%
Board members: **50%**
Management: **50%**
Excutive Directors: **66.67%**
Directors: **26.3%**

66%
Board members: **50%**
Management: **50%**
Excutive Directors: **33.33%**
Directors: **73.7%**

THE STRATEGIC PLAN

The National Bank of Rwanda Strategy Map is a graphic representation that shows how NBR creates value for its customers and stakeholders including employees. It highlights the Bank's strategic objectives using the cause-effect relationships grouped under the four interrelated perspectives of a balance score card and as such, it summarizes the corporate strategy to deliver the NBR mandate. It also serves as a tool to communicate the strategy across the Bank thus enabling alignment, accountability and focusing on results.



OUR STORY

Our **Mission** is to ensure price stability and a sound financial system. Our shared **Vision is to become a World Class Central Bank**. Achieving our vision depends on successfully executing five strategic themes: **Formulation and Implementation of Monetary Policy to ensure price stability; Regulation and supervision of Financial Institutions to ensure financial system stability and the development of an inclusive financial sector; Provision of Payment, Settlement and Currency systems that are safe, resilient, effective and accessible; Effective management of the Country's reserves to maintain sufficient level of foreign reserves to with stand external shocks; and lastly, Promotion of Business Excellence** thus underscoring our commitment to pursue excellence and deliver on our promise.

The performance dimensions of our Vision and strategies are: Customer and stakeholder satisfaction, wise financial stewardship, efficient internal business processes, and effective organization capacity (People, Tools and Technology).

Our success will be defined by providing our customers and stakeholders with **excellent services to increase their confidence in National Bank of Rwanda (1)**. Our customers and stakeholders' confidence increases when we effectively conduct monetary and exchange rate policies to maintain price stability thus contributing to macroeconomic stability and when, through regulation and supervision of financial institutions, we conduct proper surveillance to preserve a sound and stable financial sector that can finance the economy.

Increasing the Customers and stakeholders confidence in NBR is enabled by **(2) prudent monetary policy formulation and implementation** that ensures low and stable inflation and exchange rate to spur economic growth;

Our success will be defined by providing our customers and stakeholders with excellent services to increase their confidence in National Bank of Rwanda.

the effective monetary policy implementation is achieved through effective liquidity management and forecasting, and **(3) financial system stability and development** that supports the financial intermediation in the market. Effective monetary policy and sound and inclusive financial systems, are in turn enabled by **(4) improved financial performance** as a result of continuous improvement of the internal business processes leading to **(5) effective and efficient reserve management and (6) effective currency management.**

In addition **(7) National payments system that is safe, resilient, effective and accessible** contribute to price stability and a sound financial system indicated in the customer perspective.

Another dimension to our business strategies deals with improving organization's capacity includes the People, Tools and Technology. The organization's capacity depends on **(8) improving workforce competencies and motivation, (9) improving the working environment and infrastructure of the Bank as well as (10) ensuring agile IT solutions and innovative technology.**

Executing our strategies and achieving our goals depend on strong adherence to the critical success factors of our organization and living our core **values of Integrity, Accountability, Mutual Respect and Team work, and Excellence.**

EXECUTIVE SUMMARY

During the past financial year, Rwandan economy grew by **8.9%** on average in 2017-18 after **3.4%** recorded in 2016-17. The increased performance compared to the previous financial year was linked to improvement in international commodity prices and favorable weather conditions that supported agriculture sector as well as the recovery in the construction sector.

Rwandan economy grew by

8.9%

2017-18 (on average)

The world economy remained healthy in 2017 growing by 3.7% from 3.2% in 2016 and expected to pick up to 3.9% in 2018 supported by favorable global financial conditions, the improvement in global trade and international commodity prices. However, the ongoing tradewars could be detrimental to the near-term global growth prospects.

Advanced economies grew on average by 2.4% in 2017 from 1.7% in 2016 and projected to remain stable growing by 2.4% in 2018. Emerging and developing economies improved by 4.7% in 2017 after 4.4% in 2016 and projected to increase by 4.9% in 2018. Sub-Saharan African economic growth increased to 2.8% in 2017 up from 1.5% in 2016 and it is projected to rise to 3.4% in 2018.

During the past financial year, Rwandan economy grew by 8.9% on average in 2017-18 after 3.4% recorded in 2016-17. The increased performance compared to the previous financial year was linked to improvement in international commodity prices and favorable weather conditions that supported agricultural sector as well as the recovery in the construction sector.

Due to favorable commodity prices, formal exports strongly increased by 46.1 percent compared to 7.4 percent growth in formal imports. Consequently Rwanda's trade deficit reduced by 11.7% from USD 1.425.3 million in 2016-17 to USD 1,258.2 million in 2017-18.

Formal imports coverage by exports improved to 45.0% in June 2018 from 33.1% recorded in June 2017 including informal cross border trade, the exports-imports cover rose to 49.5% from 37.5% during the same period. As a result, exchange rate pressures remained subdued.

During the financial year 2017-18, inflation remained below the 5.0 percent medium-term target. The annual average headline inflation eased to 2.3% from 6.8% recorded in 2016-17. The decline in inflation is attributed to good weather conditions and good harvests that eased inflationary pressures on food crops. The Bank achieved its price stability objective throughout the year.

Similarly, exchange rate pressures remained moderate with the FRW depreciating against USD at the average of 3.6% in 2017-18 compared to 6.0% registered end June, 2016-17. During the same period, the FRW depreciated by 5.5%, 4.4% and 4.7% versus the EURO, GBP and Japanese Yen respectively. With regards to regional currencies, it depreciated by 6.3%, 1.7%, and 1.5% against the Kenyan shilling, Tanzanian shilling and Burundian franc respectively, while it appreciated by 4.1% against the Ugandan shilling.

With regard to the Bank's economic advisory role to support and inform policy decisions, NBR conducted 8 economic research papers during the financial year 2017-18.

These papers focused on the requirements to move to price based monetary policyframework; threshold inflation level that is consistent with the country's real GDP growth projection; financial key drivers underpinning the development of the financial sector, and; the readiness of EAC Central Banks to embark on EAC Monetary Union.

The Bank continued to implement an accommodative monetary policy stance to support financing of the economy since inflationary and exchange rate pressures subdued throught 2017-18. The Bank's key repo rate was reduced from 6.0 to 5.5 percent in December 2017 and was maintained at that level throughout the 2nd half 2017-18.

The stock of credit to the private sector stagnated at 23.1% in 2017-18 from 24.3% in 2016-17. This slight decline was attributed to a deceleration in credit to private sector growth, from 14.4 percent in 2016-17 to 7.8% in 2017-18 mainly due to weak credit demand and tighter credit conditions implemented by banks and MFIs as a strategy to reduce NPLs that had reached high levels of 8.2% in June 2017.

In the course of the year 2017-18, the National Bank of Rwanda continued its role of overseeing and regulating the financial sector to ensure its stability and development. In this perspective, different key achievements were observed in legal and regulatory policy development, micro prudential supervision, macro prudential analysis, financial inclusion and consumer protection, crisis management and resolution framework as well as credit reporting system program. This supported the financial sector in Rwanda to remain sound, stable, and continued to support the growth momentum of the economy.

During the FY 2017-18, the financial sector remained sound, stable and adequately capitalized. The total Capital Adequacy Ratio (CAR) for the banking sector stood at 21.4 % compared to the 15% regulatory requirement while that of MFIs stood at 32.5 percent, higher than the 15 percent prudential requirement. Assets of the insurance sector increased by 15% in June, 2018 compared to 10.2% achieved in June, 2017.

The asset quality of banks and microfinance institutions improved. The NPLs for banks reduced to 6.9% as at June 2018, from 8.2% in June 2017. Similarly, the NPLs for MFIs reduced from 12.3 in June 2017 to 8.0 percent in June 2018. The major reasons for a reduction in these NPLs for both Banks and MFIs include NBR's effort to ensure the financial sector compliance; and the financial sector efforts in loans recovery, coupled with improvements in the process of underwriting loans.

The financial sector remained profitable during the financial year 2017-18. The banking sector profits (after tax) amounted to FRW 23 billion in June 2018 compared to FRW 22 billion registered in June, 2017. The improved banking sector profits was driven by higher Net Interest Income and higher Non-Interest Income which more than offset the increase of operational costs and provisions expenses of banks.

Profits of the microfinance sector recovered to FRW 3.3 billion in the first half of 2018, from a loss of FRW 118 million in the first half of 2017 due to adoption of risk based supervision approach and strong financial controls compliance requirements set by the NBR.

The Profits (after tax) of the insurance sector increased from FRW 18.6 billion in June 2017 to FRW 24.9 billion in June 2018. Improved profits of the insurance sector were largely driven by the strong growth of premiums and improved investment income.

The Bank implemented Enterprise Data Warehouse-(EDWH) system to support data collection and analysis. The system is expected to facilitate analysis, decision making and improving the quality of the countries financial data.

Returns on foreign reserves investments continued to improve recording 1.354 percent above the benchmark of 1.131 percent compared to 0.84% realized in 2016-17. Our gross reserves in months of imports almost remained unchanged at 4.3 in 2017-18 compared to 4.2 of last financial year.

During the year, NBR through public-private partnership conducted intensive awareness campaigns on e-payment with the aim to accelerate the move towards a cashless economy. This was further enhanced by other government initiatives such as Irembo an e-Government platform which enables the access and provision of government services online. As a result, the value of e-payment to GDP increased to 30 percent in June, 2018 from 21.09 recorded in June 2017.

The Bank also implemented projects aimed at enhancing its operational efficiency while contributing to improving e-payment. These projects include integration of NBR Internet banking solution with Integrated Financial Management Information System (IFMIS) as well as introduction of the Cheque truncation system.

Integration of internet banking with Ministry of Finance and Economic Planning Financial Management Integration System (IFMIS) has made it possible for government agencies to make their transactions online through internet banking and reduced cost to the Government as their staff no longer visit the Central bank to make transactions.

The cheque truncation system has improved cheque clearing process. In the new automated cheque clearing system, a physical cheque's image is captured and transmitted through electronic form to the paying bank for settlement immediately, unlike the former physical cheque clearing that took 3 days.

NBR implemented a robust Information Security Management System (ISMS) based on ISO 27001:2013 standards. The ISO 27001:2013 certification to the National Bank of Rwanda is a great achievement that steers the industry to fight against cyber security threats.

Concerning the Bank's corporate governance, a new NBR law was enacted by Parliament and published in the Official Gazette n° 41 of 09/10/2017. In this new NBR law, the number of Board members was increased from 6 to 9 with the aim to strengthen the Board's statutory role in ensuring strategic oversight of the Bank's activities. The law also provides for harmonization of the NBR's work with the East African Community (EAC) standards, Basel Core Principles and IFRS international accounting principles.

Rwanda's trade deficit reduced by

11.7%

from USD 1.425.3 million in 2016-17

to USD 1,258.2 million in 2017-18

Real Exchange Rate with Rwanda Major Trading Partner Countries

FRW DEPRECIATED BY

2.7%

compared to 4.5% registered end June 2017

1 MONETARY POLICY

CONTENTS

How does NBR achieve and maintain price stability?

Price stability in an economy means that there are no significant degree of inflation or deflation. Inflation occurs when the year-on-year change in the general price level is non-negative, whereas deflation is the opposite.

This is the primary responsibility of NBR, achieved through formulation and implementation of monetary policy. The Bank influences amount of money in the economy, by ensuring that it is consistent with inflation and economic growth objectives. Under the monetarist theory, inflation is an outcome of a situation where too much money is chasing too few goods and services in an economy. There are several sources of inflation as documented in the literature, which can broadly be bundled under demand-side and supply-side factors. Monetary policy is more effective in controlling demand-side inflationary pressures and lessening second-round effects of supply shocks. It is always the role of the Monetary Policy Committee to assess demand-side and supply-side shocks so as to come up with an appropriate response aimed at moderating inflationary pressures.

What are the possible risks to maintain inflation target?

Inflation would always be on target if there were no shocks in the economy. These include financial shocks (changes in foreign interest rates and associated portfolio shifts), shocks to aggregate demand (foreign demand, commodity prices and fiscal policy), and shocks to potential output (i.e. productivity shocks) and supply shocks, such as changes in indirect taxes, energy prices and weather related shocks on agricultural production. For the case of Rwanda, recent observed inflation dynamics have been largely due to weather related shocks on agriculture. This and other risks mentioned above can always drive inflation below or above the target.

"NBR achieves and maintains price stability through formulation and implementation of monetary policy. The Bank influences the amount of money in the economy, by ensuring that it is consistent with inflation and economic growth objectives."

GLOBAL ECONOMIC DEVELOPMENTS AND OUTLOOK

The world economy remained healthy in 2017 growing by 3.7% from 3.2% in 2016 and, expected to pick up to 3.9% in 2018, supported by favorable global financial conditions, the improvement in global trade and international commodity prices. Advanced economies grew on average by 2.4% in 2017 from 1.7% in 2016 and projected to remain stable growing by 2.4% in 2018. Emerging and developing economies improved by 4.7% in 2017 after 4.4% in 2016 and projected to increase by 4.9% in 2018. Sub-Saharan African economic growth increased to 2.8% in 2017 up from 1.5% in 2016 and it is projected to rise to 3.4% in 2018.

The global annual average inflation rose to 3.0% in 2017 up from 2.8% in 2016 and is expected to further increase to 3.5% in 2018 in line with rising commodity prices and improvement in global demand. However, core inflation remained below central banks' targets in most advanced economies, pointing to a continuation of accomodative monetary policy.

On commodity markets, the overall price index which includes both energy and non-energy commodities, recovered in 2017, above the 2016 level, from a sharp decline observed in 2015 and are expected to continue to increase in 2018. Energy price index recovered by 23.6% in 2017 from a decrease of 15.2% in 2016 as well as a sharp decrease 45.1% in 2015. Crude oil prices rose by 23.4% in 2017 from a decrease of 15.7% in 2016 and are expected to increase by 23.1%, owing to strong demand amid continued supply cut by oil producers.

DOMESTIC ECONOMIC PERFORMANCE

The Rwandan economy grew by 8.9% in 2017/2018 from 3.4% registered in 2016/2017. This improved performance is linked to favorable weather condition that supported the agriculture sector as well as the recovery in the construction sector and improving international commodity prices.

The agriculture sector increased by 8.2% in 2017/2018 from 3.2% in 2016/2017, reflecting a good performance in the production of food and export crops which rose by 8.3% and 14.8% respectively, from 2.6% and -5.4%. The industry sector rose by 8.5% in 2017/2018 after 1.9% recorded in 2016/2017 following a good performance of mining and quarrying (+23.2%), electricity generation (+10.2%), manufacturing (+8.3%) and construction sector (+4.3%).

The services sector registered an increase of 9.7% in 2017/2018 compared to 5.4% recorded in 2016/2017, resulting from a good performance of transport sub-sector (+19.3%), information and communication (21.0%), wholesale and retail trade (+13.9%) and financial services (+10.7%).

INFLATION DYNAMICS (PERFORMANCE AND FORECAST)

Inflation averaged at 2.3% in the year 2017-18 lower than 6.8% in 2016-17 and the 5.0 percent medium term target. In 2017/18, headline inflation decreased from 3.5% in Q1 to 2.2% and 1.0% in Q2 and Q3 respectively, before slightly picking to 2.5% in Q4. The aforementioned trend was mainly driven by food, transport and housing inflation. Food inflation declined from 7.4% to -1.9% and -1.8% during the same period following good agricultural harvest in season A 2017/18, putting downward pressures on overall inflation.

The uptick in the last quarter of 2017/18 was mainly due to the increase in transport inflation to 8.2% in Q4 2017/18 from 3.0% recorded in the previous two quarters. The increasing pressures resulted from the upward revision in local pump prices in line with the continued increase in international commodity prices as well as from the exchange rate effect, especially on imported cars and spare parts. Some pressures also came from housing inflation, which rose to 4.4% from around 2.4% during the same period following the increase in solid fuels inflation as production and transportation of charcoal became cumbersome during the rainy season.

INFLATION FORECAST

Despite some observed pressures from transport and housing inflation, headline inflation is expected to remain moderate, as food prices are likely to remain low as we move towards agricultural season C 2018. Demand and exchange rate pressures are also expected to remain subdued. Other downward pressures may come from the drop in charcoal and firewood prices, as production might increase in the coming months. Some mild upward pressures may continue coming from the upsurge in international oil prices. In view of the above, headline inflation is projected to remain below the 5.0% medium-term objective in 2018/19 FY.

Table 1 : Inflation Developments for Key Items, In Annual % Change

FY	2016/17	2016/17	2016/17	2016/17	2016/2017	2017/18	2017/18	2017/18	2017/18	2017/18
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Headline	6.4	7	7.7	6.2	6.8	3.5	2.2	1	2.5	2.3
Domestic	6.7	6.9	7.4	6	6.8	3.4	1.4	-0.1	1.8	1.6
Food:	12.3	15.4	16.6	13.2	14.4	7.4	1.9	-1.8	0.6	2.0
Vegetables	24.5	22.3	21	13.1	20.2	4.5	-0.5	-5.4	2.4	0.3
Bread & Cereals	1.8	6.9	7.8	9.6	6.5	9.9	6.8	4.5	1.7	5.7
Housing	2.2	1.2	2	1.8	1.8	1.7	2.3	2.4	4.4	2.7
Transport	8.7	7.7	8.5	5.4	7.6	1.2	3	3	8.2	3.9
Imported	5.4	7.3	8.7	6.9	7.1	3.9	4.7	4.5	5	4.5
Core	4.5	5.2	5.5	4.6	5.0	3.1	2.5	1.7	1.8	2.3
Energy	3.9	1.6	4.2	5.2	3.7	3.5	6.3	7.3	12.7	7.5

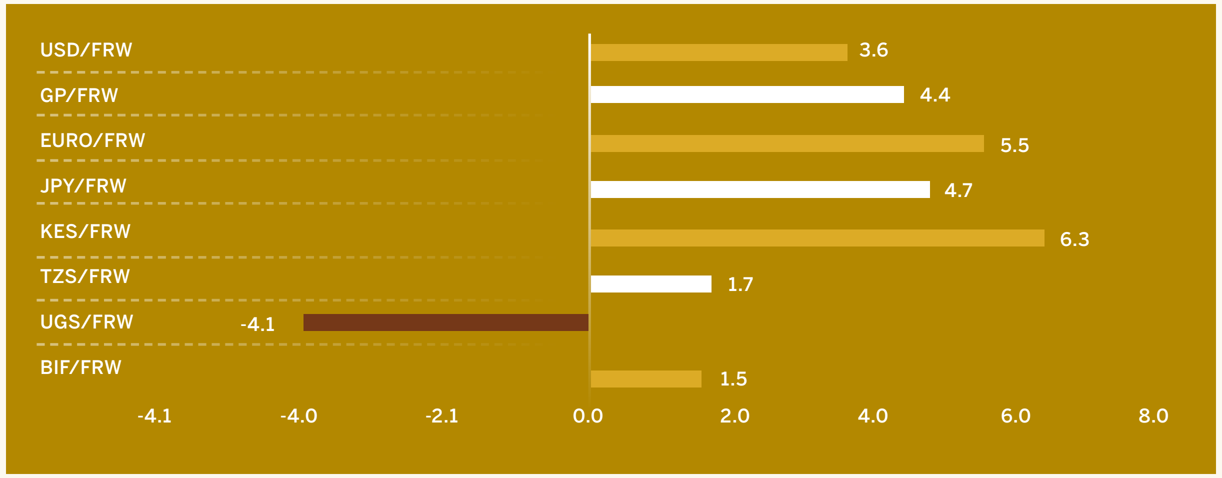
Source: **NBR**

EXCHANGE RATE AND FOREX MARKET DEVELOPMENTS

The recovery in international commodity prices yielded positive results on the external sector. Following an increase in formal exports value by 46.1%, which outweighed the increase in formal imports (7.4%), Rwanda's trade deficit reduced by 11.7% in 2017/2018 compared to 2016/2017, from USD 1.425.3 million to USD 1,258.2 million.

Formal imports coverage by exports improved to 45.0% in 2017/2018 from 33.1% recorded in 2016/2017. Including informal cross border trade, the exports cover of imports rose to 49.5% from 37.5% during the same period. As a result, exchange rate pressures remained subdued.

Figure 1: Depreciation /Appreciation of Frw Against Selected Currencies (2017/2018)



LOCAL CURRENCY DEVELOPMENT VIS-À-VIS OTHER CURRENCIES

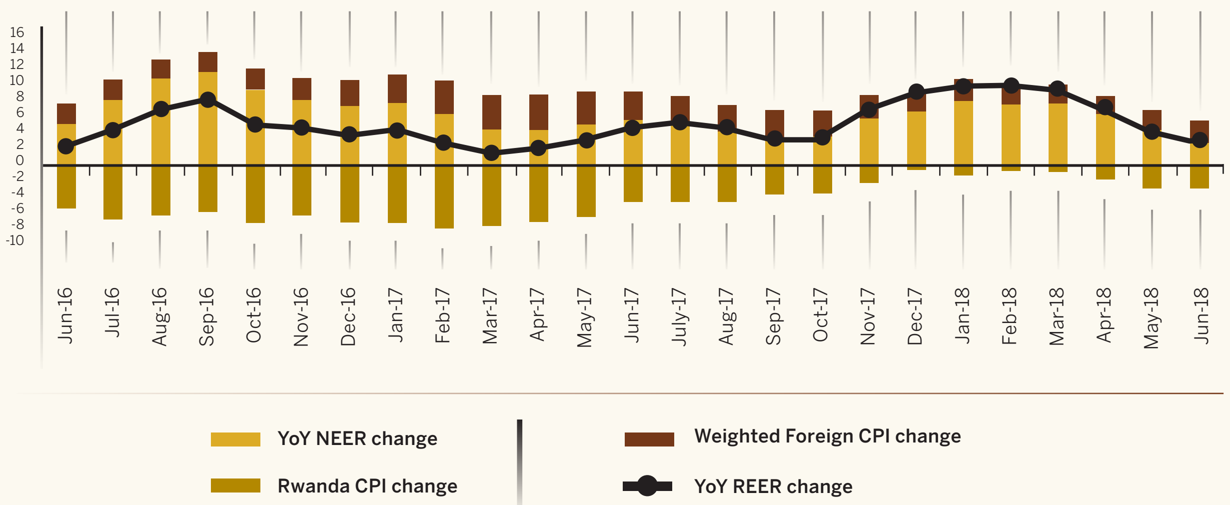
The Rwandan Franc (FRW) depreciated by 3.6% in the fiscal year 2017/2018 against a depreciation of 6.0% recorded in the previous fiscal year. During the same period, the FRW depreciated by 5.5%, 4.4% and 4.7% versus the EURO, GBP and Japanese Yen respectively.

With regards to regional currencies, it depreciated by 6.3%, 1.7%, and 1.5% against the Kenyan shilling, Tanzanian shilling and Burundian franc respectively, while it appreciated by 4.1% against the Ugandan shilling.

REAL EXCHANGE RATE WITH MAJOR TRADING PARTNER COUNTRIES

Looking at the basket of currencies for Rwanda's main trading partners, in real term, the FRW depreciated by 2.7% by end June 2018, against 4.5% registered end June 2017. This deceleration in depreciation was mainly attributed to the easing depreciation of the nominal value of the FRW against currencies of some of the major trading partners and the reduction in the inflation differential. In nominal effective terms, the FRW depreciated by 2.8% by end June 2018 compared to a depreciation of 5.8% end June 2017.

Figure 2 : Drivers of Real Effective Exchange Rate Movement



Source: NBR

COMMERCIAL BANKS FOREX RESOURCES AND EXPENDITURES

In 2017/2018, forex resources in the banking sector increased by 8.6% compared to 2016/2017, from USD 3,352.36 million to USD 3,640.26 million, while forex expenditure increased by 10.7%, amounting USD 3,229.99 million from USD 2,916.76 million in 2016/2017.

The increase in commercial banks' forex resources was mostly attributed to the transaction in cash, exports receipts and receipts on services that rose by 8.3%, 62.0% and 59.0% respectively, while rise in their forex expenditures resulted mainly from an increase in imports of goods by 7.6%, private transfers paid by 109.4% and sales to public by 37.1%.

Table 2 : Commercial Banks Forex Resources and Expenditures (USD Million)

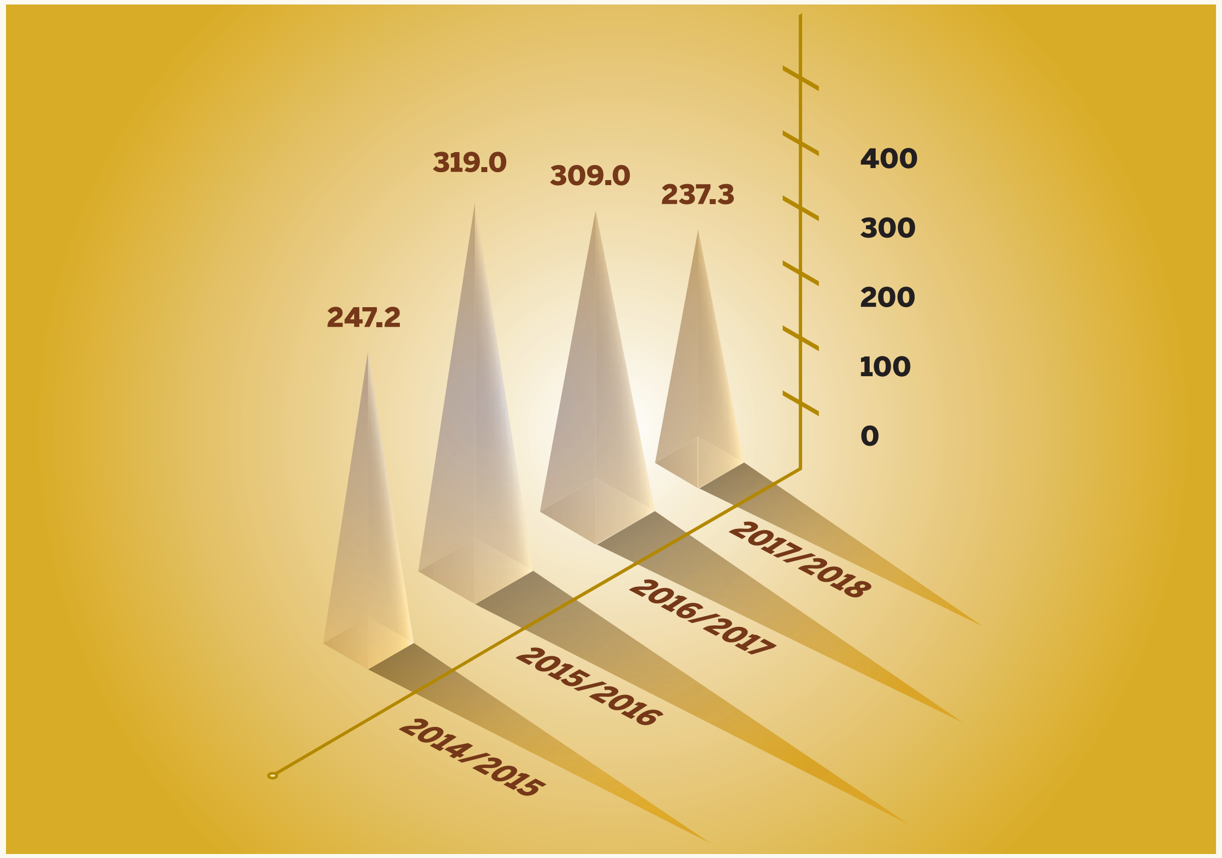
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	% change
Resources	**3,217.58**	**3,841.27**	**3,851.10**	**2,983.72**	**3,352.36**	**3,640.26**	**8.6**
Transfer transactions	**0.00**	**1,349.93**	**1,723.94**	**1,604.40**	**1,772.77**	**2,024.29**	**14.2**
Exports receipts	469.05	545.65	493.14	271.10	283.79	459.72	62.0
Receipts on services	338.05	412.19	165.37	162.43	197.28	313.65	59.0
Private transfers received	2,064.69	2,197.84	1,065.43	1,170.87	1,291.70	1,250.91	-3.2
Enterprises	1,209.38	1,427.64	660.06	683.92	801.47	698.92	-12.8
NGOs	263.10	230.46	169.89	190.62	196.60	171.44	-12.8
International Organizations	0.00	0.00	0.00	0.00	0.00	5.65	-
Foreign Embassy	0.00	0.00	0.00	0.00	0.00	9.18	-
Technical Cooperation	0.00	0.00	0.00	0.00	0.00	2.84	-
Individuals	487.92	438.41	132.58	200.38	188.64	200.92	6.5
Government projects	20.84	21.20	18.10	12.71	14.59	39.56	171.1
Churchs	56.74	59.48	54.04	56.17	60.91	55.57	-8.8
Associations	14.62	14.51	12.24	18.54	17.02	34.82	104.6
Banks	12.10	6.13	17.48	3.49	0.09	31.43	
Purchases forex from NBR	**345.79**	**329.75**	**247.15**	**319.00**	**306.05**	**237.30**	**-22.5**
Transaction in Cash	**0.00**	**355.83**	**1,880.01**	**1,058.02**	**1,273.54**	**1,378.67**	**8.3**
Deposit	0.00	309.59	1,692.02	1,009.67	1,206.48	1,268.58	5.1
Purchases forex from public	0.00	46.25	187.99	48.35	67.06	110.09	64.2
Expenditure	**3,149.08**	**3,737.56**	**3,866.63**	**2,739.90**	**2,916.76**	**3,229.99**	**10.7**
Transfer transactions	0.00	1,457.14	2,209.25	1,860.84	1,888.54	2,138.64	13.2
Imports of goods	2,112.35	2,400.58	1,735.91	1,479.46	1,492.57	1,605.39	7.6
Imports of services	430.40	419.32	158.80	229.92	272.14	273.92	0.7
Private transfers paid	545.84	577.67	314.55	151.46	123.83	259.33	109.4
Sales to Forex Bureaus	60.49	53.91	31.28	51.71	59.58	56.38	-5.4
Transaction in Cash	0.00	286.08	1,626.09	827.36	968.63	1,034.97	6.8
Withdrawal	0.00	228.17	1,349.75	708.46	823.84	836.49	1.5
Sales to public	0.00	57.90	276.34	118.89	144.79	198.48	37.1
Excess (- : deficit)	**68.50**	**103.72**	**-15.53**	**243.82**	**435.61**	**410.27**	**-5.8**

Source: NBR

NBR SALES TO BANKS

Due to easing volatility in exchange rate following the improved forex resources within commercial banks, NBR's sales to banks reduced by 22.5%, to USD 237.3 million in 2017/2018 compared to USD 306.1 million sold in 2016/2017 fiscal year.

Figure 3 : NBR Sales to Banks In Millions of USD



Source: NBR

MONETARY POLICY STANCE IN FY 2017/18

During the fiscal year 2017/2018, the National Bank of Rwanda implemented an accommodative monetary policy in a bid to support the financing of economy, as inflationary and exchange rate pressures remained muted. In this respect, the National Bank of Rwanda (NBR) reduced its policy rate in 2017/2018 to 5.5% from 6.0% in June 2017. Subsequently, broad money increased by 9.5% (y-o-y) in June 2018 against 12.7% in June 2017 while the stock of credit to the private sector picked up by 7.3% compared to 8.0% during the same period.

MONEY SUPPLY AND DEMAND

Broad money (M3) grew by 9.5% in 2017/2018, standing at FRW 1,940.6 billion, against a growth of 12.7% achieved in 2016/2017. The growth in M3 was driven by an increase in net domestic assets by 9.6% versus 3.5% of last fiscal year and an expansion in net foreign assets by 9.4% compared to 29.0% during the same period. The surge in net domestic assets was explained by the increase in credit to the private sector by 7.3% in 2017/2018 against 8.0% in the previous fiscal year, standing at FRW 1,491.2 billion from FRW 1,390.3 billion. Furthermore, net credit to the government grew by 33.7% against 13.9% during the same period, standing at FRW 189.5 billion from FRW 141.7 billion.

Table 3: Monetary Aggregates Developments (End Period, In Frw Billion, Unless Otherwise Indicated)

	Jun-16	Jun-17	Dec-17	Mar-18	Jun-18	% change	
						Jun17/ Jun16	Jun18/ Jun17
Net foreign assets	**567.5**	**731.9**	**803.3**	**802.4**	**800.8**	**29.0**	**9.4**
o/w NBR	570.9	612.6	749.5	732.4	718.5	**7.3**	**17.3**
Commercial banks	-3.3	119.3	53.8	70.0	82.2	**3703.4**	**-31.1**
Net domestic assets	**1004.9**	**1040.3**	**988.4**	**1075.2**	**1139.8**	**3.5**	**9.6**
Domestic credit	1451.7	1575.9	1568.7	1662.5	1766.2	**8.6**	**12.1**
Central government (net)	124.4	141.7	58.4	128.5	189.5	**13.9**	**33.7**
Credit	318.3	344.4	379.4	424.6	442.0	**8.2**	**28.3**
Deposits	193.9	202.7	321.0	296.1	252.5	**4.6**	**24.5**
Public enterprises	39.9	43.9	46.1	84.9	85.4	**10.1**	**94.8**
Private sector	1287.4	1390.3	1464.2	1449.1	1491.2	**8.0**	**7.3**
O/W in foreign currency	178.9	193.3	199.3	192.9	199.5	**8.0**	**3.2**
Other items net (Assets: +)	-446.8	-535.6	-580.3	-587.3	-626.4	**-19.9**	**-16.9**
Broad money M3	**1572.4**	**1772.2**	**1791.7**	**1877.6**	**1940.6**	**12.7**	**9.5**
Currency in circulation	150.8	159.7	162.7	164.9	181.6	**5.9**	**13.7**
Deposits	1421.6	1612.5	1628.9	1712.7	1759.0	**13.4**	**9.1**
o/w Demand deposits	640.0	680.2	647.3	655.1	697.3	**6.3**	**2.5**
Time and saving deposits	512.4	542.3	583.1	628.2	615.4	**5.8**	**13.5**
Foreign currency deposits	269.2	390.0	398.5	429.4	446.2	**44.9**	**14.4**

Source: NBR

Broad Money (M3) grew by

9.5%

in 2017/2018

standing at

FRW 1,940.6

billion

against a growth of

12.7%

achieved in 2016/2017.

The new authorized loans by the banking sector increased by

4.2%

in 2017/2018

from a decline of

3.7%

recorded in 2016/2017

The new authorized loans by the banking sector increased by 4.2% in 2017/2018 from a decline of 3.7% recorded in 2016/2017. This increase was mainly driven by the expansion in new loans to transport warehousing and communication (+46.5%), public works and buildings (+8.1%) and activities not classified elsewhere mainly composed by personal loans (+15.4%). However, the recent low growths in new authorized loans followed tight credit policies in many banks for risk mitigation, sector specific outlook, and additional credit administration cost.

This situation was in line with the implementation of International Financial Reporting Standard (IFRS 9) which require banks to constitute extra provisions for loans classified in Watch category.

Table 4 : New Authorized Loans by Economic Sectors (Frw Billion)

ECONOMIC SECTOR	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018
Activities not classified elsewhere	65.8	64.0	59.3	74.3	84.5	97.4
Agricultural, fisheries& livestock	9.6	8.1	12.2	13.5	10.1	9.6
Mining activities	0.0	0.2	0.5	1.7	0.7	0.4
Manufacturing activities	40.0	73.6	40.2	74.7	56.5	64.9
Water & energy activities	4.1	21.3	10.7	8.0	25.5	11.6
Public works and buildings	95.1	118.4	189.3	207.6	210.3	227.4
Commerce restaurant and hotel	202.3	240.8	284.3	351.5	301.6	286.9
Transport & warehousing & communication	29.8	30.1	51.0	48.2	57.2	83.8
OFI &Insurances and other non-financial services	7.9	2.6	15.8	5.8	8.8	4.0
Services provided to the community	13.0	18.8	24.7	22.5	23.1	24.1
Total	**467.6**	**577.7**	**688.1**	**808.0**	**778.2**	**810.9**
% change	**1.9**	**23.6**	**19.1**	**17.4**	**-3.7**	**4.2**

Source: NBR

With regard to the distribution of new authorized loans by sectors of economic activity, commerce, restaurant and hotels continued to dominate compared to other sectors with a share of 35.4% in 2017/2018, followed by public works and buildings (28.0%), nonclassified activities (12.0%) and manufacturing activities (8.0%). The financing of these four sectors totalized 83.4% of total new loans in 2017/2018.

Table 5 : Distribution of New Authorized Loans (% Share)

ECONOMIC SECTOR	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018
Activities not classified elsewhere	14.1	11.1	8.6	9.2	**10.9**	**12.0**
Agricultural, fisheries& livestock	2.1	1.4	1.8	1.7	**1.3**	**1.2**
Mining activities	0.0	0.0	0.1	0.2	**0.1**	**0.1**
Manufacturing activities	8.5	12.7	5.8	9.3	**7.3**	**8.0**
Water & energy activities	0.9	3.7	1.6	1.0	**3.3**	**1.4**
Public works and buildings	20.3	20.5	27.5	25.7	**27.0**	**28.0**
Commerce restaurant and hotel	43.3	41.7	41.3	43.5	**38.8**	**35.4**
Transport & warehousing & communication	6.4	5.2	7.4	6.0	**7.3**	**10.3**
OFI &Insurances and other non-financial services	1.7	0.4	2.3	0.7	**1.1**	**0.5**
Services provided to the community	2.8	3.2	3.6	2.8	**3.0**	**3.0**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: **NBR**

On money demand side, the currency in circulation (CIC) picked up by 13.7% in 2017/2018 from 5.9% recorded in 2016/2017. This upturn in CIC is driven by good performance of economic activity and the continuing improvement in the monetization of the economy, as M3 to GDP ratio stood at 23.4% in 2017 from 15.4% in 2013.

The currency in circulation to broad money ratio remains low, standing at 9% on average between January and June 2018, below an average of 10% in the last 5 years. This declining trend in the currency in circulation to broad money ratio was mainly driven by the improvement in financial inclusion and payment systems modernization.

The total deposits in the banking system grew by 9.1% in 2017/2018 against 13.4% realized in 2016/2017 since demand, time and savings as well as foreign currency deposits expanded by 2.5%, 13.5% and 14.4% respectively from 6.3%, 5.8% and 44.9% recorded in 2016/2017. The high growth in time and savings deposits is, to some extent, attributed to the removal of the 15% withholding tax on this category of deposits and improvement in savings culture of economic agents.

The share of demand deposits in total deposits remained high but with a downward trend, standing at 39% on average in 2017/2018, lower than 42% in the last five fiscal years, followed by time and savings deposits with 36% from 37%, and foreign currency deposits with 25%, compared to 21% in the last five years.

LIQUIDITY CONDITIONS AND INTEREST RATES DEVELOPMENTS

During the fiscal year 2017/2018, banking system had a sound liquidity surplus, as total commercial banks' most liquid assets grew by 28.8% between June 2017 and June 2018. They moved to FRW 398.2 billion in June 2018 from FRW 309.1 billion in June 2017, while they recorded a decline of 0.8% comparing June 2016 and June 2017.

This substantial increase in the banking system liquidity was mainly attributed to lower sales of foreign exchange to banks amounting to USD 237.3 million equivalent of FRW 200.3 billion in the fiscal year 2017/2018 compared to USD 306.1 million equivalent of FRW 249.5 billion during the previous fiscal year. Therefore, commercial banks had a room to increase their investments in short-term instruments, especially in T-bills of which the stock stood at FRW 268.0 billion in June 2018 against FRW 207.9 billion in June 2017 that is a growth of 28.9%.

Table 6 : Outstanding of Liquid Assets of Commercial Banks (Frw Billion)

	2016	2017				2018				% change	
	Jun	Mar	Jun	Sep	Dec	Mar	Apr	May	June	Jun-17/ Jun-16	Jun-18/ Jun-17
T-bills	214.0	187.3	207.9	245.0	243.6	253.5	233.0	244.4	249.5	**-2.9**	**20.0**
Central bank bills	0.0	5.0	0.0	9.0	6.0	37.0	34.8	32.8	18.5	-	-
Repo	34.0	21.0	60.4	13.0	30.0	54.7	32.9	44.0	45.0	**77.6**	**-25.5**
Excess Reserves	31.7	14.8	9.9	15.2	20.6	17.2	10.9	18.9	36.8	**-68.9**	**271.7**
Cash in Vault	32.0	31.4	30.9	28.2	33.1	32.1	29.9	33.2	29.9	**-3.4**	**-3.2**
Total	**311.7**	**259.5**	**309.1**	**310.6**	**333.3**	**394.5**	**341.5**	**373.3**	**379.7**	**-0.8**	**22.8**

Source: **NBR**

During the fiscal year under review, downward trend in money market interests has been observed, following ample banking system liquidity conditions and the NBR monetary policy stance. Repo, T-bills and interbank fell respectively to 4.19%, 6.88% and 5.71% on average in the fiscal year 2017/2018, compared to 4.80%, 8.79% and 6.38% in the previous fiscal year 2016/2017.

Table 7: Interest Rates (%)

	2016	2017				2018		Average	
	Jun	Mar	Jun	Sep	Dec	Mar	Jun	Jul 17/ Jun 16	Jul 18/ Jun 17
Key Repo Rate	6.50	6.25	6.00	6.00	5.50	5.50	5.50	6.35	5.71
Discount Rate	10.50	10.25	10.00	10.0	9.50	9.50	9.50	10.35	9.71
Repo rate	3.62	4.99	4.42	4.11	4.21	3.98	4.38	4.80	4.19
T-Bills Rate	7.29	9.42	8.78	7.42	7.07	6.27	5.92	8.79	6.88
Interbank Rate	5.93	6.10	6.40	5.76	5.85	5.24	5.58	6.38	5.71
Deposit Rate	7.94	7.84	7.92	7.86	8.70	8.23	8.33	7.83	7.82
Lending Rate	16.95	16.85	16.76	17.33	17.19	17.08	17.30	17.25	17.15
Spread	9.01	9.01	8.84	9.47	8.49	8.85	8.98	9.42	9.33
Real deposit rate	2.40	0.11	3.15	4.10	8.03	7.38	5.45	1.00	5.54
Real lending rate	11.41	9.12	11.99	13.57	16.52	16.23	14.43	10.42	14.86

Source: **NBR**

With regard to commercial banks market interest rates, lending weighted average rate decreased to 17.15% during the fiscal year under review, from 17.25% during the previous fiscal year, while deposit weighted average interest rate stood at 7.82% from 7.83% during the same period. This led the interest rate spread to stand at 9.33% on average, lower than 9.42% observed in the previous fiscal year. This slight deceleration was mainly associated with increasing competition among banks.

Furthermore, interest rates in real terms remained positive in the fiscal year under review following eased inflationary pressures during the same period. Both real lending and deposit interest rates increased respectively to 14.86% and 5.54% on average in the fiscal year 2018/2017 compared to 10.42% and 1.00% in the fiscal year 2017/2016.

BOND MARKET DEVELOPMENT

Primary market

Stimulating the economic growth and development involves long term funding more than what most savers are willing to commit their funds. To address this barrier to economic growth, the capital market provides an avenue for the mobilization and utilization of long-term funds for development. Deepening capital market and financial market in general is key to enhance resilience and capacity of the country to cope with shocks, improve monetary policy effectiveness, and support solid and durable inclusive growth. During the FY 2017-2018, the NBR focused on interbank market development toward price based monetary policy framework, and influencing the financial market deepening. Hence, the capital market development and macroeconomic policies are mutually reinforcing.

The Government of Rwanda through the National Bank of Rwanda has been issuing Treasury Bonds on quarterly basis to access domestic resources as well as to avail marketable products and foster forward the development of the capital market.

In FY2017-18, the NBR successfully issued four bonds and reopened one: two 5-year bonds, a 7-year bond and 10-year bond with an average subscription of 239 percent. The first ever bond reopening has been successful with a remarkable subscription level of 311.3 percent from 42 applications received from different categories of investors. As a result, T-Bond outstanding was FRW 200.0 billion as of end June 2018, from FRW 160.0 billion end June 2017.

Table 8 : T-Bonds Outstanding 2014- June, 2018 (In Frw Billion and %)

Year	Banks	in percent	Institutional investors	in percent	Retail investors	in percent	Total
2014	24.3	50.1%	23.4	48.3%	0.8	1.6%	48.5
2015	46.2	46.2%	51.5	51.5%	2.3	2.3%	100.0
2016	60.9	39.9%	86.5	56.7%	5.1	3.3%	152.5
2017	65.8	36.6%	103.7	57.6%	10.5	5.8%	180.0
Jun.18	72.3	36.1%	109.8	54.9%	18.0	9.0%	200.0

Source: **NBR**

In all these issuances, there is an increasing participation of institutional and retail investors. The share of institutional investors increased from 48.3 percent by December 2014 to 54.9 percent end June 2018 and the share of retail investors increased to 9.0 percent end June 2018 from 1.6 in December 2014. This was due to favorable market conditions and continued joint effort in the public awareness campaign across the country in a bid to encourage Rwandans to save money and invest in the risk free government debit securities.

On other hand, the share of banks' investments in government bonds declined from 50.1 percent end December 2014 to 36.1 percent end June 2018. This shows the good appetite for both institutional investors and retailers in investing in government bonds.

All the initiative on bond market, aim to boost more trading on the exchange and thus spur the capital development. Once developed, the capital market and money market are indispensable channel for monetary policy transmission.

Secondary Market

During the fiscal year 2017-18, bonds performed well on the secondary market with an increase of 9.62% in number of deals and 66.20% in value traded. Number of deals increased from 156 in FY 2016-2017 to 171 in FY 2017-2018 while the volume traded increased from Frw 4.63 billion to Frw 7.70 billion in the same period. This is a result of continued awareness campaigns that are done across the country.

However, on stocks market, the number of deals decreased by 12.98% from 917 in FY 2016-2017 to 798 in FY 2017-2018 while the volume traded decreased by 60.50% from Frw 125.0 million to Frw 49.0 million during the same period. The decrease was mainly driven by a lack of listing in FY 2017-2018 as opposed to FY 2016-2017 whereby I&M Bank was listed on Rwanda Stock Exchange.

The market capitalization increased by 5.38% from FRW 2,746 billion end of FY 2016-2017 to Frw 2,894 billion End FY 2017-2018

Table 9: Trading Activities on the Rwanda Stock Exchange (RSE)

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	% change 2017/2016
Equities					
No of deals	1,107	904	917	798	-12.98%
Volume traded in million	187	88	125	49	-60.50%
Bond					
No of deals	8	60	156	171	9.62%
Volume traded in million	1,049	1,306	4,630	7,695	66.20%
Market cap (in billion Frw)	2,893	2,803	2,746	2,894	5.38%
Market cap (in million USD)	4.02	3.55	3.31	3.37	1.75%

Source: **RSE June, 2018**

RESEARCH TO SUPPORT POLICY MAKING

The primary objective of economic research at the NBR is to provide conceptual underpinnings and empirical evidences required for monetary policy design, review and implementation. NBR's economists develop econometric models and forecasting tools, and conduct economic analyses to increase knowledge on the functioning of domestic, regional and global economies and financial systems. In addition to the standard communication channels, knowledge from research activities is transferred through publications.

During the 2017-2018 fiscal year, the Bank commissioned a number of studies focused on topics related to the conduct of monetary policy. Particular emphasis was on the transition of NBR monetary policy framework from a quantity-based monetary targeting (MT) regime to a price-based monetary policy framework. The new framework scheduled to be launched in December 2018 will take advantage of recent developments in the domestic financial markets to improve monetary policy transmission.

In simple terms, the new framework will enable NBR to use other set of information not just one variable to determine the appropriate monetary policy instruments. To support this transition, nine research articles were published in the NBR Economic Review.

In the spirit of successful transition toward a price based monetary policy, there are key prerequisites, including well-functioning money markets, policy transmission mechanism, well-structured policy decision-making process and effective communication. In this direction, one empirical study conducted during the year focused on using interest rate as an operating target in monetary policy. The results revealed that transmission from policy rates to money market rates has been improving over recent years. However, the study found that transmission from money market rates to lending rates was not (yet) evident, suggesting that the interest rate channel remains weak in Rwanda. Another study documented the conduct of modelling and forecasting process at NBR. The study gave a brief overview on the usage of non-structural models (namely ARIMA and State-Space models) for short-term forecasting and a new Keynesian macroeconomic model (namely FPAS) for medium-term projections, showing how the modelling and forecasting function is paramount in a forward-looking monetary policy. A review paper on the role of NBR communication under a forward-looking monetary policy was also published. The paper unveils communication as an important and powerful aspect of the central bank's toolkit since it has the ability to influence market expectations and enhance the transmission mechanism of monetary policy actions.

Given that the prime objective of monetary policy is to ensure price stability, monetary authorities have to set a realistic inflation target consistent with other macroeconomic dynamics. In this regard, one of the studies revealed that the threshold inflation level for Rwanda is 5.9%, which supports the EAC inflation ceiling of 8.0% and the NBR's band of 5ffl3%. The estimated threshold inflation level was found to be consistent with 9.0% growth in real GDP required to push the economy to high-income status. For a better understanding of the importance of supply shocks on inflation dynamics, another study tested the existence of second round effect from food and energy prices in Rwanda.
The study showed no significant evidence of second round effect from food and energy inflation and that shocks from energy and food price are transitory. The study, therefore, recommended that monetary policy should not respond to food and energy shocks.

Other studies focused on financial sector in Rwanda, as lending costs and soundness of financial sector are one of the aspects closely monitored by the NBR. The first one examined the determinants of deposits rate, lending rate and the spread between deposits and lending rates. The study revealed that cost of funds, market power and credit risks are key drivers of higher interest rate spread and higher lending rates. The study advocated saving mobilization and tapping into alternative source of finance as a solution to the higher cost of finance in Rwanda. The second study in this strand focused on another key aspect of financial sector soundness, namely non-performing loans.

The empirical study revealed that, in addition to macroeconomic factors, loans diversion, inadequate project preparation and management lead to more loans defaults. The study recommended to enhance project appraisal and monitoring and to improve financial literacy as potential ways to reduce loan defaults.

Economic integration is another area where the NBR is deeply involved. Given that EAC countries are planning to adopt a single currency by 2024, a study assessed the readiness of member countries to embark on a monetary union. The findings suggested that, while noticeable progress has been achieved, there are still challenges related to income convergence and asymmetric shocks among others. The study recommended countries to strive towards achieving convergence criteria to ensure a successful monetary union.

NBR STATISTICS TO SUPPORT POLICY MAKING

In the spirit of implementing "Big Data" as stipulated in the National Strategy for Transformation (NST1) and "Data Revolution Policy" approved by Cabinet in September 2017, NBR embarked on implementation of the "Electronic Data Warehouse" (EDWH). The EDWH infrastructure will enable all financial service providers to be connected to Data warehouse thus ensuring accurate and timely data collection. In addition to providing reliable data to NBR, the EDW will compliment to realization of the Government's goals/ objective of 'Data revolution and Big Data" - all aimed to enhance timely and evidence based decision making.

Another important development to highlight is that the NBR started to produce among other quarterly reports, the quarterly Balance of Payment-statistics, as a pre-requisite for high frequency indicators towards the adoption of price based monetary framework by end 2018.

The Bank produced and published timely and accurate statistics including external, monetary, economic and financial for use by several stakeholders.

MONETARY POLICY COMMUNICATION

The Bank improved its communication of the monetary policy to the public to understand its policy actions. This is done through press release of quarterly monetary policy committee decisions, Governor's bi-annual monetary policy and financial stability statement, as well as other NBR publications on our website.

At the conclusion of every MPC meeting, the MPC decisions are communicated to the public through a press conference by the Governor of the Bank explaining the reasons for the MPC's policy stance. In addition to the media coverage, the MPC press release is communicated through social media and is also posted on the website.

The presentation of Monetary Policy and Financial Stability Statement (MPFSS) is aimed at broadening the knowledge of the public about overall policy objectives and strategy, motives behind the policy decisions, economic outlook, and the outlook for future monetary policy decisions. This helps to anchor inflation expectations thereby mitigating some shocks and contributing to stable inflation.

LOOKING FORWARD

- The National Bank of Rwanda will shift from monetary aggregates targeting framework to a forward looking price based monetary policy framework.
- The Bank will also focus on financial market deepening to support monetary policy transmission mechanism.
- The Bank will strengthen analytical and forecasting framework
- The bank will also carry out policy oriented studies tackling key issues constraining the country's economic development agenda.

In the spirit of implementing "Big Data" as stipulated in the National Strategy for Transformation (NST1) and "Data Revolution Policy", NBR embarked on implementation of the "Electronic Data Warehouse" (EDWH). The EDWH infrastructure will enable all financial service providers to be connected to Data warehouse thus ensuring accurate and timely data collection.

2 FINANCIAL SYSTEM STABILITY AND DEVELOPMENT

CONTENTS

"In quest for ensuring soundness and stability of the financial system, the National Bank of Rwanda implemented several strategic initiatives ranging from the review and update of the legal and regulatory framework, macro and micro prudential supervision as well as financial inclusion and consumer protection."

LEGAL AND REGULATORY POLICY DEVELOPMENT

For long term stability of the financial sector to be sustainable, the regulatory framework should creates an enabling environment that does not stifle economic development and innovation in the financial sector.

In this regard, the Bank continued to assess ways on how financial sector regulations and supervisory policies can be enhanced in order to be aligned with international best practices as recommended by a variety of international regulatory bodies. During the year under review, several laws and regulations were reviewed, approved and published in the official gazette and directives guiding their implementation were issued. The laws, regulations and directives approved are summarized below:

LAWS

Reviewed Law/Law under review	Expected outcome
Law N° 47/2017 of 23/9/2017 governing the organization of banking	**Published in the Official Gazette N° 42 of 16/10/2017.** • The new banking law repealed the Law N° 007/2008 of 08/04/2008 concerning organization of banking • The law was reviewed to ensure compliance with the Basel Core Principles for effective banking supervision • The law streamlines lincensing procedures and harmonizes the financial sector legal framework within East African Community convergence criteria towards Monetary Union.
Law n°69/2018 of 31/08/2018 on prevention and punishment of money laundering and terrorism financing	**Published in the Official Gazette No 37 of 10/09/2018** • The law repealed law N° 47/2008 of 09/09/2008 on prevention and punishment of the crime of money laundering and financing terrorism • The law was reviewed to enable Rwanda ensure compliance with international standards on Anti-Money Laundering and Financing of Terrorism (AML/CFT) set by the Financial Action Task Force (FATF). • The law also catered for the gaps that were identified in the AML/CFT Assessment Report undertaken by World Bank in 2014.
Law n° 73/2018 of 31/08/2018 governing credit reporting system	**Published in the Official Gazette No 37 of 10/09/2018** • This law repealed Law N° 16/2010 of 07/05/2010 governing credit information system in Rwanda; • The law was reviewed to comply with the new standards on credit reporting system and to provide provisions for additional mandatory data providers.
Review of Payment system Law N°03/2010 of 26/02/2010	• The law accommodates new reforms related to all penal provisions in specific laws. The draft law was successfully enacted by parliament as of end June 2018.
Review of Microfinance Law N° 40/2008 of 26/08/2008 establishing the organization of micro finance activities	• The new law under review is aimed to reinforce corporate governance and integrity standards in Microfinance institutions, respond to technological innovations and align the Rwandan microfinance institutions to regional and international standards.
Review of Insurance Law N° 52/2008 of 10/08/2008 governing the organization of insurance business.	• The new law under review took note of market dynamics and developments in the insurance sector such as micro-insurance, Health management organizations, risk based capital regime as well as conformity to the best practices of international insurance supervision.

BANKING SECTOR

Reviewed regulations

Published regulations	Expected outcome
Regulation N° 2100/2018 – 009 [614] of 25/07/2018 on risk management for banks was published in the OG n° 32 of 06/08/2018	• The regulation mitigates risks in the banking sector and enhances risk management framework for banks. • The regulation requires the banks to establish risk management framework that covers not only predominant credit risks, market risks and specific operational risks such as transfer risks from other countries, IT risks but also other risks notably systemic risk and moral hazards.
Regulation N° 2100 /2018 – 008 [614] of 25/07/2018 on reporting requirements was published in the OG n° 32 of 06/08/2018	• The new regulation operationalizes the electronic reporting platform - Electronic Data Warehouse system (EDWH) established by the National Bank of Rwanda. • The regulation requires all supervised institutions to submit their reports to NBR electronically as well as providing access to NBR pull data directly from supervised institutions. • Successful operation of EDWH reporting system will enhance analysis of financial sector performance, provide updated and accurate data to facilitate quick and appropriate decision making.

Regulations still under review	Expected outcome
Regulation on major investment and placement for banks.	• The new regulation repeals the regulation on placement and the regulation on major investment. • It establishes prudential limits on investment and placement that banks shall comply with. The compliance with these prudential limits will minimize risks arising from concentration of placements and investments in banking sector.
Regulation on administrative sanctions and fines applicable to banks.	• The new regulation determines administrative sanctions and fines applicable to banks, directors and members of the senior management for violations defined in the regulation.

Approved directives

Following the adoption and publication of different regulations in the official gazette, NBR issued related directives to guide their implementation:

Published directive	Expected outcome
Directive N° 01/2018 of 15/02/ 2018 on the computation of the liquidity ratios	• The directive implements the regulation N° 07/2017 of 19/05/ 2016 on liquidity requirements for banks. • The directive sets guidelines for computation of Liquidity Leverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) to ensure sufficient liquidity for banks and promote short, medium to long-term funds to finance the banks' assets.
Directive N° 02/2018 of 15/02/ 2018 on computation of capital charge for credit, market and operational risks and treatment of leverage ratio of banks	• The directive implements regulation N° 06/2017 of 19/05/2017 on capital requirements for banks; • The directive sets the methodologies of treatment of leverage ratio and computation of risk weighted asset of licensed banks.
Directive N° 03/2018 of 15/02/ 2018 on Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP)	• The directive implements the regulation N° 06/2017 of 19/05/2017 on capital requirements for banks. • It establishes the process and minimum requirements for assessing internal capital and liquidity adequacy of licensed banks.
Directive N° 04/2018 of 12/02/2018 on treatment of collaterals and guarantees by banks.	• The directive provides guideline for implementation of the regulation N°12/2017 of 23/11/2017 on credit classification and provisioning. • It sets value of collateral to be considered when provisioning and determines procedures related to treatment of collaterals that have been taken over or acquired by banks in auctioning.

INSURANCE SECTOR

Regulations/ directives published/still under review	Expected outcome
Regulation Nº 49 bis of 04/12/2017 on corporate governance, risk management and internal controls requirements for insurance business	• The published regulation is aimed to ensure effective oversight and soundness in the governance of the insurance business based on the nature, scale and complexity of the insurance business being regulated. • The regulation also puts in place the corporate governance principles and internal control mechanisms for compliance.
Directive Nº 04/2017 of 12/10/2017 on anti- fraud in the insurance sector	• The published directive is aimed to maintain financial stability and professional discipline in the sector by ensuring that insurers have adequate mechanisms to prevent, monitor and fight against fraud and any fraudulent practices in the insurance sector.
The regulation on licensing requirements and other requirements for micro insurance business	• The approved regulation aims at creating conducive environment for micro insurance business especially low income people, regulating micro insurers, protecting micro insurance policyholders, promoting and developing micro insurance business in Rwanda.

MICROFINANCE SECTOR AND OTHER CROSSCUTTING REGULATORY FRAMEWORKS AND POLICIES

Regulations/ directives published/still under review	Expected outcome
Directive No 2100/2018-006[613] of 20 July 2018 on conditions for accreditation of external auditors for small SACCOs and other additional requirements	• The published directive established the conditions on accreditation and career development of individual external auditors. It also sets up additional requirements for small and large SACCOs.
Directive Nº 01/ FIU/2018 of 21/02/2018 of the financial investigation unit relating to anti-money laundering and combating the financing of terrorism.	• The Bank, in collaboration with Financial Investigation Unit (FIU) issued a directive establishing requirements for identification of customers, suspicious transactions reporting, record keeping as well as risk assessment that reporting entities shall comply with to prevent and combat the crime of money laundering and financing of terrorism.
The regulation governing Non Deposits Taking Microfinance Institutions-	• The approved regulation sets a regulatory framework for non-deposit taking financial institutions that are not regulated under any other laws or regulation. • It was observed that if these institutions are not monitored, they may cause systemic risk and may create regulatory arbitrage to existing regulated financial institutions. In addition, NBR established a regulatory tool for monitoring the non-deposit taking business in Rwanda.
The licensing policy for credit reference bureaus	• The approved policy provides guidance and principles for licensing credit bureaus.

LICENSING OF FINANCIAL INSTITUTIONS

During the period under review, the Bank analyzed applications for new or renewal of license for financial institutions. The section below highlights key accomplishments:

- The National Bank of Rwanda granted the final approval for the amalgamation of the former Crane Bank Rwanda Ltd and CBA Rwanda Ltd. As a result, the number of banks reduced from 17 to 16 banks as of June 2018.
- The Bank analysed and renewed licenses for 17 insurance brokers, 18 loss adjusters. The other key development was delegation of power to insurers to license insurance agents given continued operational efficiency in the sector.
- In the MFI subsector, INKUNGA Finance Limited was transformed from cooperative to Public Limited Company.

MICRO AND MACRO PRUDENTIAL SUPERVISION AND ANALYSIS

To ensure soundness and stability of the financial system and safeguard public confidence in financial system, the Bank continued to conduct off-site surveillance to monitor banks and banking sub-sector. A review of financial statements from different banks was conducted to identify key issues that informed NBR to take prompt corrective actions.

The Bank also conducted on-site inspection to assess the adequacy of the banks' internal control systems and the extent of adherence to relevant laws and regulations.

The overall prudential ratios continued to be above the required benchmark. The banks' capital adequacy and liquidity conformed with Basel II & III standards. The quality of both banks and MFIs portfolios continued to improve with NPLs reducing from 8.2 to 6.9 percent and from 12.3 to 8.0 percent respectively by end June, 2018.
For the insurance sector, the total assets improved mainly due to operational efficiency, retained earnings as well as capital injection from private insurers.

The Bank conducted financial stability related studies to include among others, determinants of Non-Performing Loans (NPLs) and credit risks in commercial buildings and hotels to identify the capacity of borrowers to pay back the loans. Findings were presented to the FSC and MPC to make evidence based policies and interventions on the market.

The Bank continued to monitor compliance with the provisions of Corporate Governance regulation issued to the industry. As part of the efforts to strengthen corporate governance of financial institutions, during the year under review, the Bank organized training workshop for banks and insurance board of directors and CEOs on corporate governance to keep them abreast with global trends.

FINANCIAL INCLUSION, CONSUMER PROTECTION AND EMPOWERMENT

During 2017-2018, the Bank restructured the financial regulation function into two distinct areas: One focusing on prudential regulation and another dedicated to financial market conduct. The approved new department of Market Conduct Supervision and Financial Inclusion underpins the Bank's commitment to consumer protection and financial inclusive initiatives. Since its establishment, the Bank has become a financial ombudsman that addresses consumer complaints. The Bank raised public awareness on loans, savings and other financial market activities such as NBR engage and consumer protection initiatives. NBR conducted financial education campaigns for students under the theme "NBR Schools Challenge".

The campaign aimed at enhancing knowledge on financial services and savings among the youth.

For sustainability of the program, NBR economic clubs were formed in 12 selected schools as a channel through which economic and financial matters will be shared.
With regard to consumer protection, NBR conducted inspections in banks to enhance compliance and implementation of regulations on key facts statements on credit, insurance and accounts. These regulations require service providers (Banks and insurance companies) to publish a summarized document indicating all terms and conditions, charges and verbal explanations related to the credit, account or insurance policy before the client signs the final contract.

NBR put in place a price comparator portal where client easily access bank charges to make informed decisions.

CREDIT REPORTING SYSTEM

The Bank continued to manage its national credit registry and supervise the private Credit Reference Bureau. The bureau (TransUnion) regularly collects information from mainly mandatory participants (Banks, Microfinance Institutions, SACCOs and Insurance companies) as well as voluntary ones which include the two telecom companies (MTN, Airtel), WASAC and RRA. The private credit reference bureau shares credit information among financial institutions, to ease the credit assessment and improve decision making before granting any loan.

The usage of credit information has risen over the past 3 years. The data found on searches made by banks and MFIs has increased to 88 and 93 percent in June, 2018 compared to 77 and 69 percent respectively in December, 2016.

The credit reference bureau designed and implemented credit score, which is now accessed online by all subscribers. The credit score maps credit risk and uses past credit information to scrutinize repayment position of a borrower.

The number of individuals and corporates listed in the private credit bureau increased from 1,378,819 in June 2017 to 1,535,145 in June 2018. The credit reference bureau coverage ratio also increased from 20 in June 2017 to 22 percent in June 2018.
The Bank developed a licensing policy to guide licensing of new credit reference bureaus.

DEPOSIT GUARANTEE FUND OPERATIONALIZATION

Deposit Guarantee Fund continued to operate effectively. During 2017-18 the total premium collected from banks and MFIs was FRW 1.2 Billion and FRW 116.1 Million respectively.

The total Fund balance as at 30th June stood at FRW 1.958 Billion of which FRW 1.848 Million were invested in treasury Bonds with different maturity terms as a strategy to grow the Fund. As of end June 2018, interest incomes earned from investement in different government securities amounted to FRW 49.874 Million.

During the year, all banks complied with the provisions of DGF law and regulation requirements. However, the Bank observed non-compliance with MFIs especially Umurenge SACCOs due to manual ways of operations.

STRUCTURE AND PERFORMANCE OF THE FINANCIAL SECTOR IN RWANDA

The structure of the financial sector did not change significantly compared to June 2017. The number of financial institutions, as at June 2018 was 516 institutions: 16 Banks (from 17 in June 2017 following a merger of CBA Rwanda and Crane Bank Rwanda), 473 MFIs, 16 Insurers and 11 pension funds (including 1 Mandatory Pension Scheme and 10 Voluntary Pension Schemes). The banking sector continues to hold the largest combined share of the financial sector assets at 65.5 percent, followed by pension at 17.4 percent; insurance at 9.8 percent, MFIs at 6.6 percent, and voluntary pension schemes at 0.7 percent.

Table 9 : The Structure of the Financial Sector (Number and Assets)

Financial Sector	Jun-10		Jun-17		Jun-18		Assets/GDP		
	Number	% Share of TA	Number	% Share of TA	Number	% Share of TA	Jun-10	Jun-17	Jun-18
Banking sector	14	71.5	17	66.9	16	65.5	21.6	36.1	34.9
Insurance	8	11.1	16	9.7	16	9.8	3.2	5.1	5.2
Mandatory pension Fund	1	13.8	1	17.1	1	17.4	6.4	9.3	9.2
Private pensions Schemes	-	-	-	-	10	0.7	-	-	0.0
MFIs	524	3.6	473	6.3	473	6.6	2.6	3.5	3.5
Total	**547**	**100**	**507**	**100**	**516**	**100**	**33.8**	**54.0**	**53.2**

Source: **NBR**

PERFORMANCE OF THE BANKING SECTOR

Balance Sheet Analysis

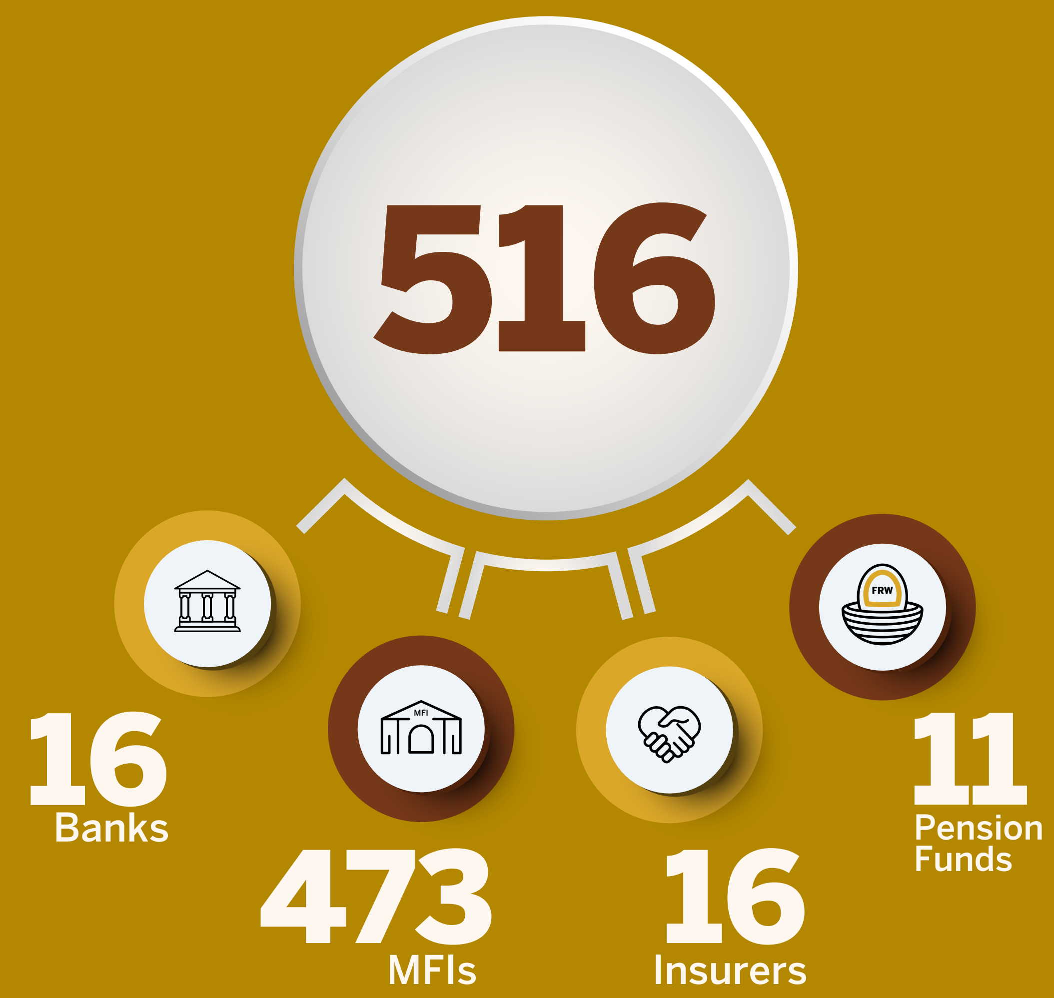
As indicated in the table above, the banking sector continued to dominate the Rwanda's financial system in the financial year 2017-2018 justifying its critical contribution to stability of the entire financial sector. Its assets account for the majority of total financial system assets (65.5 percent). As at end June 2018, the insurance sector, MFIs and pension respectively held 47 percent, 36.8 percent and 29 percent of their assets as deposits in banks. The pension fund also held 11 percent of its assets as equity in banks, while insurance companies held 4 percent of their assets as equity in banks. To avoid any systemic risk to the financial sector, the NBR through its regulatory and supervisory roles closely monitors performance of the banking sector.

Total assets were recorded at FRW 2,824 billion at end June 2018, registering a year-on-year growth of 9.8 percent. Growth of the banking sector assets slowed down compared to the 12.9 percent growth registered in the same period of 2017. The moderation of growth in banking sector assets is mainly reflected in slower growth of banking sector loans, the main component of banks' assets. As at end June 2018, total banking sector loan book (outstanding loans)[1] increased by 7.8 percent (year-on-year) to FRW 1,630 billion, compared to 14.4 percent growth registered in the same period of 2017.

The moderate growth of the banking sector outstanding loans reflects the slowdown of new lending during the year and write-offs of bad loans. The reduction of new approved loans was mainly due to weak credit demand and tight credit conditions implemented by banks in reflection of higher NPLs experienced in previous years.

1. These include loans to private sector and government institutions

Structure of **Financial Sectors** as at 30th June 2018



The survey conducted by the Bank during the year indicated that the overall loan rejection rate (in value) increased from 16.6 percent in the first half of 2017 to 20.4 percent in the first half of 2018. In terms of volume, the loan rejection[2] rate increased from 3.5 percent to 14.7 percent. Banks with higher NPLs ratio in 2017 concentrated their efforts on loan recovery as opposed to disbursement of new loans.

Loans and advances continued to comprise the largest portion of total banking sector assets as they were recorded at 57.7 percent of total assets in June 2018 compared to 58.8 percent in June 2017 followed by cash and bank balances representing 22 percent (June 2017: 22 percent) and government and other securities at 14 percent (June 2017: 12 percent).

In respect of share of loans, mortgage, trade and manufacturing held the highest share of total banking sector loans, with a combined share of 64.8 percent at end June 2018. The share of mortgage loans increased from 34.5 percent at end June 2017 to 37.1 percent at end June 2018, while the share of manufacturing loans increased from 9.7 to 10.5 percent. In the same period, the share of trade loans reduced from 19.4 to 17.2 percent while that of hotel & restaurant loans dropped from 10.2 to 8.1 percent, mainly driven by completion of large hotel projects in 2016 and early 2017. Agriculture and mining account for a small portion of banking sector loans, with a share of 1.5 and 0.2 percent respectively.

2. The loan rejection rate is the ratio of the value or number of rejected loan applications by all banks to the number of loan applications received by the banks during the same period.

Table 10 : Share of Loans by Activity Sector (percent)

Activity Sector	% of total loans			% change Jun-18/17
	Jun-16	Jun-17	Jun-18	
Personal loans	8.5	7.9	8.4	13.0
Agricultural, fisheries and livestock	2.3	1.8	1.5	-13.5
Mining activities	0.1	0.1	0.2	104.5
Manufacturing activities	9.8	9.7	10.5	15.5
Water & energy activities	2.3	2.6	2.6	9.1
Mortgage industries	34.6	34.5	37.1	14.7
Public works	5.5	4.8	7.3	62.2
Residential houses	17.2	16.3	15.8	3.3
Commercial houses	11.9	13.4	14.0	11.7
Trade	22.7	19.4	17.2	-5.2
Hotels	7.6	10.2	8.1	-15.4
Transport & warehousing	7.1	8.7	9.8	20.1
OFI &Insurance	1.6	1.7	1.3	-17.6
Service sector	3.2	3.1	3.3	7.3

Source: **NBR**

On the liability side of the balance sheet, deposits continued to be the largest liability component representing 78.2 percent of banks' total liabilities as at end June 2017, from 79.1 percent a year earlier. Foreign liabilities continue to represent a small portion of liabilities (0.4 percent), effectively containing potential cross border risks. Other componants of banks' liabilities include funds from other local financial institutions (17.1 percent of total liabilities); bills payable (0.4 percent) and other liabilities (3.9 percent).

As at 30th June 2018, total banking sector deposits[3] increased by 9.5 percent (year-on-year) to FRW 1,834 billion, compared to 11.1 percent growth registered in the previous financial year. Term and savings deposits significantly increased by 19.2 percent to FRW 750 billion, compared to 5.2 percent registered last year. On the other hand, growth of demand deposits decelerated to 3.6 percent to FRW 1,083 billion, compared to 17.5 percent growth achieved in the same period last year.

Driven by the strong growth of term and savings deposits, the proportion of "term and savings" deposits in total banking sector deposits increased from 37.6 percent in June 2017 to 40.9 percent in June 2018. Strong growth of term deposits was moderately supported by a slight increase of deposit rate that increased from 7.8 percent in June 2017 to 8.0 percent in June 2018.

Despite the improved growth of term deposits, a larger composition of term deposits remain short-term. As at 30th June 2018, around 98.5 percent of total term deposits had a maturity of maximum 1 year.

Shortage of long-term resources therefore remains a hindrance for long-term lending and long-term investments. Improving the level of savings, especially long-term savings remains a critical priority for Rwanda.

In support of the agenda to increase savings, Government through the revised Income Tax Law (April 2018), introduced fiscal incentives by waiving the 15 percent withholding tax on term deposits with at least 1-year maturity. This policy, along with continued financial literacy and specifically savings awareness campaigns, is expected to drive long-term savings up.

Banks' cost of raising new funding remained broadly unchanged during the year as a slight increase of average deposit rate (from 7.8 percent to 8.0 percent) were offset by lower interbank funding rates (from 6.4 percent to 5.6 percent). The reduction in average interbank rate was triggered by an accommodative monetary policy stance implemented by NBR since December 2016.

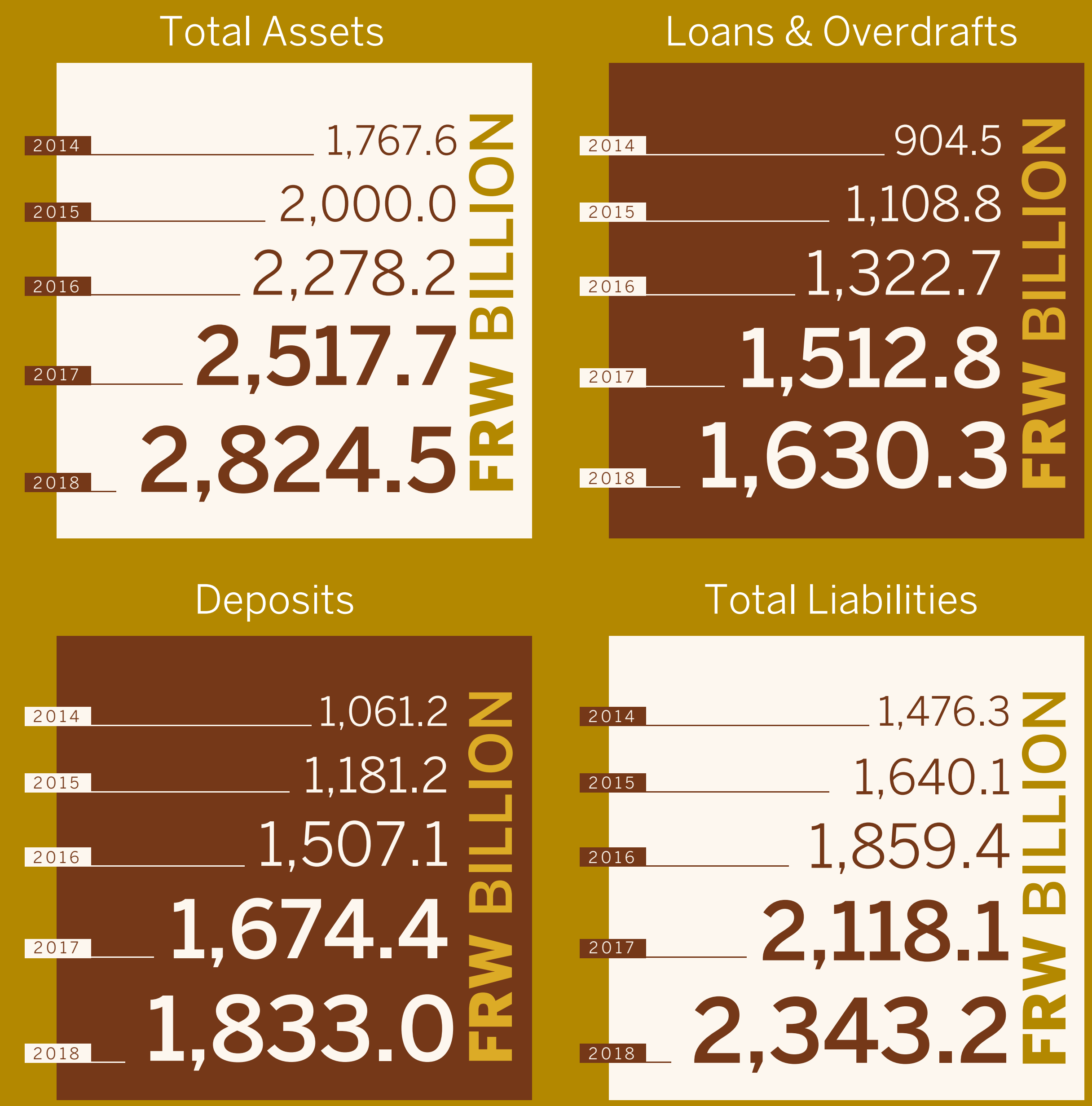
Table 11 : Key Banking Financial Highlights (FRW billion)

Indicators	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Total Assets (net)	1,767.6	2,000.0	2,278.2	2,571.7	2,824.5
Loans & Overdrafts (Net)	904.5	1,108.8	1,322.7	1,512.8	1,630.3
Deposits	1,061.2	1,181.2	1,507.1	1,674.4	1,833.0
Total Liabilities	1,476.3	1,640.1	1,859.4	2,118.1	2,343.2
Profits (Net After Tax)	17.3	23.6	19.4	21.5	22.9
Total Shareholders' Funds	291.3	359.9	418.8	453.6	481.3

Source: **NBR**

3. These cover households, government as well as public enterprises deposits

Banking Financial **Highlights**



Key soundness indicators

The banking sector capital buffer ensures that banks remains solvent and are able to absorb unforeseen financial and economic shocks. During the year under review, banks remained adequately capitalised. The total Capital Adequacy Ratio (CAR) for the banking sector stood at 21.4 percent as at 30th June 2018 compared to the 15 percent regulatory requirement. Banks also continue to maintain high quality capital. Common equity, which primarily constitutes core capital accounted for up to 96.7 percent of total capital of banks as at end June 2018.

The banking sector leverage ratio, which compares capital of banks to total assets, including off-balance sheet assets stood at 11.8 percent in June 2018 higher than the minimum prudential standard of 6 percent. It should also be noted that during the year, banks increased their paid-up capital by 26 percent (from FRW 209 billion in June 2017 to FRW 262 billion in June 2018) supporting the capital position of banks. The recent stress tests conducted by the Bank suggested that banks have sufficient capital to withstand economic shocks.

In effort to comply with International standards, in May 2017, NBR issued Regulation N°06/2017 of 19/05/2017 on capital requirements of banks in compliance with Basel II/III.

The regulation became effective beginning January 2018. The new framework requires banks to hold enough capital to contain a number of risks ranging from the traditional risks associated with financial intermediation (credit risk) to operational risks and market risks. The new framework ensures that banks set a side appropriate level of capital (high quality capital) to cater for various risks they undertake. An assessment to establish readiness of the banks to implement new regulation confirmed that banks faced no major challenges in meeting requirements of this framework. This was largely because of the sufficient preparation to adopt the new framework.

The banks' liquidity holdings remained favorable, with the Liquidity Coverage Ratio (LCR)[4] and Net Stable Funding Ratio (NSFR)[5] of banks standing at 299.5 and 224.7 percent respectively as at end June 2018, above 100 percent minimum prudential requirement.

The LCR and NSFR are Basel III compliant standards introduced by NBR through a regulation issued in May 2016 (Regulations No 07/2017 OF 19/05/ 2017 on liquidity requirement for banks).

> In January 2018, Regulation N˚6/2017 **became effective** and set capital requirements of banks **to be in compliance with Basel II/III.**
>
> The new regulation requires banks to set a side appropriate level of capital (high quality capital) to cater for various risks they undertake.

4. The LCR is calculated by dividing a bank's high-quality liquid assets by its total net cash flows over a 30-day stress period.
5. The NSFR is calculated by dividing the bank's available stable funds to its required stable funds

The LCR standard aims at promoting the banks' resilience to potential liquidity disruptions over a thirty (30) day horizon, by ensuring that a bank has sufficient unencumbered, high-quality assets to offset the net cash outflows it could encounter under an acute short-term stress scenario. The NSFR requires banks to maintain a stable funding profile in relation to the composition of their assets. It aims to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position. Banks faced no challenges in meeting liquidity requirements under the new standards.

The sector-wide loan-to-deposit ratio (LTD) dropped slightly to 94 percent at end June 2018, compared to 94.4 percent at end June 2017. The decline in LTD ratio is attributable to the growth of deposits that outperformed growth of loans in the year ended June 2018. The LTD indicates how banks transform deposits into loans.

The quality of banks' loan portfolios improved, with the Non-Performing Loans ratio (NPLs) declining to 6.9 percent as at June 2018, from 8.2 percent as at June 2017. In absolute amount, the NPLs stock dropped to FRW 138 billion in June 2018, from FRW 149 billion in June 2017. This is important in assessing overall soundness of financial institutions as it touches on many aspects on their operations including profitability, liquidity and capital adequacy. The improvement in the banking sector asset quality was supported by a strong performance of the economy that enhanced the debt servicing capacity of borrowers, as well as write-offs of bad loans that were in the loss category for more than 1 year.

Writing off bad loans is a regular exercise performed by banks to clean up their balance sheet for proper accounting of their assets and capital optimisation. However, defaulters who are written off continue to be liable for repayment.

Table 12 : Key Soundness Indicators for banking sector (percent)

Indicator	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Capital Adequacy Ratio (min 15%)	23.6	24.3	23.3	20.8	21.4
Leverage ratio (min 6%)					11.8
NPLs / Gross Loans	6.6	5.9	7	8.2	6.9
Provisions / NPLs	50.4	51.5	42.7	44.9	67.2
Return on Average Assets	2.1	2.4	1.7	1.7	1.6
Return on Average Equity	12	13	9	10	9.6
Liquidity Coverage ratio (Min 100%)	-	-	-	-	299.5
Net Stable Funding Ratio (Min 100%)	-	-	-	-	224.7
Loan to Deposit ratio	88.6	97.4	90.9	94.4	94
FX loans to FX deposits + Lines of credits (Max 50%)	12.7	32.6	55.7	42.5	31.5
FX exposure/core capital (+/- 20%)	-1.5	-7.1	-1.8	-6.1	-6.2

Source: NBR

A sectoral breakdown of impaired loans shows that NPLs dropped in several sectors. The NPLs ratio in agriculture dropped from 18.2 percent in June 2017 to 7.2 percent in June 2018. In the mortgage sector, it dropped from 5.8 percent to 5.3 percent, while in other services it dropped from 10.7 percent to 8.9 percent. The NPLs ratio, however, increased in manufacturing from 8.8 percent to 13.9 percent; in hotels from 9.8 percent to 11 percent, and in trade from 8.8 percent to 11.5 percent. The significant decline of NPLs in agriculture was driven by a strong growth rebound of the agriculture sector in 2018Q1.

Table 13 : NPLs by Economic Sector (percent)

Activity Sectors	Sectoral NPLs Ratio (percent)					Percent share in Total NPLs
	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	
Non-classified activities	6.3	7.2	6.4	7.8	6.1	6.9
Agricultural, fisheries & livestock	17.3	14.9	16.9	18.2	7.2	1.4
Mining activities	0	2.8	0.9	0	0.6	0
Manufacturing	2.3	1.1	6	8.8	13.9	19.7
Water & energy	0.2	2.6	0.2	0.1	0	0
Mortgage industries	5.4	4.5	5.1	5.8	5.3	26.1
Trade	6.3	7.1	6.9	8.8	11.5	26.6
Hotel	5.3	6.1	9	9.8	11	11.9
Transport & warehousing	4.5	4	3.1	3	2.6	3.4
OFI &Insurance	0.8	4.2	4.2	0.4	0.4	0.1
Service sector	6.6	6.5	4.5	10.7	8.9	3.9

Source: **NBR**

The coverage of non-performing loans by provisions (loan loss coverage ratio) improved to 67.2 percent in June 2018, from 44.9 percent in June 2017. The increase in the loan-loss coverage ratio mainly resulted from a strong growth of provisions, by 39 percent (from FRW 67 billion in June 2017 to FRW 93 billion in June 2018) offset by the 7 percent reduction in the stock of NPLs from FRW 149 billion to FRW 138 billion. The increase in provisions is largely attributable to the implementation of the requirement to compute general provisions at 1 percent for normal risk and 3 percent for watch category loans.

The improved loan loss coverage ratio indicates the banking sector improved resiliency to credit risk losses.

With regard to earnings performance, as at 30th June, 2018 the banking sector profits improved with a total profits (after tax) amounted to FRW 23 billion compared to FRW 21.5 billion registered as at 30th June 2017. Improvement was driven by higher Net Interest Income (from FRW 92 billion to 99 billion) and higher Non-Interest Income (from FRW 44 billion to 50 billion) which more than offset the increase of operational costs and provisions expenses of banks (from FRW 104 billion to 112 billion).

Interest income remained the main source of income for banks, despite non-interest income increasing at fast pace of 13.5 percent (year-on-year) in June 2018 compared to 12 percent for interest income. . As at June 2018, interest income accounted for 74.4 percent of total income of the banking sector, against 25.6 percent for other non-interest income.

Increased growth in non-interest income during the period under review was due to recoveries of bad loans (from FRW 12.5 billion to FRW 14.7 billion); foreign exchange income (from FRW 9.6 billion to FRW 11.4 billion) and; fees and commissions (from FRW 22 billion to FRW 24 billion).

Growth of the banking sector expenses increased from FRW 141 billion to 158 billion.

Banks' interest expenses, normally the main expense for banks, increased by 23.8 percent (year-on-year) to FRW 46 billion in June 2018, compared to 10.5 percent growth registered in June 2017. The uptick in interest expenses reflects the increased borrowings by banks from both local and foreign financial institutions and the changes in the deposit structure of banks where the ratio of remunerated term and saving deposits to total deposits increased in June 2018, compared to June 2017. To a lesser extent, the slight increase in the weighted deposit rate from 7.8 percent in June 2017 to 7.9 percent in June 2018 also weighed up interest expenses. Operational expenses of banks also increased by 6.0 percent to FRW 89 billion in June 2018, up from 5.3 percent growth registered in June 2017.

Banks' expenses were also weighed up by high growth of provision expenses, by 17.4 percent (from FRW 20 billion at June 2017 to 23 billion at June 2018). Strong growth of banking sector provisions was a result of the new requirement on general provisions issued by NBR in December 2017 to bolster the resiliency of the banking sector (Regulation N°12/2017 OF 23/11/2017 on credit classification and provisioning).

This regulation requires banks to maintain a provision of 1 percent of outstanding loans in normal[6] class and 3 percent of loans in watch[7] class. The improved loan-loss provision level demonstrates improved banking sector preparedness to absorb current and potential credit risks.

The banking system foreign exchange exposure remained within prudential limits. To contain foreign exchange risk, the NBR regulation requires banks to maintain their Net Open Position (NOP) within a band of +/-20 percent of core capital. As at June 2018, the banking system NOP stood at -6.2 percent. Foreign exchange exposure is also limited by the small size of foreign currency loans and foreign currency liabilities. Foreign currency loans amounted to the equivalent of FRW 245 billion at June 2018 (i.e., 12.3 percent of total loans). In the same period, foreign currency liabilities amounted to FRW 687 billion (i.e., 29.3 percent of total liabilities).

6. A Normal class refers to a credit facility that is up to-date in payments as scheduled in the contract
7. Watch class refers to a credit facility whose principal or interest is due and unpaid for thirty days to less than ninety days

FOREIGN EXCHANGE BUREAUS

In pursuit to ensure development and stability of forex bureaus, the Bank intensified its supervisory and surveillance activities on foreign exchange bureaus. As a result, the sector remain sound and profitable. As of end June 2018, the total capital and reserves held by the sector stood at Frw 5.5 billion from 3.4 Frw billion that registered in June 2017 despite the reduction of the total number of FX to 87 from 92 after closure of 5 FX due to non-compliance with regulatory requirements.

The increase was mainly due to the increase of the minimum required capital from Frw 20 million to Frw 50 million as per the NBR's regulatory requirement. The total Assets held at the end of June 2018 was 6.8 billion from Frw 4.7 billion that was registered as of end June 2017.
The sector was profitable with profit after tax of Frw 245 million from 131.8 million registered end June 2017. Total sales of FX was Frw 172.2 billion from Frw 133.35 billion while the total purchases of FX stood at Frw 171.1 billion from Frw 132.6 registered in the same period of 2017.

MICROFINANCE INSTITUTIONS SECTOR

Microfinance institutions remain critical enablers of financial inclusion in Rwanda, mainly for low-income groups that normally have limited access to banking services provided by traditional banks. As at end of financial year 2017/18, the sector comprised of 473 licensed institutions throughout the country. These include 416 Umurenge SACCOs; 38 non-Umurenge SACCOs and; 19 Limited Lability Microfinance institutions. Total MFIs assets increased by 14.3 percent (year-on-year) to FRW 283 billion (representing 6.6% of total financial sector) in June 2018, up from 7.6 percent growth in corresponding period of June 2017. The strong growth of assets was driven by robust growth of deposits, that increased by 17.0 percent to FRW 156 billion, compared to 5.9 percent growth registered in June 2017. Deposits remained the main source of funds for MFIs. As at June 2018, deposits accounted for 81.9 percent of total MFIs liabilities. Other sources of funds for MFIs include shareholders equity; lines of credit from bank, financiers such as Business Development Fund (BDF), and others.

Key soundness indicators

The MFIs sector maintained sufficient capital and liquidity positions as at end June 2018. Total MFIs Capital Adequacy Ratio (CAR) stood at 32.5 percent, higher than the 15 percent prudential requirement. The CAR for Umurenge SACCOs, a sub-sector of the MFI sector, stood at 32.1 percent. With regard to liquidity, the liquidity ratio of the MFIs sector stood at 103.3 percent, compared to 30 percent prudential requirement.

The higher capital and liquidity buffers held by MFIs reflect their asset mix, with cash in vault and deposits in banks accounting for 40 percent of total assets while outstanding loans represent 50.5 percent of total assets.

Over time, it was observed that as investment opportunities continue to increase, MFIs are expected to invest this capital buffer to more income generating assets.

The asset quality for MFIs improved during the year, with total NPLs ratio reducing from 12.3 percent in June 2017 to 8 percent in June 2018. In terms of amount, NPLs of MFIs reduced from FRW17 billion to FRW 12 billion during the period under review.
The reduction of the NPLs ratio was more pronounced in Limited Liability MFIs (from 20.9 percent to 8.7 percent). The NPLs ratio in Umurenge SACCOs reduced from 13 percent to 12.4 percent. The reduction in NPLs is attributable to write-offs of bad loans, especially in Limited Liability MFIs, and the improved economic performance, especially in agriculture during the last three quarters in financial year 2017/18.

In terms of earnings, profits of the microfinance sector recovered to FRW 3.3 billion in in June 2018 from a loss of FRW 118 million in June 2017. Average ROE for the MFI sector increased from -0.3 percent to 3.7 percent during the same period. Profits mainly came from SACCOs. Profits of Umurenge SACCOs was FRW 1.9 billion, slightly below FRW 2 billion profits achieved in June 2017, while profits of other non U-SACCOs increased from FRW 1.5 billion to 2.1 billion. On the other hand, Limited Liability MFIs registered losses amounting to FRW 653 billion, compared to the loss of FRW 3.6 billion registered in the first half of 2017. Higher provision expenses related to non-performing loans caused losses in Limited Liability MFIs.

Total Microfinance Institutions assets increased by

14.3% (year-on-year) to **FRW 283** BILLION

REPRESENTING **6.6%** of total financial sector IN JUNE 2018

As at end of Financial Year 2017/18, the sector comprised of **473 licensed institutions** throughout the country.

These include:

416 Umurenge SACCOs

38 Non-Umurenge SACCOs

19 Limited Liability Microfinance Institutions

Table 14 : MFIs Performance Indicators (U-SACCOs included)

Indicators	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Assets (FRW billion)	147.4	187.5	230.3	247.7	283.1
Loans (FRW billion)	78	93.6	119.5	127.4	142.9
Deposits (FRW billion)	82.2	104.9	126	133.4	156.1
Equity (FRW billion)	47	58.8	69.7	82.5	91.9
Net profit/Loss (FRW billion)	2.6	3.4	4.3	-0.1	3.3
Capital Adequacy Ratio (percent)	31.9	31.4	30.3	33.3	32.5
NPLs / Gross Loans (percent)	7.6	7.4	7.5	12.3	8.0
ROA (percent)	1.8	3.9	4	-0.1	1.2
ROE (percent)	5.6	12.6	13.3	-0.3	3.7
Liquidity ratio (percent)	86.2	95.4	95.1	99.1	103.3

Source: **NBR**

NON-BANK FINANCIAL INSTITUTIONS SECTOR

The non-bank financial institutions sector is mainly comprised of insurance and pension institutions.

Rwanda's insurance industry consists of public and private insurers. Public insurance business is composed by two public health insurers (RSSB-medical and MMI), while private insurance business consists of fourteen private insurers (10 general insurers and 4 life insurers).

During 2017/18, the general insurance sector accounted for 82.8 percent of total gross premiums earned, while life insurance accounted for 17.2 percent. The insurance sector operates a network of 581 agents, 17 brokers, and 18 loss adjusters as at June 2018, respectively from 557 agents, 13 brokers, and 13 loss adjusters in June 2017.

The pension sector in Rwanda, is composed of the mandatory public pension scheme - Rwanda Social Security Board (RSSB) and 10 voluntary pension schemes which are still in the embryonic stage of development.

Insurance Sector development

Assets of the insurance sector increased by 15 percent (from FRW 366.5 billion in June 2017 to FRW 423 billion in June 2018), compared to 10.2 percent achieved in the corresponding period of 2017. Improved growth of the insurance sector assets was driven by retained earnings from public insurers and capital injections of several private insurers during the period between June 2017 and June 2018. Despite this growth, the insurance penetration (Gross premiums relative to GDP) remains low at 1.7 percent in June 2018, the same level as in June 2017. The per capita insurance spending (Gross premiums relative to active population) improved to FRW 20,943 in June 2018 from FRW 17,813 in June 2017.

Insurance sector assets are dominated by placements in banks and investment in Government securities. As at end June 2018, placements in banks accounted for 47 percent of insurance sector assets from 48 percent as at June 2017, followed by investment in Government securities at 15 percent of total assets from 12 percent as at June 2017. Insurers also continued to meet the investment limits established by the NBR on asset classes.

On a consolidated basis, total investment in properties was at 10 percent as at June 2018 from 11 percent as at June 2017, which is lower than the 30 percent maximum prudential limit. Similarly, total insurance sector investment in equity was 11 percent of total assets as at June 2018 from 12 percent as at June 2017, which is lower than the 30 percent prudential maximum.

Other assets accounted for 16 percent of total assets as at June 2018, from 18 percent as June 2017. General insurers, with short-term liabilities, maintained their investment is short-term instruments like placements in banks. On the other hand, life insurers relatively maintained their investments in long-term assets (real estate, treasury bonds) that match their long-term liabilities.

Profits (after tax) of the insurance sector increased from FRW 18.6 billion as at June 2017 to FRW 24.9 billion as at June 2018. Improved profits of the insurance sector were largely driven by the strong growth of premiums and improved investment income that grew by 34 percent to FRW 17 billion in June 2018 from FRW 12.7 billion in June 2017. Net profits improved across many insurers both private and public. Profits of public insurers during the period under review increased from FRW 17.9 billion to FRW 22.2 billion while profits of private insurers' increased from FRW 0.6 billion to FRW 2.7 billion, mainly from investment income that grew by 17 percent to FRW 6.1 billion in June 2018 from FRW 5.2 billion in June 2017.

Table 15 : Key Financial Performance Highlights of the Insurance Sector

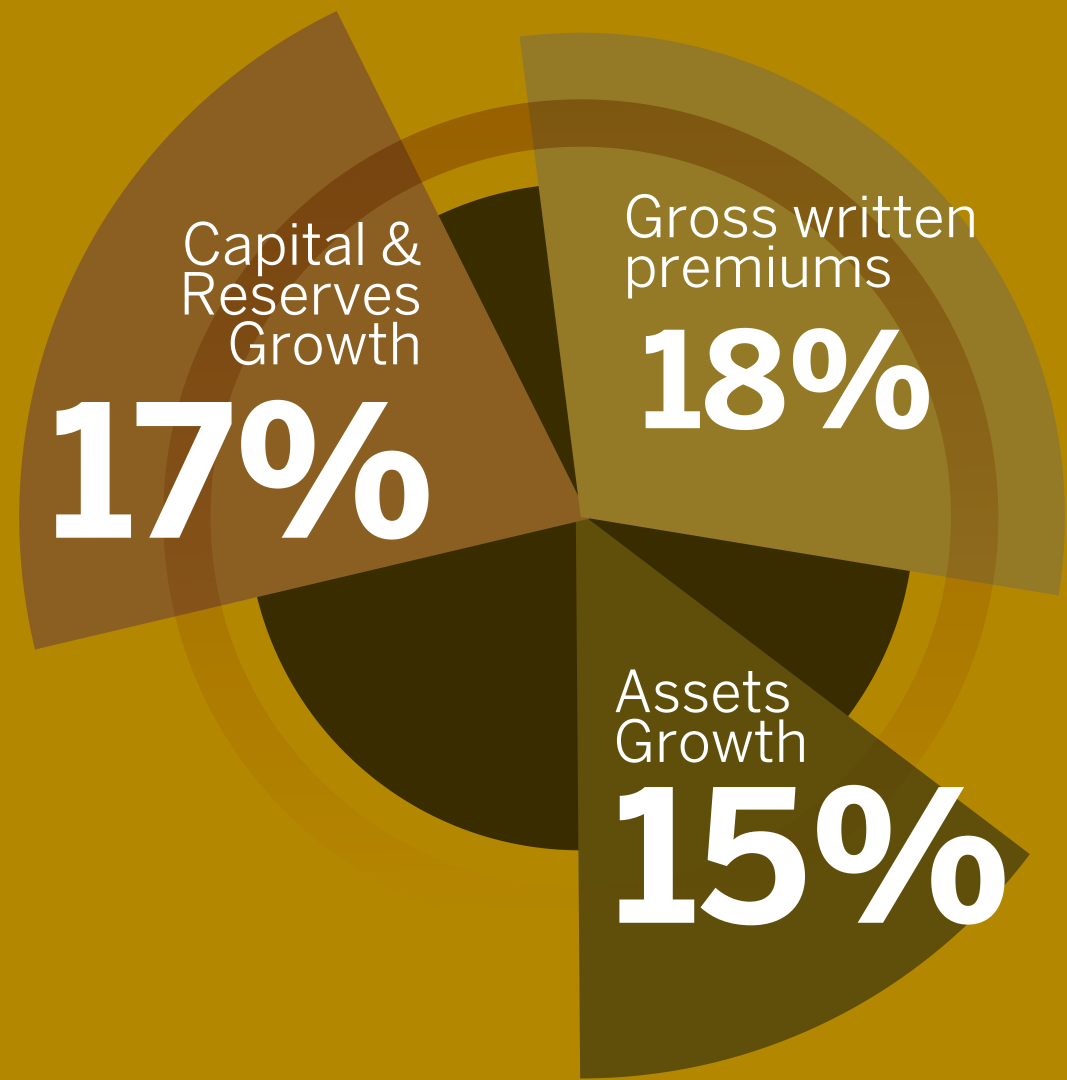
Description (FRW billion) Insurance Sector (Public & Private)	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	%Change Jun17/16	%Change Jun-18/17
Gross written premiums	44.9	47.5	52.9	59.7	70.2	12.9	18
Net written premiums	38.2	41.1	46.1	52.3	61.4	13.4	17
Total Claims	18.7	22.0	30.2	30.9	36.3	2.3	18
Management expenses	13.2	13.6	17.2	15.2	16.8	-11.6	10
Net underwriting profit (loss)	6.3	5.4	(1.4)	6.3	8.3	-550.0	32
Investment Income	8.9	9.8	11.6	12.7	17.0	9.5	34
Net profit after taxes	14.6	14.7	10.0	18.6	24.9	86.0	34
Assets	247.2	295.3	332.6	366.5	423.0	10.2	15
Technical provisions	51.1	59.0	74.2	80.5	85.5	8.5	6
Liabilities	15.6	18.0	20.3	19.8	26.2	-2.5	32
Capital and reserves	180.5	218.4	238.1	266.0	311.3	11.7	17
Private insurers	**Jun-14**	**Jun-15**	**Jun-16**	**Jun-17**	**Jun-18**	**%Change Jun-17/16**	**%Change Jun-18/17**
Gross written premiums	25.4	27.9	30.6	33.8	37.7	10.5	12
Net written premiums	18.7	21.5	23.7	26.5	29.0	11.8	9
Total Claims	12.0	13.6	18.5	18.4	18.5	-0.5	0.5
Management expenses	10.4	11.0	13.2	12.3	13.5	-6.8	9
Net underwriting profit (loss)	(3.7)	(3.1)	(8.0)	(4.2)	(3.0)	-47.5	-29
Investment Income	4.3	4.0	4.1	5.2	6.1	26.8	17
Net profit after taxes	0.1	0.3	(4.1)	0.6	2.7	-114.6	346
Assets	102.9	116.7	124.7	136.4	157.5	9.4	15
Technical provisions	51.0	58.5	73.4	79.8	84.4	8.7	6
Liabilities	11.8	15.9	17.5	17.3	21.5	-1.1	24
Capital and reserves	40.0	42.2	33.8	39.2	51.6	16.0	32
Public insurers	**Jun-14**	**Jun-15**	**Jun-16**	**Jun-17**	**Jun-18**	**%Change Jun-18/17**	**%Change Jun-18/17**
Gross written premiums	19.5	19.6	22.4	25.8	32.5	15.2	26
Net written premiums	19.5	19.6	22.4	25.8	32.5	15.2	26
Total Claims	6.7	8.4	11.8	12.5	17.8	5.9	43
Management expenses	2.8	2.6	4.0	2.9	3.3	-27.5	14
Net underwriting profit (loss)	10.0	8.6	6.6	10.5	11.3	59.1	8
Investment Income	4.6	5.8	7.5	7.5	10.9	-	46
Net profit after taxes	14.5	14.4	14.1	17.9	22.2	27.0	24
Assets	144.4	178.6	207.9	230.1	265.5	10.7	15
Technical provisions	0.1	0.4	0.7	0.7	1.1	-	53
Liabilities	3.8	2.0	2.8	2.5	4.7	-10.7	89
Capital and reserves	140.4	176.2	204.3	226.8	259.7	11.0	14

Source: **NBR**

Key Financial Performance Highlights of the Insurance Sector

Insurance Sector Growth

(Public & Private)



Strong growth of investment income of private insurers was driven by favourable yields on term deposits in banks and government securities as well as a marked growth in invested funds from the capital injections.

Profits of the insurance sector were also underpinned by the strong growth of net earned premiums compared to the growth in claims incurred and operating expenses. For the sector as a whole, net premiums earned increased by FRW 9.1 billion (from FRW 52.3 billion in June 2017 to FRW 61.4 billion in June 2018) while in the same period both claims incurred and operating expenses increased by FRW 7 billion (from FRW 46.1 billion to 53.1 billion).

Thus, the combined ratio of the insurance sector which is obtained by comparing total expenses to net premiums earned, reduced from 87 percent in June 2017 to 86 percent in June 2018 against the 90 percent maximum prudential benchmark.

Table 16 : Performance of Motor Insurance Business

Description (FRW Million)	Jun-15	Jun-16	Jun-17	Jun-18
Net earned premiums	9,181	11,016	10,980	12,907
Claims incurred (-)	5,986	9,843	8,805	8,716
Expenses (-)	4,316	5,119	4,363	5,182
Net underwriting profit/loss	(1,121)	(4,864)	(2,187)	(990)
Key soundness indicators (%)				
Claims ratio (60%-70%)	65	89	80	68
Expenses ratio (≤30%)	47	46	40	40
Combined Ratio (< 100%)	112	136	120	108

Source: **NBR**

Generally, private insurers are still making underwriting losses, although lower compared to last year (from 4.2 billion in June 2017 to 3 billion in June 2018).

Going forward, in order improve the underwriting business of private insurers, the NBR will continue working with the insurance sector to ensure appropriate pricing of risks, combat fraud in claims, obtain efficiency by managing operating expenses, and through ensuring that companies have sufficient technical reserves to pay claims.

Insurance sector key soundness indicators achievements

Aggregate private insurers' solvency margins – a measure of the strength of insurers' capital buffers held to cover losses – strengthened to 149 percent in June 2018, compared to 61 percent in June 2017 and thus above the 100 percent prudential requirement. The improved solvency position of private insurers was driven by capital injections by some insurance companies. As at June 2018, total capital of the sector grew by 17 percent to FRW 311.3 billion from FRW 266 billion in June 2017.

Table 17 : Key Financial Soundness Indicators of the Insurance Sector

FSIs (percent) Insurance sector (Private + Public Insurers)	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Solvency margin (Min. 100%)	1722	941	991	1,034	1091
Claims ratio (max.60%)	49	54	66	59	59
Expenses ratio (max. 30%)	35	32	36	28	27
Combined ratio (max.90%)	84	85	102	87	86
ROE (min. 16%)	16.2	13	4	14	16
ROA (min. 4%)	11.8	10	3	10	12
Liquidity ratio (min.150%)	319	382	345	333	353
Private Insurers	**Jun-14**	**Jun-15**	**Jun-16**	**Jun-17**	**Jun-18**
Solvency margin (Min. 100%)	131	88	(30)	61	149
Claims ratio (max.60%)	64	63	78	70	64
Expenses ratio (max. 30%)	56	47	50	42	46
Combined ratio (max.90%)	120	110	128	112	110
ROE (min. 16%)	0.5	1	(24)	3	10
ROA (min. 4%)	0.2	0	(7)	1	3
Liquidity ratio (min.150%)	121	128	52	94	121
Public Insurers	**Jun-14**	**Jun-15**	**Jun-16**	**Jun-17**	**Jun-18**
Solvency margin (Min. 100%)	3314	2467	2,394	2,160	2,195
Claims ratio (max.60%)	34	43	66	48	55
Expenses ratio (max. 30%)	15	13	35	11	10
Combined ratio (max.90%)	49	56	101	59	65
ROE (min. 16%)	21	16	14	16	17
ROA (min. 4%)	20	16	14	16	17
Liquidity ratio (min.150%)	2551	5899	3,215	4,699	3,481

Source: **NBR**

Liquidity of the insurance sector remains adequate. The liquidity ratio of insurance sector, which compares current assets to current liabilities, improved from 331 percent in June 2017 to 353 percent in June 2018, which is above the minimum prudential requirement of 150 percent.

Performance of Mandatory Pension Scheme (RSSB)

Growth of pension fund assets accelerated following high growth of contributions. Total assets of the pension fund increased by 19.2 percent (from FRW 628.8 billion in June 2017 to 749.2 billion in June 2018), up from 7.6 percent registered last year.

This growth mainly came from increased contributions, which grew by 14.8 percent (from FRW 77.5 billion to FRW 89 billion), compared the 4 percent registered in the corresponding period of last year. This increase was largely driven by increased number of contributors that increased from 465,579 in June 2017 to 539,441 in June 2018. Growth of investment income slowed to 6.9 percent (From FRW 27.4 billion in June 2017 to 29.3 billion in June 2018), compared to 18.6 percent growth registered in corresponding period of last year.

Table 18 : Key Financial Highlights of RSSB-Pension Fund

Description (FRW Billion)	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	%change Jun-17/16	%change Jun-18/17
Total assets	455.9	512.1	584.5	628.8	749.2	7.6	19.2
Total contributions	55.5	59.7	74.5	77.5	89.0	4	14.8
Total benefits paid	11.9	14.9	15.8	17.7	21.1	12	19.1
Operating expenses	7.1	4.3	4.7	4.5	5.9	-4.3	31.4
Investment Income	20.2	21.0	23.1	27.4	29.3	18.6	6.9

Source: **NBR**

Despite the increasing number of pension fund contributors, the pension coverage is still low at 8 percent in June 2018, from 7.1 percent in June 2017. This is closely associated with significant low proportion of the population that is employed in the formal sector.

The recent launch of the National Long Term Savings Scheme (LTSS) is expected to tap into the informal sector to grow long-term savings, including pension. The establishment of voluntary complementary pension schemes is also expected to further deepen the pension coverage.

Equities (both quoted and unquoted) represent the largest portion of the pension fund's assets (36 percent up from 33 percent in June 2017). Investment in these equities increased by 21.8 percent (from FRW 217.2 billion in June 2017 to FRW 264.7 billion in June 2018), after reducing by 11 percent the previous year. The increase of pension fund equity investments is mainly attributable to increased share prices in some quoted equities as well as new investments in other, mainly unquoted equities.

8. The figure includes all contributors who paid their premiums within the financial year 2016/2017.
9. Pension coverage ratio compares the number of people enrolled in pension fund relative to working-age population)

Cash and Bank balances are the second most significant asset category representing 27 percent (down from 28 percent) of the fund's assets. Term deposits represented 68 percent of these balances down from 72 percent as at June 2017 and 86 percent in June 2016. It is worthwhile noting that the fund's current accounts, which act as collection accounts prior to making investment decisions, are also remunerated in a bid to optimise returns.

On the other hand, the pension fund reduced their exposure in Government securities. The total pension fund investment in Government securities reduced from FRW 98.4 billion in June 2017 to 92.8 billion in June 2018, implying a 5.7 percent decline. Similarly, during the same period the pension fund total investment in property also dropped from FRW 117.5 billion to FRW 98.4 billion, implying a 16.3 percent decline.

The level of contributions to RSSB remains adequately higher compared to the benefits paid. As at end June 2018, benefits paid were 23.7 percent of contributions. The RSSB invests the surplus contributions to meet the future liabilities. The low number of beneficiaries as compared to the number of contributors reflects the demographic structure of the Rwandan population, where the percentage of retirement age population is 3 percent total population, while the working age population is 58 percent of total population [10] .

Table 19 : The Investment Mix of RSSB-Pension Fund

Description (FRW billion)	Jun-15	Jun-16	Jun-17	Jun-18	% share	%change Jun-18/17
Government Securities	77.7	97	98.4	92.8	13%	-6%
Equities	166.6	199.7	217.2	264.7	36%	22%
Properties	112.8	117.2	117.5	98.4	13%	-16%
Cash & Bank balances	137.5	156.5	187	199.7	27%	7%
Other investments & securities	14.3	12	39.3	78.9	11%	101%
TOTAL	508.9	582.4	659.4	734.5		11%

Source: **NBR**

With the establishment of the Pension Law in 2015, the National Bank of Rwanda started to license and regulate private pension schemes. As at end June 2018, the NBR had licensed 10 private pension schemes of which 6 are complementary pension schemes and 4 personal pension schemes.

The NBR had also licensed several service providers including 3 custodians, 5 investment managers, 4 administrators as well as 1 trustee for these schemes. As at June 2018, these schemes had 37,739 contributing members of which 3,566 were in complementary pension schemes and 34,173 in personal pension schemes.

10. Source of data: NISR population estimate based on the 2012 census.

ACCESS TO FINANCE

The Bank continued to monitor financial inclusion and accessibility to financial services in Rwanda as a critical enabler to the development of the national economy.

It is in this perspective that different financial inclusion reports that measure progress on access and usage of financial services were produced and published. There was significant progress as highlighted in the last national financial inclusion survey (FinScope 2016) indicating both formal and informal financial inclusion at 89 percent, from 72 percent in 2012 and 47 percent in 2008. As per the available official data from that recent FinScope the percentage of formally served adult population (i.e. with access to regulated financial institutions: banks, insurance, pension, MFIs, SACCOs and Mobile money) stood at 68% and the vision of the country is to achieve at least 90% by the next seven years.

This subsection will discuss recent trend of financial accessibility in Rwanda, trends in financial usage indicators and the number of clients' accounts for as of end June 2018 compared to the same period of 2017.

Recent Trend in Access Points

In measuring the outreach and physical presence of financial service providers, the number of branches for banks, MFIs and insurance companies declined. The number of bank branches decreased from 553 in June 2017 to 522 in June 2018. This reduction is attributed to the adoption of digital channels and agency banking by banks. The number of banks with agency banking increased from five as at June 2017 to six as at June 2018.

In addition, the number of insurance branches and agents has significantly increased. The number of insurance agents grew from 581 in June 2017 to 864 in June 2018 and the growth was attributed to the authority given to insurance companies to register their agents. Insurance branches increased from 141 in June 2017 to 200 in June 2018.

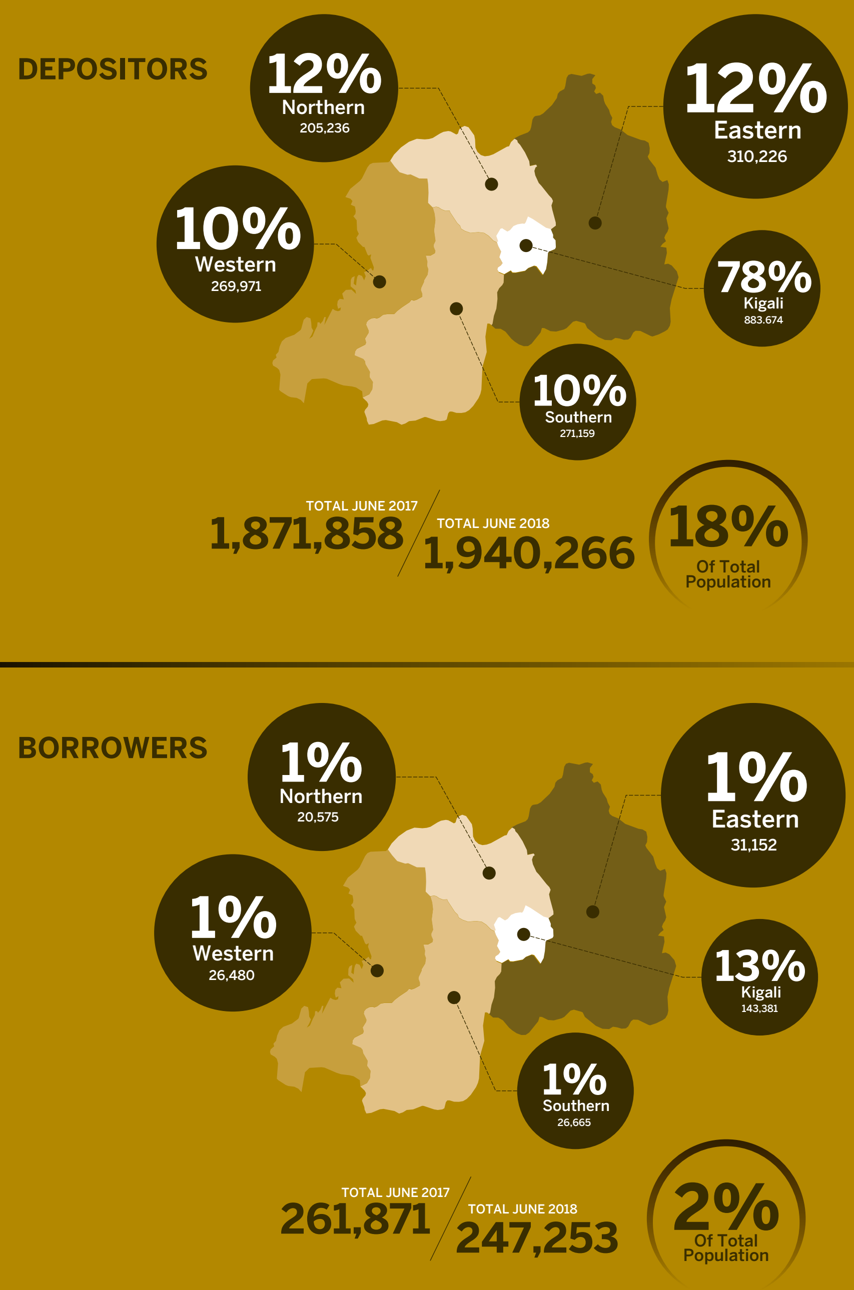
On the other hand, the mobile financial services agents increased greatly from 83,550 in June 2017 to 124,945 in June 2018, an increase of 49.5 percent.

Table 20 : Number of Branches and Agents

Branches	Jun-17	Jun-18	% change
Banking	553	522	-5.6
Microfinance	735	736	0.13
Insurance	141	200	41.8
Total	1,429	1,399	-2.0
Agents			
Banking	3,547	3,780	6.6
Microfinance	487	487	0
Insurance	581	864	48.7
Mobile money Agents	83,550	124,945	49.5

Source: **NBR**

Number of Depositors and Borrowers by Province



Recent Trends in Financial Usage Indicators

The key indicators of usage of financial products is how people borrow and deposit money. The number of depositors in the banking sector grew from 1,871,858 in June 2017 to 1,940,266 in June 2018 (3.5 percent increase). Kigali city has the highest number of depositors (45.5 percent) followed by Eastern Province (16 percent), Western Province (14 percent), Southern Province (14 percent) and Northern Province (10.5 percent).

The number of borrowers in the banking sector decreased from 261,871 in June 2017 to 247,253 in 2018 (5.9 percent decrease). In terms of geographical distribution, Kigali city has 58 percent of the total number of borrowers while the Northern Province has the lowest number of borrowers (8.3 percent) as of end June 2018.

Table 21 : Number of Depositors and Borrowers by Provinces

	KIGALI	NORTH	EAST	WEST	SOUTH	Total (Jun-17)	Total (Jun-18)
Depositors	883,674	205,236	310,226	269,971	271,159	1,871,858	1,940,266
% of total population	78%	12%	12%	10%	11%	18%	18%
Borrowers in Banks	143,381	20,575	31,152	26,480	25,665	261,871	247,253
% of total population	13%	1%	1%	1%	1%	2%	2%

Source: **NBR, Financial Stability Directorate and the Fourth Rwanda Population and Housing Census, 2012.**

Number of Client Accounts

In June 2018, the total number of accounts of banks and MFIs increased by 3.1 percent to 6 million. The share of female owned accounts in the MFIs, with gender disaggregated data, stands at 39.7 percent (1.4 million) while male owned accounts are 51.7 percent (1.9 million). In terms of growth, the account penetration for women grew faster compared to men's. The accounts for females in MFIs grew by 9.8 percent whereas for males, the increase was 9.6 percent.

Table 22 : Number of Client Accounts (Thousands)

Branches	Jun-16	Jun-17	Jun-18	% change
Banking	2,318	2,501	2,357	-5.7
Microfinance	3,008	3,356	3,686	9.8
Female	1,153	1,333	1,464	9.8
Male	1,580	1,739	1,906	9.6
Groups/entities	275	284	316	11.2
Total	5,326	5,857	6,043	3.1

Source: **NBR**

LOOKING FORWARD

- The Bank will continue to create enabling environment by ensuring existing laws and regulations respond to the current dynamic market environment and ensure compliance with international best practice.

- The Bank will continue to enforce its role of supervising the entire financial sector, by conducting onsite and offsite inspections. The offsite work is expected to be smoothened by the launch of a new system (EDWH), which gathers financial data from the source. This tool will ensure efficiency and effectiveness in data collection, validation and reporting.

- The capital and liquidity positions of banks will strengthen further under the new Basel II/III capital and liquidity standards. The implementation of a new accounting standard (IFSR9) is also expected to boost the resiliency of the banking system. The NBR has issued an implementation guideline in this regard to ensure a smooth and sector wide consistent application of the standard.

- To sustain a healthy insurance sector, NBR will continue working with the insurance industry on appropriate pricing of risks, as well as proper management of claims and operational expenses.

3 RESERVES MANAGEMENT

CONTENTS

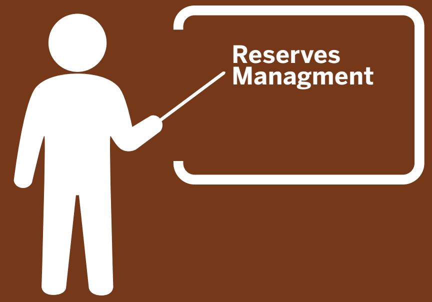
How are reserves managed in NBR?

The Law establishing NBR in its Article 41 requires to hold and manage official foreign exchange reserves. These reserves are managed adhering to the three objectives of preserving the capital (value) of the reserves, proving necessary liquidity and generating income on reserves invested. Reserves are tranched into liquidity and investment portfolios accordingly. The latter are also subdivide into sub portfolios with specific guidelines. Sub portfolios under investment tranche are managed partly internally and externally by enhanced indexation and active management styles. The liquidity tranche is managed internally and invested on short money market instruments.

To manage the reserves effectively, the NBR established Reserves Management Framework which is made of four (4) main documents: The Reserves Management Policy, the Reserves Management Guidelines, the Credit Risk Policy, and the Strategic Asset Allocation (SAA) which is reviewed annually.

These documents guide the Reserves Management Committee-RMC on how much reserves are tranched into liquidity and investment portfolios. The management of reserves takes risks to make a reasonable profit that reduces the cost of holding reserves and implementing monetary policy.

NBR in managing foreign reserves seeks to ensure capital preservation, the liquidity to allow the country to meet external obligations and support the monetary and exchange rate policy; and the income generation aiming at building up the country foreign reserves and contributing to the financing needs of the Bank.



"NBR in managing foreign reserves seeks to ensure capital preservation, the liquidity to allow the country to meet external obligations and support the monetary and exchange rate policy; and the income generation aiming at building up the country foreign reserves and contributing to the financing needs of the Bank."

OVERVIEW OF GLOBAL MARKET CONDITIONS

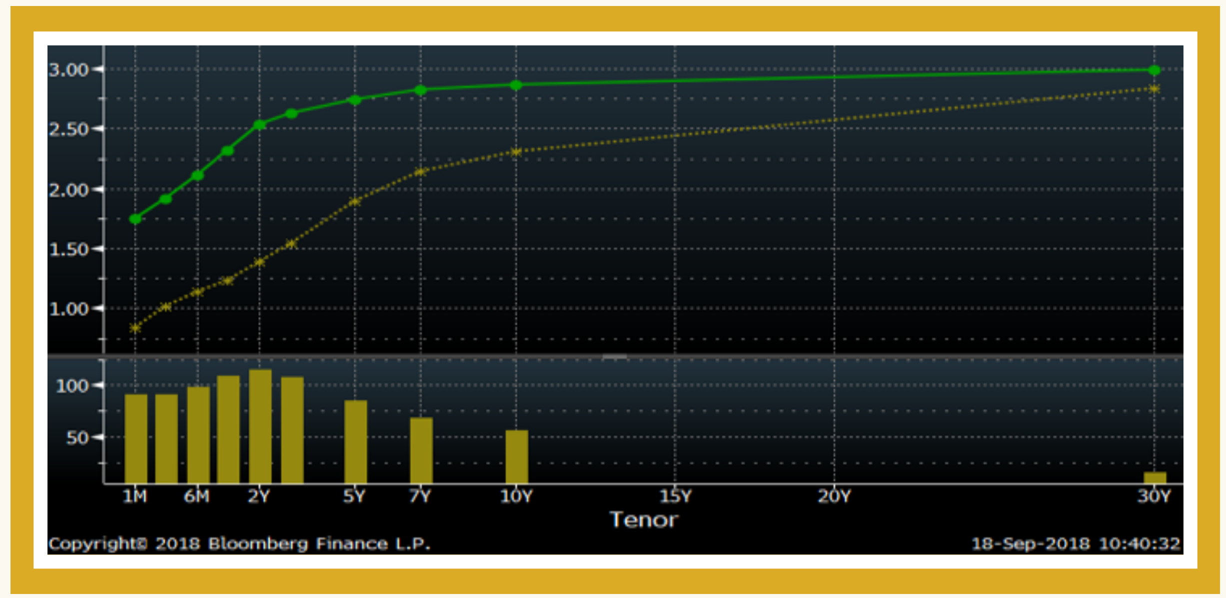
The 2017-2018 financial year saw favorable global financial conditions ripping from post-crisis measures taken by monetary and regulatory authorities. Significant risks also appeared with rising protectionism and trade wars. Over the past financial year, global economic activity accelerated to 3.6% by end June 2018 from 3.2% in 2016.

Despite losing some momentum in the last quarter of 2017 and the first quarter of 2018, especially in the euro area, growth remained above potential in most countries. Because of these developments, manufacturing output and global trade expanded strongly benefiting manufacturing exporters, especially in East Asia.

This contributed to a rebound in commodity prices, which in turn supported the gradual recovery in commodity-exporting countries and rebound in inflation.

With the global economy gaining traction, the US Federal reserve, well ahead of its peers on the path to policy normalization, started its plan to shrink its $4.5 trillion balance sheet in October 2017 and continued to tighten its policy rates, with 125 basis points hike between June 2017 and June 2018. The Fixed income market returns, especially the US Treasury bonds returns, increased covering almost the negative rise in price return. This was consecutive to the appearance of a US yield curve inversion trend, which was probably due to trade wars -perceived future negative impact.

Figure 4 : US Government bonds yield curve change in FY 2017/18



Source: **Bloomberg**

PERFORMANCE OF NBR RESERVES IN 2017/18

The FY 2017/18 return as of end June 2018 stood at 1.354% against a benchmark return of 1.131% i.e. 223 bps above the benchmark. In 2016-17, the total return was 0.84% vs a benchmark return of 0.68% or 16 bps above benchmark. This performance was driven by the strategic asset allocation (SAA) and a moderate curve exposure to 4 and 5 years as well as US interest rate hikes.

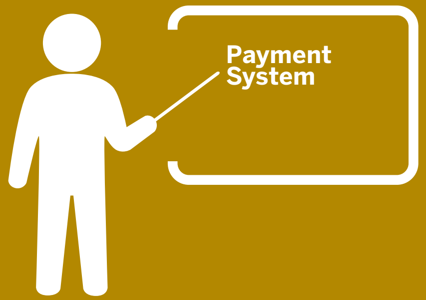
CONTENTS

NATIONAL PAYMENT SYSTEM

NBR is responsible for ensuring that payment, settlement and currency systems are secure, effective, affordable and accessible. The Bank is also mandated to issue banknotes and coins as well as other related currency services to the public, which is a key component of the payment systems. The effectiveness of the system plays a critical role in contributing to realization of NBR mission of ensuring price stability and a sound financial system.

The current system in use, the Rwanda Integrated Payment Processing System (RIPPS) comprises of ATS (Automated Transfer System) which channes high value transactions through Real Time Gross Settlement (RTGS) and low value transactions through Automated Clearing House (ACH). In addition to ATS and RTGS, RIPPS has another integral component of the Central Securities Depository (CSD) that transacts all securities (both equities and debt) issued in Rwanda.

The payment system further includes an integrated primary trading (auction) module and an application (tightly linked with the RTGS function of the ATS) for the settlement of securities transactions, following the principle of Delivery versus Payment (DvP).



"NBR role is to ensure that payment, settlement and currency systems are secure, effective, affordable and accessible. The Bank is also mandated to issue banknotes and coins as well as other related currency services to the public, which is a key component of the payment systems."

DEVELOPMENT OF NATIONAL PAYMENT SYSTEM

During the FY 2017/18, the Bank continued to develop, implement and oversee the payment systems to support Rwanda's transformation to cashless economy.

Key developments observed in financial services technology include enhancement of RIPPS with Mastercard integration, this will facilitate settlement of transactions on MasterCard by eliminating exchange cost and fasten payments for locally issued cards.

Other key accomplishments to note include implementation of Cheques Truncation System (CTS) that enables electronic exchange of all files related to cheques. This has shortened significantly the clearing cycles and settlement of cheques by reducing time to the same day settlement (T+0). Banks are no longer required to meet physically at NBR premises to exchange cheques. With regard to securities settlement systems, the Bank integrated SMS Bridge with CSD to enable investors in Government securities and private securities (Equities) have instant notification messages upon any change of their securities balance.

The Bank in collaboration with other stakeholders also conducted awareness campaigns aimed at enhancing merchant's understanding the benefits of using electronic payments. As a result, the target of 30 percent value of e-payment to GDP was reached in June, 2018 from 21.09 percent recorded in June 2017.

Through Public-Private Partnership, NBR conducted e-payement awereness campaign aimed at accelerating the move towards a cashless Rwanda.

The Bank continued to be actively involved in the development and implementation of policies and oversight standards as highlighted below:

Reviewed Law/ Regulations & Licenses	Expected outcome
Drafted amendment of payment system law	• The ongoing amendments of payment system law focuses on risk based oversight and supports innovation in retail payment system by including various categories of licenses depending on payment services to be provided.
Regulation N° 05/2018 of 27/03/2018 governing payment service providers	• **Published in the OG N° 14 of 02/04/2018**. The regulation reviewed the Regulation N° 07/2015 of 13/11/2015 governing payment services providers. The regulation put in place the licensing requirements for Payment service providers. It introduces the new element of "sandbox" aiming at allowing innovators to test new digital financial products.
Regulation N° 06/2018 of 27/03/2018 on money remittance services	• **Published in the OG N° 14 of 02/04/2018.** The regulation describes operational requirements for money remittance service providers. The regulation also sets obligations to comply with laws and regulations on Anti-Money Laundering and Financing Terrorism (AML/FT) and mechanisms for customer protections and reporting requirements.
Regulation N° 07/2018 of 27/03/2018 on payment initiation and aggregation services	• **Published in the OG N° 14 of 02/04/2018**. The regulation sets activities specific to payment service providers to facilitate initiation and authorisation of electronic fund transfers by way of a variety of services to merchants and/or users (Payment Initiation Services, PIS). The regulation describes common operational and prudential requirements for payment initiation and payment aggregator services providers. It also puts in place requirements for payment terminal service providers and mechanisms for communication between users.
Provided licences	• The Bank has provided licenses to four (4) e-money issuers, five (5) standalone remittance service providers, twelve (12) international remittance companies providing service in partnership with various local institutions, one (1) payment system operator as well as two (2) cheque printers.

Key accomplishment

Initiatives	Description
National Payment Council	• Established by the Prime Minister's Order N° 237/03 of 24/11/2016 • The Council has the overall mission of defining a modern national payment system strategy and providing guidelines on the policy and institutional development of the national payment system. • Chaired by the Governor of the National Bank of Rwanda and deputy Governor as deputy chairperson and composed of other 10 members. • During NPC meeting held in 2017/18, priority areas were identified for special attention such as interoperability project, cyber security and disruptive technologies in payment system.
Payment system interoperability	• To achieve full retail interoperability, a blueprint was developed to serve as a guide to establishing and implementing the interoperability. This will improve the efficiency of payment services by enhancing some features such as faster payment, open and inclusive access and liquidity management.
Awareness campaign for Cashless economy	• To achieve the vison of having an inclusive cashless society in Rwanda, the Bank targeted to enhance Rwanda electronic payment system in order to increase the value of e-payment transactions as a ratio to GDP. • Public awareness campaign for e-payments usage was conducted in partnership with the Private Sector Federation (PSF) under the theme **"Accelerating the move towards a cashless Rwanda trough Public Private Partnership".** The campaign was conducted from 16th November 2017 to 12th December, 2017 and gathered 2,844 merchants countrywide. • The awareness campaign purpose was to change merchant's perception by promoting and prioritizing the usage of electronic payments.
Enhancement of RIPPS	• **MasterCard integration with RIPPS:** the integration of MasterCard and RIPPS system enables the domestic settlement of MasterCard operations to settle in RIPPS system as it is for other Switches like VISA and RSWITCH. • The MasterCard Domestic Net Settlement facilitates settlement of transactions on MasterCard by eliminating exchange cost and fasten payments for locally issued cards.
Policy for all Government officials - not using cash while on mission	• The objective was to support cashless economy strategy

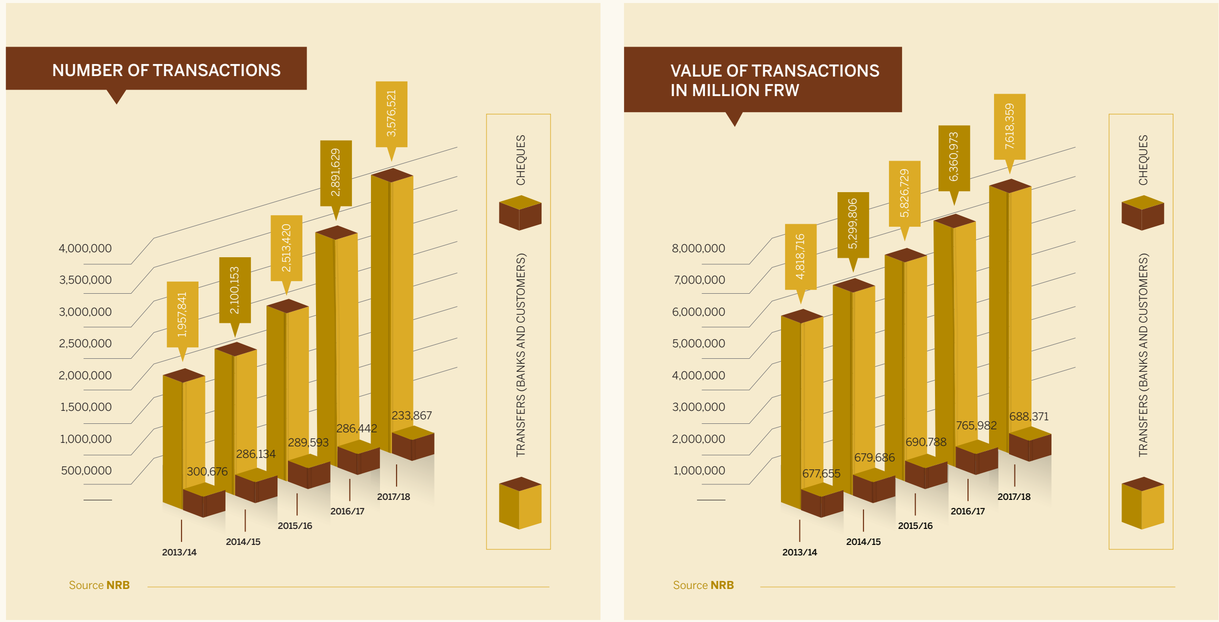
NATIONAL TREND IN PAYMENT SYSTEMS

As a result of different initiatives implemented during the year, an increasing trend in the usage of electronic payment system was observed.

Rwanda Integrated Payments Processing System (RIPPS)

RIPPS is an integrated system comprising of Automated Transfer System (ATS) and Central Securities Depository (CSD). ATS continued to smoothly process credit transfers, and cheques. In terms of volume of instructions, transfers have increased by 24% and 20% in terms of volume and value respectively. Regarding cheques, there have been a decrease of 18% and by 10% in terms of volume and value respectively due to government adoption of internet banking. The following figure shows transactions which went through ATS over the last five years.

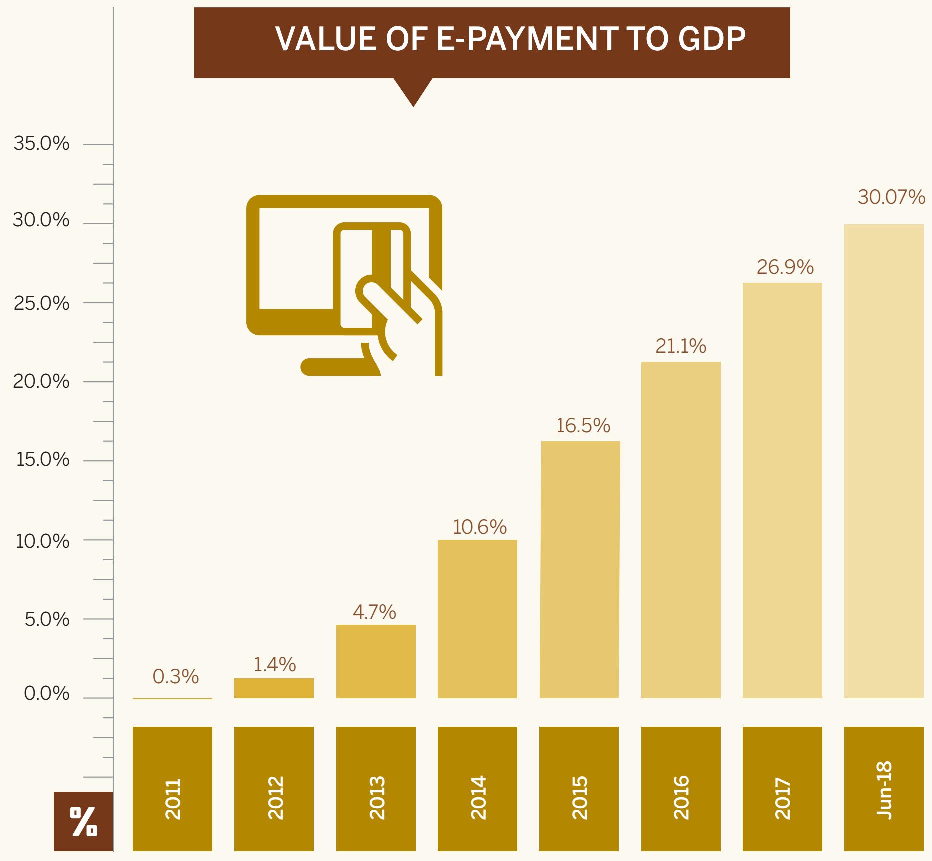
Figure 5 : Automated Transfer System –ATS (FRW)



Trend in Retail Payment System

Retail payment services have been developing over recent years based on customer adoption and technology developments. The share of retail payment compared to GDP continued to grow. The figure below shows the trend over the last 8 years.

Figure 6 : Value of E-Payment to GDP



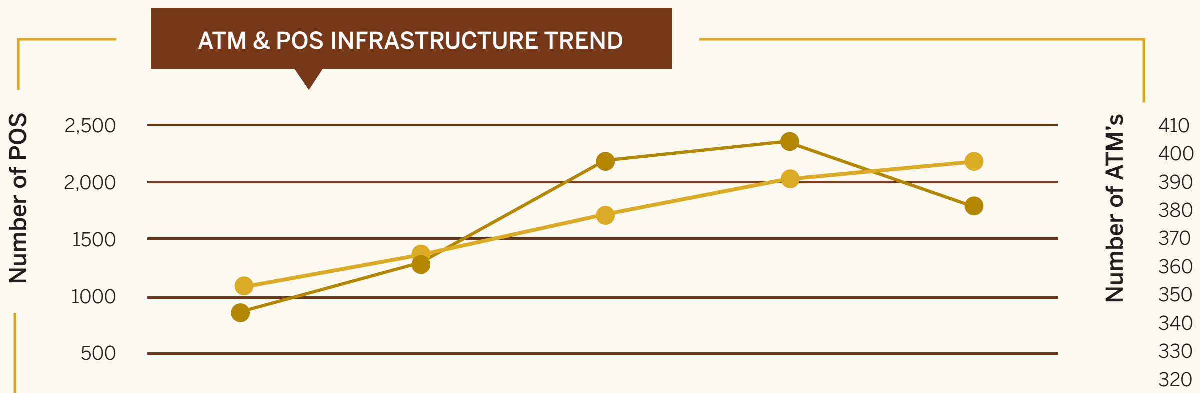
Source: NBR

Infrastructure trend

The number of Traditional POS[11] increased by 8% from 2,031 to 2,198 whereas ATMs decreased by 6% from 405 to 382 due to banks that opted to close some of their ATMs. The past year has seen significant rollout of payments channels that enables mobile devices to be used to make contactless payments. New type of POS devices were therefore introduced including 6,418 of m-POS[12] , 345 of NFC enabled POS[13] and 3,998 Virtual POS[14] during the reporting period. Figure below highlights the progress achieved over the last years. Once interoperable, these modern access point will positively impact on the adoption of payment services in Rwanda.

11. Traditional POS: those which accept traditional cards.
12. M-POS: accept payment through a merchant codes, whether on smart phone or a feature phone
13. Near-field communication enabled POS
14. Virtual POS: accept payment through QR Code or web services

Figure 7 : ATM & POS infrastructure trend

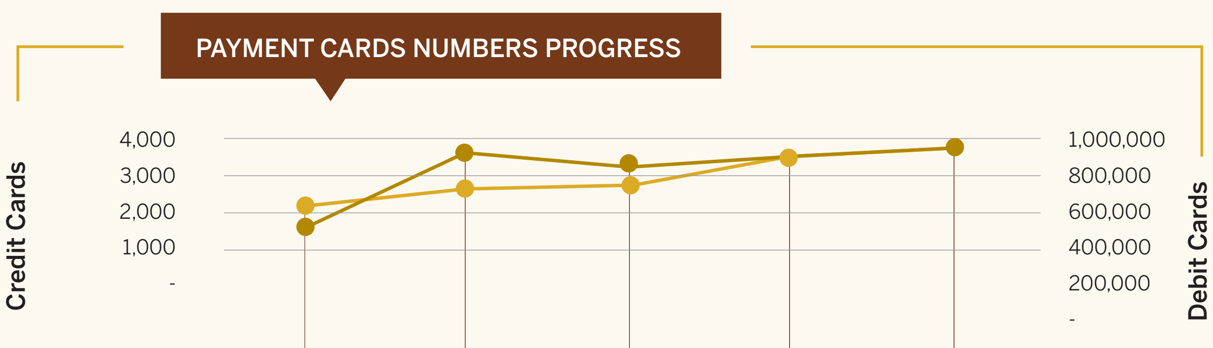


	End June 2014	End June 2015	End June 2016	End June 2017	End June 2018
POS	1,057	1,339	1,707	2,031	2,198
ATMs	343	361	398	405	2,198

Source: NBR

The number of debit cards increased by 8% from 872,476 in June 2017 to 945,262 in June 2018 while credit cards increased by 10% from 3,531 in June 2017 to 3,768 in June 2018. The figure below highlights the increase of cards during the last years.

Figure 8 : Payment cards numbers progress



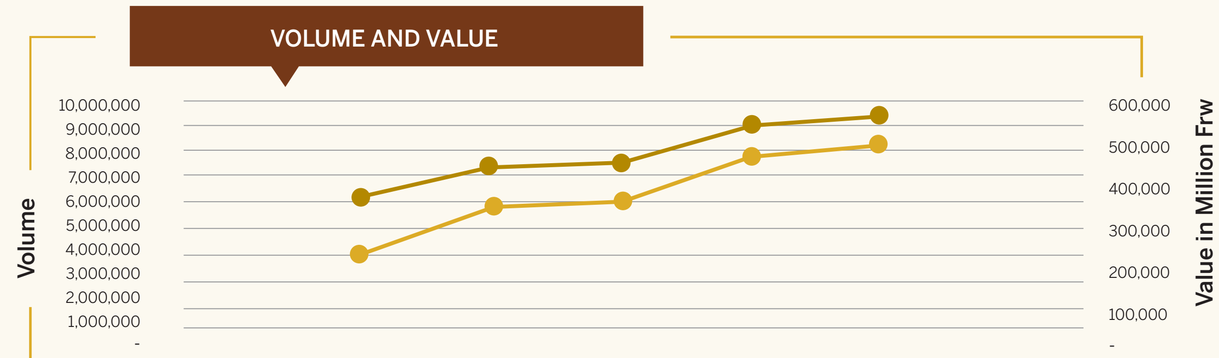
	End June 2014	End June 2015	End June 2016	End June 2017	End June 2018
Credit Card	1,561	3,675	3,201	3,531	3,768
Debt Card	532,157	654,349	682,184	872,476	945,262

Source: NBR

ATMs transactions

Regarding ATMs, there has been an increase of 5% in terms of volume and 10% in value of transactions. The figure below highlights the evolution of ATMs transaction in last five years.

Figure 28 : ATMs transactions



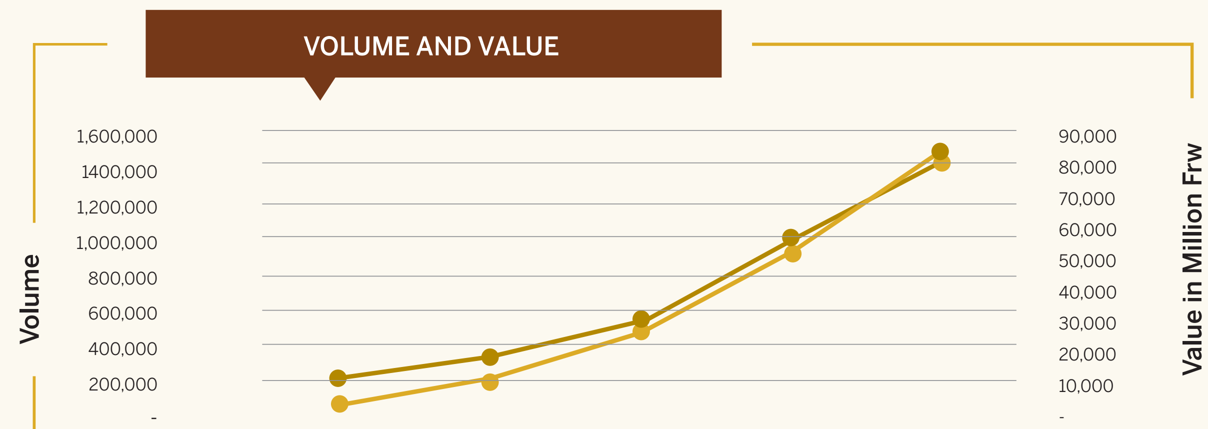
	July 2013-June 2014	July 2014-June 2015	July 2015-June 2016	July 2016-June 2017	July 2017-June 2018
Volume	6,316,274	7,385,971	7,648,034	8,974,691	9,422,662
Value in M/Frw	237,209	351,671	370,034	459,377	503,920

Source: NBR

POS transactions

The volume and value of transactions increased by 59% and by 41% respectively during the year under review due to increased usage and adoption of POS by merchants. The figure indicates POS transactions over the last five years.

Figure 9 : POS Transactions



	July 2013-June 2014	July 2014-June 2015	July 2015-June 2016	July 2016-June 2017	July 2017-June 2018
Volume	93,056	208,357	497,075	924,464	1,470,460
Value in M/Frw	11,248	18,877	31,200	57,084	80,688

Source: NBR

Touch points Penetration

As of end June 2018, the biggest number of payment access points (ATMs &POS terminals and mobile money agents) is still located in Kigali City while the lowest number of ATMs and mobile money agents is located in Northern Province. Besides, the Eastern Province registered the lowest number of POS terminals. The difference in geographical distribution of payment access points is largely attributed to differences in concentration of levels of economic activities.

Table 23 : Payment Access Points

Access Points	Province	Kigali City	North	East	South	West	TOTAL
ATMs	Number (Jun-18)	202	36	49	41	54	382
	% share	53%	9%	13%	11%	14%	100%
POS	Number (Jun-18)	1,832	79	66	84	137	2,198
	% share	83%	4%	3%	4%	6%	100%
Mobile money Agents	Number (Jun-18)	38,434	8,145	20,011	14,055	14,027	94,672
	% share	41%	9%	21%	15%	15%	100%

Source: NBR

The table below summarises the penetration and usage of payment touch points and cards over the last six years.

Table 24 : Penetration and usage of touch points and cards 2013-2018

	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Rate of penetration of ATMs per 100,000 adult pop.	5.3	5.4	5.6	5.9	5.9	5.4
Rate of penetration of POS (Traditional) per 100,000 adult pop.	13.0	16.8	20.6	25.5	29.4	30.9
Rate of penetration of Cards per bank accounts	17.2%	26.8%	28.9%	29.6%	35%	40%
Average usage of card on ATM	8.9	11.8	11.2	11.2	10.24	9.93
Average usage of card on POS	0.2	0.2	0.3	0.7	1.06	1.44

Source: NBR

Mobile financial and Internet banking services

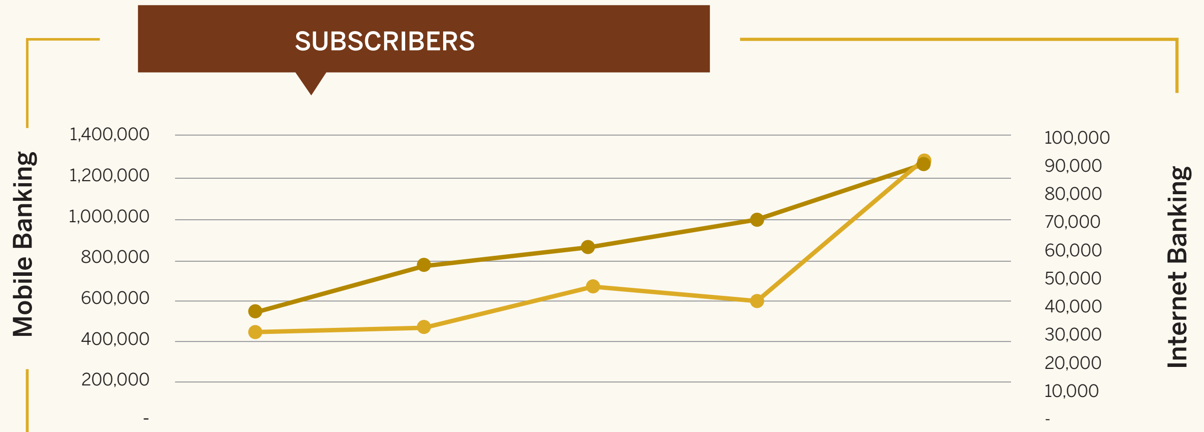
Mobile payment services continue to increase over the year under review for mobile money, mobile banking and internet banking.

Between June 2017 and June 2018, the registered mobile money accounts subscribers increased by 9% from 8.7 to 9.4 million with an increase of 18% of active mobile money holders.

Regarding mobile banking accounts subscribers, it increased by 26% from 1,005,146 to 1,266,483 while subscribers of internet banking have increased by 112% from 43,882 to 92,865.

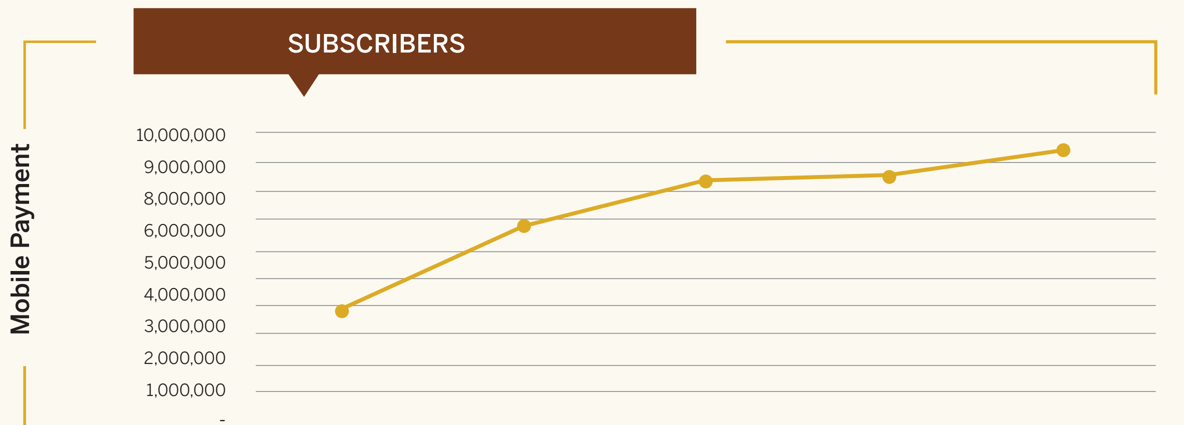
With regard to agents, the number of mobile money Agents reached 94,672 with an increase penetration rate of agents per 100,000 adult population of 10%, from 1,210 to 1,329 agents between June 2017 and June 2018. The graphs below highlights the growth in Mobile Financial Services from 2014.

Figure 10 : Mobile and internet banking subscribers



	End June 2014	End June 2015	End June 2016	End June 2017	End June 2018
Mobile	552,027	769,497	862,945	1,005,146	1,266,483
Internet	32,460	33,750	47,586	43,882	92,865

Source: **NBR**

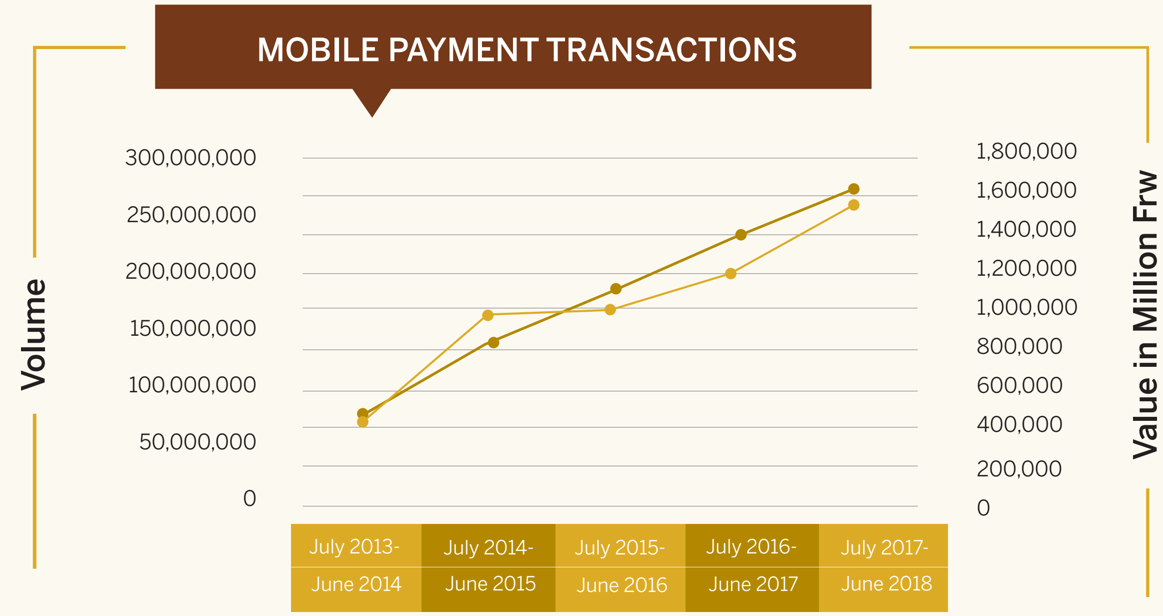


	End June 2014	End June 2015	End June 2016	End June 2017	End June 2018
Mobile Payment	3,826,997	6,763,467	8,371,693	8,659,115	9,405,057

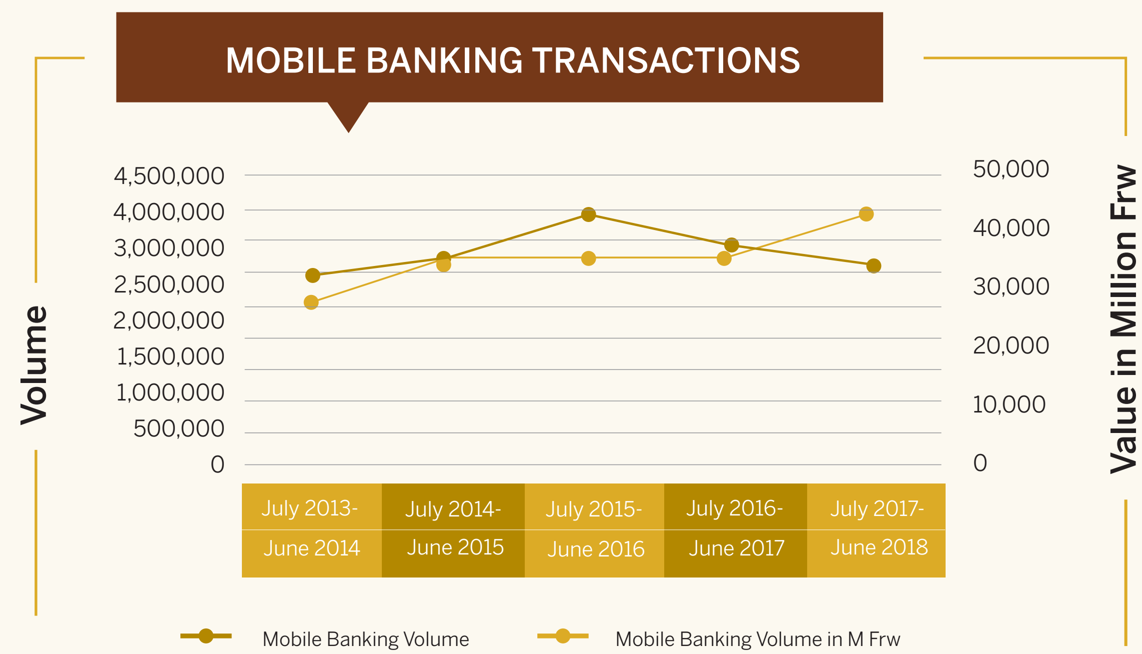
Source: **NBR**

Mobile financial transactions recorded an increase of 18% in terms of volume and 31% in value during the reporting period as indicated in below figure.

Figure 11 : Trend of Mobile financial Services transaction



Source: **NBR**

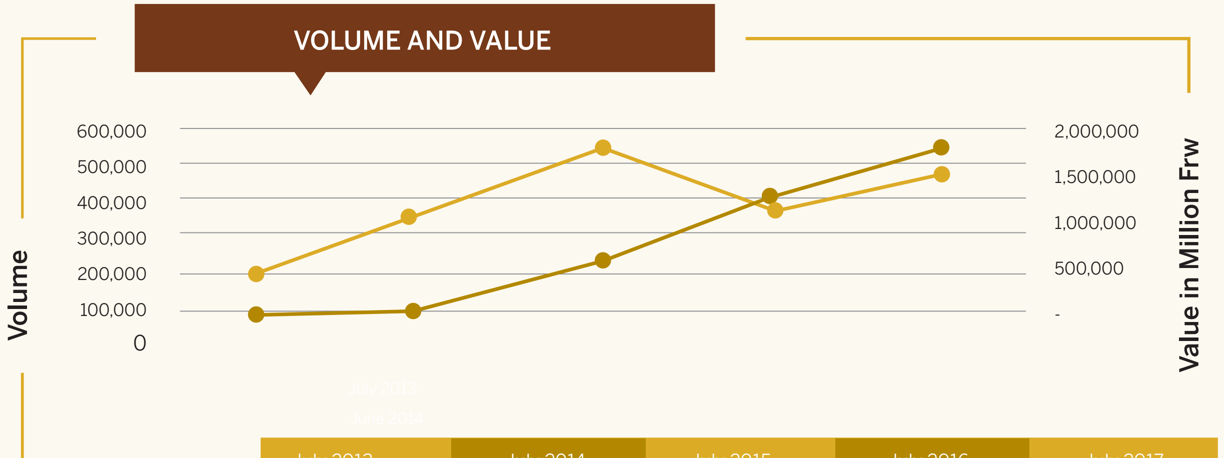


Source: **NBR**

Internet Banking Service

The Bank continuously improved banking operations to ensure customer convenience through Internet Banking Services.

Figure 12 : Usage of Internet Banking Service



	July 2013-June 2014	July 2014-June 2015	July 2015-June 2016	July 2016-June 2017	July 2017-June 2018
Volume	205,275	362,422	537,742	362,733	468,112
Value in M Frw	252,078	379,378	713,660	1,320,703	1,798,918

Source: **NRB**

LOOKING FORWARD

- To accelerate achievement of a cashless economy, the Bank will review the payment system law.
- The Bank will coordinate the implementation of interoperability blueprints.
- The Bank will also upgrade Automated Transfer System (ATS) and Central Security Depository (CSD).
- The Bank will continue to upgrade RIPPS to support latest MX message standards, automate reconciliation of transactions between T24 and RIPPS, and support 24 hours operations.

CURRENCY MANAGEMENT

According to the law N° 48/2017 of 23/09/2017 governing the National Bank of Rwanda (NBR) in its articles 34 to 41, the Rwanda Francs Currency issuance is an exclusive privilege of the NBR.

Conferring to the above mentioned law, the monetary unit of the Republic of Rwanda is the Rwandan franc abbreviated as "FRW", hereinafter referred to as "the franc".

The current range of Rwanda banknotes and coins with legal tender are as below:

- For banknotes: 5000 FRW, 2000 FRW, 1000 FRW and 500 FRW
- For coins: 100 FRW, 50 FRW, 20 FRW, 10 FRW, 5 FRW and 1 FRW.

Currency Management in the National Bank of Rwanda is very significant as it is one of the most visible functions which touch the lives of every individual. The Bank's role is to protect the integrity of banknotes, review and improve its security features.

In addition, the Bank through Currency Management is responsible for planning, designing, and printing of bank notes and coins, and destroying old notes which are no longer fit for use. Currency is issued through withdrawals from commercial banks at NBR headquarters and to all provinces through its branches, and old banknotes are retrieved through the same channel. The cash deposited in the Bank by commercial banks are processed and sorted, and the clean notes are re-issued while the dirty notes are destroyed.

Counterfeiting or forgery of banknotes and coins issued by NBR or any other foreign monetary authority, as well as the introduction, use, sale, hawking and the distribution of such forged or counterfeit bank notes or coins are punished in accordance with the provisions of the Penal Code of Rwanda.

Therefore, the Bank also fights counterfeiting and focuses to stay ahead of the counterfeiters.

CURRENCY ISSUANCE PER DENOMINATION

The Bank has the sole right of issuance of currency by ensuring an adequate supply of banknotes and coins to meet the demand of the Rwandan economy. This includes supply of good quality banknotes, receive deposits of banknotes and coins from the banks and destruction of unfit banknotes. During the financial Year 2017/18, the Bank issued 78.7 Billion FRW of banknotes and 580 Million FRW worth of coins. In the same period, deposits from banks amounted to 377.2 Billion FRW versus withdrawal amounting to 393.3 Billion FRW.

COUNTERFEITING STATUS

During the FY under review, the level of counterfeit on Rwandan Francs remained below 0.001% versus an acceptable ratio of 1% of the total banknotes in circulation. The Bank continues to strengthen security features in Rwandan Francs banknotes that allows general public to recognize a fake note. So far, the new spark security feature added to 5000, 2000, and 1000 FRW allowing public to detect easily a fake note.

Furthermore, the Bank in collaboration with other stakeholders will continue to streamline effort in fighting against currency counterfeiting.

STATUS OF CURRENCY MANAGEMENT AUTOMATION AND IMPACT

In the past, the Bank acquired two (2) High speed cash processing machines (BPS M7). This aimed at improving operational efficiency, faster and accurate accounting, improve planning, monitoring and control as well improving the counting and sorting of deposits from commercial banks. The acquisition of cash processing solution contributed to the decrease of issuance of fresh notes minimizing the cost of printing compared to four previous years.

Currency management automation has also improved the bank's operational efficiency, made faster and accurate accounting, improved monitoring and control in cash processing as well as better customer service regarding counting and sorting of deposits from commercial banks.

The Bank has started the project of Cash Centre automation in which all cash machines and vaults will be automated, and the aim of this project is to ensure efficiency and security of money as well as optimum stock management with less human effort. This project will end in the beginning of the second half of FY 2018/19.

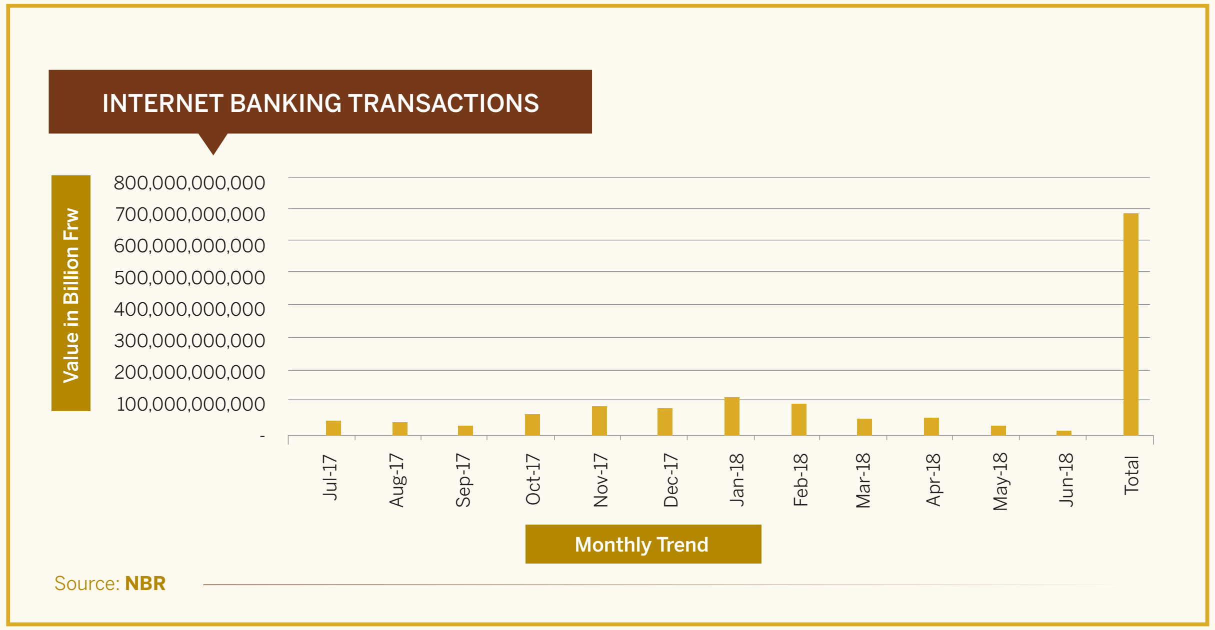
INTERNET BANKING

The National Bank of Rwanda, in order to serve better the Government and its customers and as part of the Bank full automation journey, has embarked in promoting online services; it is in that context that in March 2017 the Internet Banking services went live and all banking operations by our clients is done online. In November, 2017, the Internet Banking was integrated with government IFMIS (Integrated Financial Management Information System), under the Ministry of Finance and Economic Planning. And with this initiative we have been able to integrate 292 budget agencies, 100 % of all entities using IFMIS.

This has removed categorically manual postings, and queuing at BNR counters for payment orders processing. All payments including other services are processed online. We shall continue with enhancement of the Internet banking in the next financial year to make our online services more user-friendly, fast and available 24/7.

The figure below shows the monthly trend of amount paid in billion Rwandan francs through internet banking for the 2017-18 Financial Year. These are Government related payments excluding Government Treasury payments.

Figure 13 : Internet Banking Transactions



LOOKING FORWARD

- The Bank will work on the quality of the banknotes by enhancing its production with the current technological design and printing integrated with new security features for middle denomination that are more used by the general public;
- The Bank will complete the Cash Centre Automation Project which will be integrated with all required internal and external banking systems; to improve efficiency in cash processing, management and reporting;
- The Bank will continue with enhancement of the Internet banking in the next financial year to make online services more user-friendly, fast and available 24/7.
- In addition, the bank will continue to provide swift online banking services with an automated customer complaints addressed within the agreed timeframe of the Bank's Citizens Charter.

5 BUSINESS EXCELLENCE

To effectively and efficiently deliver the mandate of the Bank, it must excel in the five strategic enablers, notably ensuring agile IT solution and innovative technology, improving staff competence and motivation, improving working environment & infrastructure, increasing customer and stakeholders' confidence as well as enhancing financial performance. During the year, the Bank achieved a number of significant strategic initiatives related with the above strategic objectives.

CONTENTS

BUSINESS EXCELLENCE

Business excellence is one of the strategic themes supporting the delivery of the core mission of the Bank with the ultimate goal of increasing stakeholders' confidence.

To achieve this, NBR pursued the following strategic objectives:

- Improve Staff Competence and Motivation;
- Ensure agile IT Solutions and Innovative Technology;
- Improve working Environment & Infrastructure,

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

The vision to become a "**World Class Central Bank**" has certainly given NBR a higher motivation to embrace dynamics of modern central banking shifting from a traditional long established work culture to a culture of excellence. Among NBR's key priorities is to build an organizational culture driven by the world class roadmap and the revised strategic plan aligned to the National Strategy for Transformation-NST1.

To achieve the Bank's vision, NBR is developing a skilled, motivated and dynamic workforce whose expertise and experience is a basis to deliver on the Bank's mission of ensuring price stability and a sound financial system.

The National Bank of Rwanda has a workforce of 390 that includes 352 on permanent basis and 38 on contract basis. The males constitute 66%, compared to 34% for female counterparts.

The Bank's Staff Composition

352

Table 25 : The Bank's Staff Composition (for Permanent Staff)

POSITIONS			TOTAL	%
MANAGEMENT	1	1	2	0.6%
EXECUTIVE DIRECTORS	2	4	6	1.7%
DIRECTORS	14	5	19	5.4%
MANAGERS	45	15	60	17%
OFFICERS	170	95	265	75.3%
TOTAL	232	120	352	100%

Key Accomplishments

Initiatives	Outcome
Reviewed career management policy	▪ Improved staff motivation and career growth; ▪ Catalysed talent management, succession planning, personal and leadership development, coaching and mentorship. ▪ Promoted professional development hence creating experts in different careers. ▪ Career progression opportunities established clarity for staff growth and learning ▪ Attracted ambitious professionals from the market and ensured staff retention
Organization Structure Review	▪ The Bank aligned its functions by upgrading some of its functions to match the latest requirements in the central banking business, best practices and harmonisation with East African Central Banks ▪ From organizational structure review, new positions were created to enforce excellence.
Capacity Building	▪ Capacity building plan was implemented at 83%. ▪ All staff trained in leadership and customer care competence. ▪ Technical trainings were conducted in ICT, financial sector, monetary policy and economic research.
Internship Program	▪ The Bank continued to strengthen professional and academic internship program ▪ A career day was held to give guidance to young graduates. Senior managers interacted with fresh graduates.

Staff Welfare

NBR considers its staff as the key resource that drives the Bank to greater heights, thus, investing in people development and well-being is on the top of the Bank's priorities. During 2017/2018 various health programs were successfully conducted to all staff.

Each employee is encouraged to belong to a sports club sponsored by the Bank. This did not only improve staff health and teamwork but also positively impacted staff productivity.

To continue improving staff welfare, the Bank extends to each employee subsidized loans including mortgage, car loans and salary advances.

NBR through Complementary Occupational Pension Scheme (COPS) encourages a culture of saving amongst its staff to complement on the RSSB pension fund. The fund was invested in government bonds and recorded an investment return of 12.15% in the year 2017/2018.

ENSURING AGILE IT SOLUTION AND INNOVATIVE TECHNOLOGY

Information technology (IT) plays a key role in fulfilling the Bank's mission. Particularly, ICT is at the helm of Bank's modernization. It provides required secure information and analytical capability that the NBR needs to conduct its business. During the year under review, the Bank implemented several ICT initiatives ranging from IT Governance, Business process automation, enhancement of ICT infrastructure and information security.

BNR ICT GOVERNANCE FRAMEWORK

For the last three years, NBR has been implementing an IT governance framework known as COBIT 5. The framework is part of the Bank's corporate governance that is overseen by Board of Directors. Importantly; the frame work guides the Bank to consistently create optimal value from IT by maintaining a balance between realizing benefits and optimizing risk levels and resource use
So far, the NBR was able to develop twelve (12) priority processes that are currently under implementation, among which the IT strategic plan was developed and approved.

The IT Strategic Plan outlines a common purpose for ICT and it ensures that the Bank is able to work towards a common ICT mission which is "To add value to the Bank through innovative, effective, secure IT solutions and quality IT services." Presently, the role of ICT in the Bank is changing from service provider to value contributor.

During the financial year 2017/18, an Information Technology Enterprise Architecture document was established to guide the bank on how to make effective decisions about which IT solutions and technology to adopt for implementation.
Having ICT holistically governed and managed will help the Bank to continue pursue its strategic programs of Business process automation, technology enhancement, and information security.

BUSINESS PROCESSES AUTOMATION

In the financial year 2017-2018, major technology solutions implemented by the National Bank of Rwanda include: integration of internet banking with Ministry of Finance's Financial Management System (FMIS) and the Check truncation system.

Integration of FMIS (Financial Management Information System) with Internet Banking was successfully launched in March, 2018. This has drastically improved government payments processing through electronic means. The solution has replaced the ordinary printed payment orders that used to be processed manually by institutions that had to physically visit NBR to effect payments. The real time payment notifications solved the critical issue of reconciliation in Rwanda Revenue Authority and Ministry of Finance. It has reduced transaction time that has in turn improved the circulation speed of money, with a knock on effect in the economy. With the integration, Government treasury can track all payments made by all institutions through FMIS in real time, improving management of the government budget.

The FMIS integration with NBR is also directly linked to Rwanda Revenue Authority (RRA) where information on taxes and Rwanda Social Security Board (RSSB) pension funds is automatically transferred to RRA systems in real time for easy reconciliation. To enhance stability of internet banking system for an improved performance, security and quality of service to customers; public institutions' users were migrated from Cyberoam to CISCO as the former had limited capacity to process big volumes of transactions at peak time. The migration of users to CISCO improved performance leading to a smooth and timely closure of financial year 2017-2018.

The implementation of cheque truncation system has improved the function of cheque clearing process. In the new automated cheque clearing system, a physical cheque's image is captured and transmitted through electronic form to the paying bank for settlement. The Cheque truncation system has replaced the interbank physical cheque clearing that previously required representatives of all banks carrying physical cheque to convene meetings twice a day at the National Bank of Rwanda.

The FMIS integration with NBR is also directly linked to Rwanda Revenue Authority (RRA) where information on taxes and Rwanda Social Security Board (RSSB) pension funds is automatically transferred to RRA systems in real time for easy reconciliation. To enhance stability of internet banking system for an improved performance, security and quality of service to customers; public institutions' users were migrated from Cyberoam to CISCO as the former had limited capacity to process big volumes of transactions at peak time. Contrary to previous years, migration of users to CISCO improved performance leading to a smooth and timely closure of financial year 2017-2018.

With the present cheque truncation system a cheque is paid within one day as compared to four days before automation. Cheque Truncation System improved processes in cheque processing, CSD operations, improved on customer service in clearing and reconciliation and reduced cost of collection and analysis of cheques.

INFORMATION SECURITY

Automation and integration of IT systems comes along with exposure to information security vulnerabilities thus creating a great need in mitigation of such risks and threats. In response to this, the NBR has implemented a robust Information Security Management System (ISMS) based on ISO 27001:2013. With effect from August 2017, the National Bank of Rwanda was ISO 27001:2013 certified with a scope of processing, transmission and storage of digital information and information processing assets.

As a regulator of the financial institutions in the country, the award of the ISO 27001:2013 certification was not just for our security but also a statement on what is expected from the other financial institutions. This has made the Bank's information systems more secure against cyber security vulnerabilities and threats which instils confidence and trust in stakeholders.

The Bank has implemented SWIFT customer security control programs to secure cross border transactions. Initiated by SWIFT Alliance, all banks using SWIFT network are supposed to implement the controls and self-attestation to avoid potential frauds.

ENHANCEMENT OF ICT INFRASTRUCTURE

During the year, the Disaster Recovery Solution was implemented to ensure that the Bank continues to operate in the event of disaster at the head office.

NBR'S ELECTRONIC DATA WARE-HOUSE (EDWH)

In line with the Bank's mission, reliable and timely data is key in making informed decisions. NBR has developed Enterprise Data Ware House to meet this objective.

EDWH tool has been developed to help in data collection, analytics and centralization. The system has ability to draw data directly from institutions' IT systems, performing automated data validation and consolidation. With data analytics and business intelligence, this system is able to generate customized, structured reports and dashboards.

Before the introduction of the tool, the team in charge of data collection at the Central Bank endured manual processes of collecting data for over 200 structured reports. Currently, the system draws data from over 600 external stakeholders including banks, insurance, microfinance, SACCOs, money transfer operators, forex bureaus, and Rwanda Revenue Authority in addition to the Bank's internal Systems.

EDWH also enhances and supports risk-based supervision. It generates risk indicator dashboards, centralized data warehouse for reports and early warning indicators (EWI). The Tool helps digitize reporting and regulatory process which eventually has multiple benefits to both the regulator and supervised institutions.

Supervised institutions benefit from reduced compliance costs and improved risk management. This has already improved the quality of the national financial data, reporting turnaround time and minimized statistical inconsistencies.

IT OPERATIONS

Following automation of the Bank's business processes, adequate support is required to maintain reliable services to stakeholders. In regard to this, a help desk system has been established where clients log in their requests and complaints for redress.

The Bank has also established service level management system where availability and reliability of services are benchmarked against service catalogues, service manual and service level agreements (SLA) for the Bank's customers.
During the period, network stability and availability was maintained at 98.34%. It enhanced payment process, improved the financial sector operational efficiency, economic and financial information accuracy and reliability. Network stability improved high availability of IT systems and added value to the business processes.

Stable connectivity for cross border at 98.33% and swift stability at 99.7% enabled accurate information regarding the economy, which is relevant and used for monetary policy decision making.

CORPORATE IMAGE OF THE BANK

The Bank enhanced its corporate image through its communication and reach out, Corporate Social Responsibility and Customer Care initiatives.

COMMUNICATION AND OUTREACH

The various communication channels of the Bank were sustained to disseminate and enlighten stakeholders and the general public on policies, programs and other activities of the Bank. NBR continued the publication of communiqués of meetings of the Monetary Policy Committee to maintain transparency and accountability in the conduct of monetary policy, in line with global best practice.

Communication channels included Press releases on MPC decisions after every MPC meeting, the Governor's bi-annual Monetary Policy and Financial Stability Statements and research papers published in NBR Economic Review. Other channels of communication include the Bank website (www.NBR.rw) used to access monetary and financial data; and articles on contemporary issues published in the Rwandan Banker; Press conferences, stakeholder forums, quarterly meetings between NBR and CEOs of banks; Social media sites that are leveraged upon for gathering public views.

The Bank further embarked on sensitization campaigns aimed at educating the public on its initiatives, such as the cashless policy, saving schemes, issues of consumer protection.

Key among NBR communication and outreach was BNRengage program through which the Bank reached out to the public. The program involved "BNRengage schools challenge" in which secondary school essay and debate competitions was organised.

Students awarded at NBR Schools Challenge Competition.

Management-Public Engagements

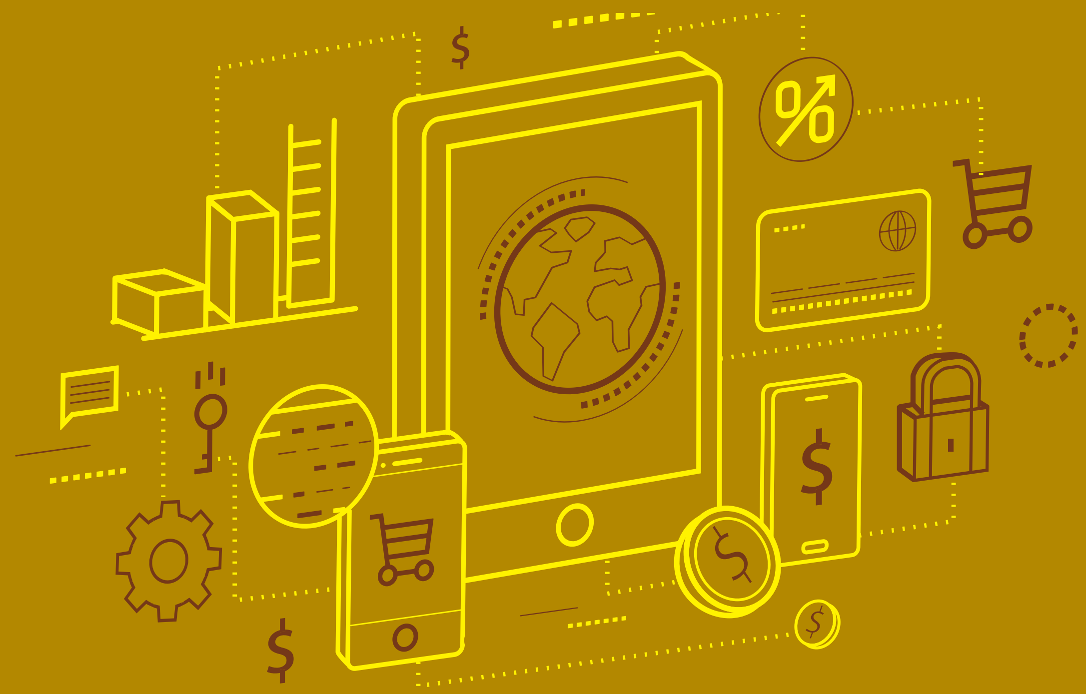
During the year 2017-18, the management of the Bank made public appearances and engaged in media interviews, meetings and several national and international conferences. NBR Governor and Deputy Governor alongside other members of the Bank's Senior Management delivered important messages to the public through speeches and public lectures to deliberate on economy facets.

During the period, management appeared to the public and delivered the following key messages:

EVENT NAME	DETAILS
Corporate Governance training for Board members of Banks	During Corporate Governance training for Board members of Banks in Partnership with EASTAFRIC, IMF; the Governor laid emphasis on accountability and responsibility of boards in overseeing the risks taken by management. He recalled that weak corporate governance often result in failed financial institutions, noting that good governance is critical for upholding public confidence, integrity and credibility of the financial institutions. Good corporate governance also reduces vulnerabilities in the financial sector can be considered as an environment of trust, ethics, moral values and confidence.
Fourth East African Central Banks Audit	The theme of the conference was "the role of internal audit in corporate governance and information security management". After discussion on business environment, it was reminded that the information and systems are the lifeblood of any organization. Any security breach can put a company out of business or do irreparable damage to the company's reputation. Thus, internal auditors must ensure that necessary controls are in place to mitigate cyber-attacks.
Launch of one month E-Payment Awareness Campaign	During the launch of one month E-Payment Awareness Campaign under the theme "Accelerating the move towards a Cashless Rwanda through Public-Private Partnership", the Governor stressed the benefits of using non-cash payments highlighting that it increases productivity, improves the velocity of money, brings more money into the formal economy as it attracts more business activity, increases employment, and subsequently generates higher tax revenues.
Ring the Bell for Gender Equality	During the Ring the Bell for Gender Equality in March, 2018 with theme "Leave no woman behind: Promoting women Financial Inclusivity", the Deputy Governor encouraged women not to shun away from entrepreneurial jobs and seek guidance on how they can be part of the market. She called on the public to educate females that they have equal rights and opportunities as their male counterparts.
I-Debate Speaker series	During the I-Debate Speaker Series in March, 2018, Management alongside the Chief Economist and Executive Director, Financial Stability Directorate presided as panelists to discuss issues relating to monetary policy and the state of the financial sector in Rwanda.
Rwanda Bankers Association (RBA) gala dinner	Governor officiated the Rwanda Bankers Association (RBA) gala dinner in December 2017 under the theme "Digital Finance for All: Powering inclusive growth
Women and Money at a Career Women's Network	A female panel of experts and leaders in the Financial Sector, led by the Deputy Governor discussed "Women and Money" at a Career Women's Network in Kigali Thoughts on Women's relationship to money and tips for becoming financially savvy were shared.

EVENT NAME	DETAILS
Euro money East Africa Conference 2018	The Euromoney East Africa Conference 2018 in Nairobi co-hosted by the Central Bank of Kenya under the theme "Fostering a thriving FinTech ecosystem" was opened with a keynote address from Governor of National Bank of Rwanda where he reiterated the central bank's openness to Fintech and its usefulness in helping financial systems to be more resilient. He also mentioned that "Fintech has shaped the Central Banks thinking towards moving to a cashless economy", it creates opportunities and boosts economic activity, but it does not need to be complex. He emphasized that home grown solutions often give the best results.
Launch of the Regional Economic Outlook for Sub- Saharan Africa report by the International Monetary Fund	Launch of the Regional Economic Outlook for Sub- Saharan Africa report by the International Monetary Fund was attended by Governor and Deputy Governor. During this launch, the Governor and Minister of Finance and Economic Planning constituted the panel and commented on the IMF presentation of the economic outlook of Sub-Saharan Africa.
IMF Gender Conference	In November, 2018; the Deputy Governor as a panelist presented on Women and financial performance at IMF Gender Conference.

During the launch of one month E-Payment Awareness Campaign under the theme
"Accelerating the move towards a Cashless Rwanda through Public-Private Partnership",
the Governor stressed the benefits of using non-cash payments highlighting that it increases productivity, improves the velocity of money, brings more money into the formal economy as it attracts more business activity, increases employment, and subsequently generates higher tax revenues.



NBR IN NEWS

CENTRAL BANK WARNS THE PUBLIC AGAINST CRYPTO CURRENCY

The Central Bank Governor on Tuesday March 6, 2018 presented the Monetary Policy and Financial Stability Statement (MPFSS). He warned that for Rwanda to adopt crypto currencies as a legal tender, it will require a new financial policy, structures and passing of a presidential order as seen for other legal tenders, in which government takes full responsibility of monitoring, circulation and value.

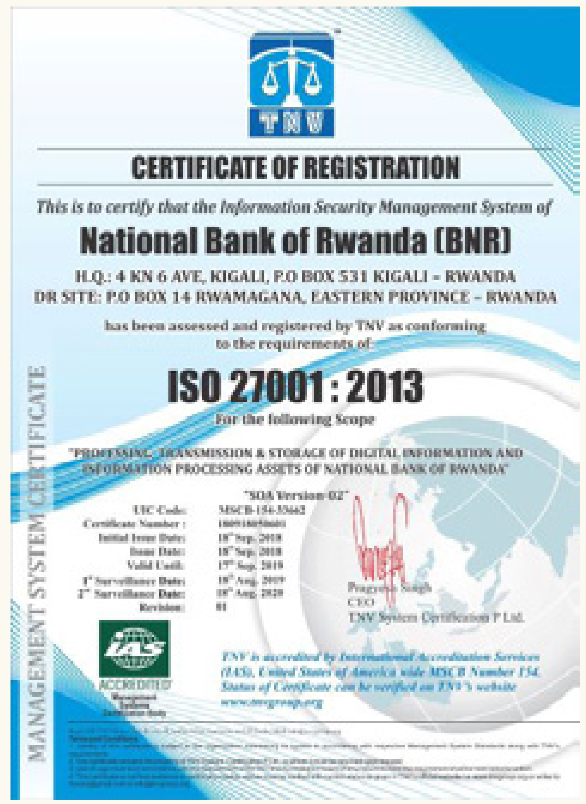
Central bank targets businesses in new cashless economy drive. The National Bank of Rwanda (BNR) launched a cashless economy campaign seeking to bring on board members of the business community. The campaign is designed to increase use of electronic payment systems among the business community.

BNR VICE-GOVERNOR FETED FOR WOMEN FINANCIAL INCLUSION

The Central Bank Vice Governor Monique Nsanzabaganwa was feted for her role in gender and women financial inclusion by the Alliance for Financial Inclusion which empowers policymakers, to increase access to quality financial services for the poorest populations. She demonstrated strong leadership, supported peer learning services and stood up in support of AFI's global advocacy for financial inclusion.

CENTRAL BANK OF RWANDA RECEIVED INTERNATIONAL ORGANISATION FOR STANDARDIZATION (ISO) CERTIFICATION

The central bank of Rwanda received International Organization for Standardization (ISO) certification for meeting standards in Information Security Management System. The bank received ISO 27001:2013 certification becoming the first institution in the country as well as in the East African Community.



TNV

CERTIFICATE OF REGISTRATION

This is to certify that the Information Security Management System of

National Bank of Rwanda (BNR)

H.Q.: 4 KN 6 AVE, KIGALI, P.O BOX 531 KIGALI - RWANDA
DR SITE: P.O BOX 14 RWAMAGANA, EASTERN PROVINCE - RWANDA

has been assessed and registered by TNV as conforming to the requirements of:

ISO 27001 : 2013

For the following Scope

"PROCESSING, TRANSMISSION & STORAGE OF DIGITAL INFORMATION AND INFORMATION PROCESSING ASSETS OF NATIONAL BANK OF RWANDA"

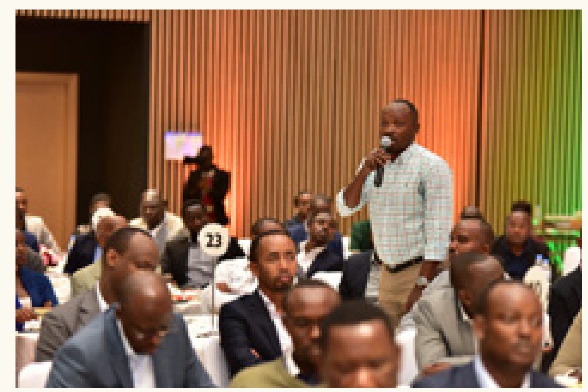
MANAGEMENT SYSTEM CERTIFICATE

24TH COMMEMORATION OF THE GENOCIDE AGAINST THE TUTSI

BNR staff and Management joined the rest of the world in the 24th commemoration of the Genocide against the Tutsi in #Rwanda by paying respect to 22 of its former staff killed during the 1994 Genocide against the Tutsi #Kwibuka24.

CAMPAIGN

BNR Staff held an interactive meeting with traders from Quartier Matheus and Quartier Commercial on how to accelerate the move towards a Cashless Rwanda.



#BNRENGAGE AND #BNRSCHOOLSCHALLENGE

Central bank of Rwanda this year launched #BNREngage in effort to enhance the knowledge of the public on issues related to the economy. Through #BNREngage, there was an introduction of #BNRSchoolsChallenge where students from 12 schools in Kigali competed in debate & essay writings on savings. Green Hills Academy emerged as the winner of the 2018 #BNRSchoolsChallenge.

@CentralBankRw

Central Bank of Rwanda

www.bnr.rw

Nation Bank of Rwanda

During the FY 2017-18, the NBR use of Twitter account attracted 26.5k followers compared to 18K in 2016-17. Twitter account was used as a channel to promote NBR events and solicit feedback from the public. The Bank also continued to use Flickr and YouTube for enhancing public communication. For the first time, the bank had live streaming of the Monetary Policy and Financial Stability Statement.

GOOD IDEA CAMPAIGN

Since 2016, the Bank embarked on a Customer Care Culture Plan intended to change staff attitude empowering them to raise to the challenge of a world class central bank.

The Bank undertook staff trainings, customer care awareness campaigns and recognition of customer care champions at the corporate level. In December 2017, the entire Bank was engaged in a Good Idea Campaign (GIC) as one of the strategies to nurture creativity and innovation. The campaign encouraged each department to come up with an innovative idea that would improve the Bank's performance.

The best ideas were selected and rewarded at individual and departmental levels by the Bank and incorporated in the 2018-19 business plan for implementation. The results for the campaign were clear. It unleashed NBR staff potential to innovate, increased commitment to team work, led to individual empowerment and staff had a direct contribution to addressing performance gaps of the Bank.

CORPORATE SOCIAL RESPONSIBILITY

The Bank joined the country in the 24th commemoration of the 1994 Genocide against the Tutsi under the National theme: "Remember, Unite, and Renew". The Bank paid tribute to twenty two (22) of its former staff who were killed during this period. Lectures were delivered by invited guests throughout the week and key recommendations derived after deliberations. The week ended with a recommendation for all staff to join hands in rebuilding the country.

During the FY 2017-18

Twitter account attracted 26.5k followers **compared to 18K in 2016-17.**

EXTERNAL RELATIONS AND PARTNERSHIP

The National Bank of Rwanda continued to strengthen its collaboration with local, regional and international partners in financial and economic sectors. During the financial year 2017-2018, NBR jointly worked with key partners namely: East African Central Banks, COMESA, MEFMI, IMF and AACBs.

EAC MONETARY COOPERATION AND FINANCIAL STABILITY INITIATIVES

National Bank of Rwanda under the auspices of Monetary Affairs Committee (MAC) continues to maintain close collaboration with other Partner State Central Banks to harmonize various preparatory activities streamlined to achieve the full implementation of East African Monetary Union (EAMU) Protocol by 2024. In August 2017, NBR delegates together with other from all Partner States Central Banks, staff from the EAC Secretariat, and representatives from the IMF attended the 21st MAC Ordinary Meeting.

The meeting was convened to assess the progress made towards the full implementation of the EAMU protocol. In this regard in 2017-2018, NBR involved in several MAC Sub-committees and Technical Working Groups (TWG) meetings held across the EAC Partner States to fast track the integration agenda towards the operationalization of EAMU Protocol. This demonstrates unwavering commitment of the Central Bank to its core mandate to enhance monetary and financial cooperation within EAC.

COMESA MONETARY COOPERATION AND FINANCIAL STABILITY INITIATIVES

During 2017-2018, the Nation Bank of Rwanda continued to cooperate with COMESA Partner Central Banks mainly in fields of macroeconomic convergences and research. NBR progressively continues to meet the COMESA macroeconomic convergence criteria, the resolutions that aim among others to enhance the improvement of the COMESA Monetary Institute (CMI) activities as well as in the operations of the Regional Payment and Settlement System (REPSS). In research area as commissioned by COMESA Monetary Institute (CMI), NBR conducted three research studies, which were presented to the joint research forum of the Partner States Central Banks organized by the Institute in October 2017.

COOPERATION WITH MEFMI

After joining MEFMI, NBR continued to demonstrate commitment in terms of collaboration with MEFMI in areas of Macroeconomic Management, Monetary and Exchange Rate Management, as well as in Financial Sector Management among others. During FY 2017-2018, our Governor was designated as chairperson of the board of MEFMI. The NBR also benefited from capacity building in areas of macroeconomic analysis and forecasting, payment system, statistics, monetary and exchange rate policies. The workshops and trainings were conducted notably across the COMESA Partner States, In-house and by Online to strengthen capacities of partner central banks in the COMESA region.

COOPERATION WITH EAST AFRITAC/INTERNATIONAL MONETARY FUND (IMF)

During 2017-2018, the National Bank of Rwanda and IMF continued to collaborate to enhance the NBR's staff with capacity. Two technical assistance missions were benefited notably in the areas of forecasting and policy analysis systems (FPAS) macro-model as well as study tour to Czech Republic in preparation for transition to price based monetary policy framework by 2018. The IMF missions in areas of policy advice under PSI programme were undertaken two times during the year. Other areas of collaboration with IMF were through technical trainings conducted in fields of Monetary Policy Analysis and Statistics, external sector analysis, research, financial markets, financial stability and Bank supervision to mention.

THE AFRICAN MONETARY COOPERATION INITIATIVES

The National Bank of Rwanda actively continued to participate in African monetary cooperation initiatives (AACB). Particularly during 2017-2018, BNR continued to progress in implementing the African monetary cooperation programme (AMCP) roadmap. The NBR also attended the AACB 40th ordinary meeting of the assembly of Governors in Pretoria – South Africa. The meeting was preceded by symposium on Monetary Integration Prospects in Africa with lessons from the experience of the European Monetary and Financial Integration. The meeting also examined the experience with economic integration of regions in Africa, Asia and Latin America. The NBR was designated to be the vice-chair of AACB and to host the 41st ordinary meeting of the assembly of Governors and symposium in the financial year 2018-2019.

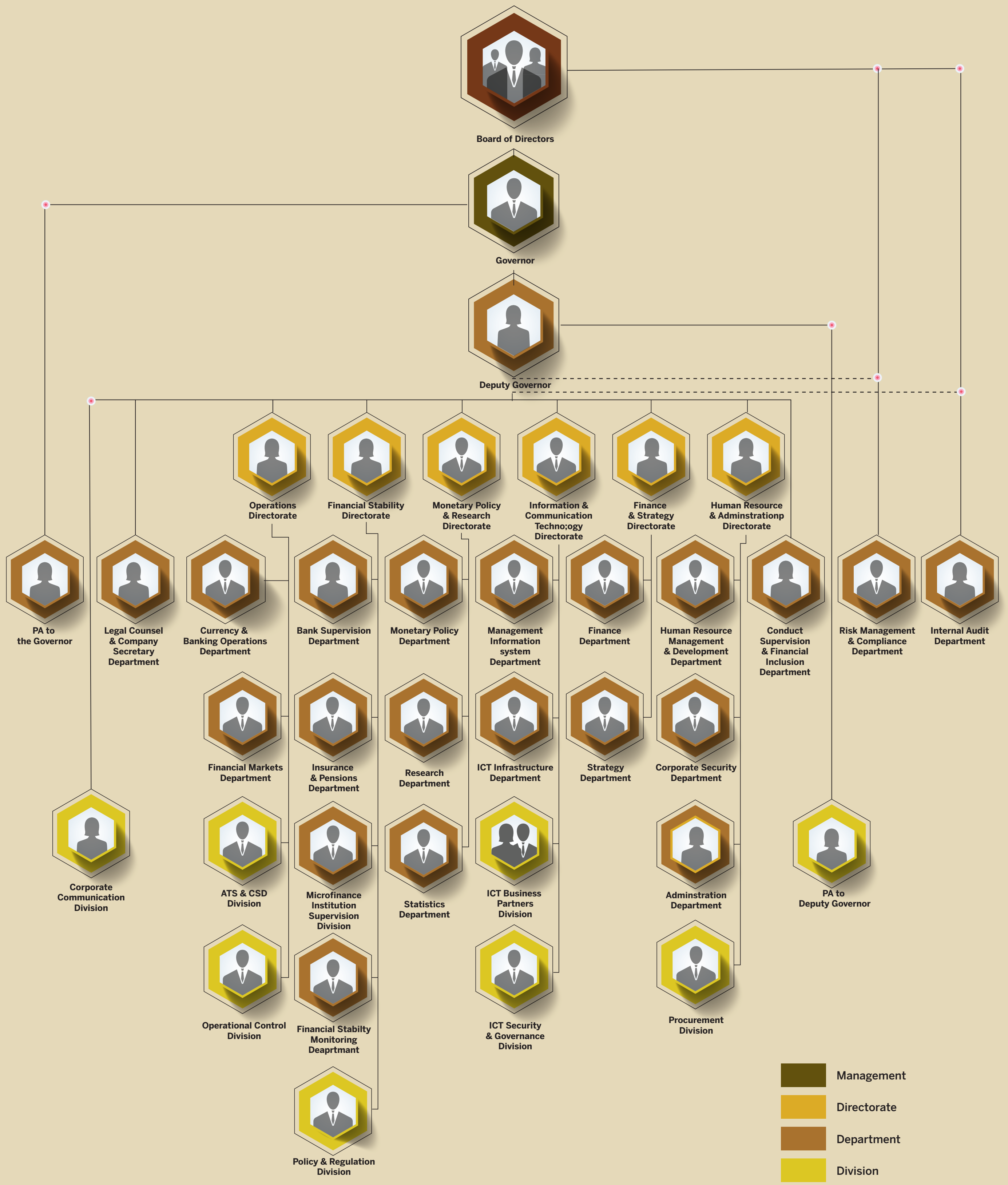
LOOKING FORWARD

- Human resource development will continue to be among the Bank's priorities as its personnel is key to deliver NBR mission.
- The Bank will continue its journey of ICT modernisation.
- Implement Balanced Score Card framework to align the Bank's performance to its strategy and vision.
- Design and implement a Quality Management System as per ISO 9001:2015 requirement in order to ensure consistence on quality of services we are delivering to customer and promote continuous improvement culture.

6 NBR GOVERNANCE

CONTENTS

NBR'S ORGANISATION STRUCTURE



THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board statutory responsibility is to oversee the Bank's business and provide strategic direction. The current Board of Directors is composed of two (2) Executive Members and six (6) Non-executive Members, chaired by the Governor and Deputy Governor as Vice Chairperson.

Backline (left to right): Dr. MUSAFIRI Ildephonse, Mr. MURENZI Ivan, Mr. RWANGOMBWA John (Board Chairperson), and Mr. RUGWABIZA M. Leonard

Frontline (left to right): Ms. KEZA Faith, Ms. HABIYAKARE Chantal, Dr. NSANZABAGANWA Monique (Board Vice-Chairperson) and Ms. MURANGWA Hadija

THE BOARD

Audit and Risk Board Committee

HR Board Committee

Strategy & IT Board Committee

Legal and Regulatory Board Committee

These committees are exclusively composed of non-executive members.
The Board sits on quarterly basis for its ordinary meetings and at any time that it deems necessary for extraordinary meetings.

During the financial year 2017-18, the Board of Directors held four (4) ordinary/quarterly meetings and one (1) extraordinary meeting. The Board achieved different activities which include among others;

KEY ACTIVITIES IN 2017-18

- Approval of the BNR's Seven (7) Years' Strategic Plan;
- Approval of the BNR 2018-2019 Business Plan and Budget;
- Approval of the IT Strategic Plan 2018/2021 and IT Governance Framework
- Approval of the T24 and RIPPS System upgrade project
- Approval of different legal and regulatory framework to enhance the functioning of the financial sector

MEETING ATTENDANCE OF BOARD MEMBERS DURING 2017-18

BOARD MEMBERS	BOARD MEETINGS	HR COMMITTEE	AUDIT & RISK COMMITTEE	STRATEGY AND IT COMMITTEE	LEGAL AND REGULATORY COMMITTEE
Mr. RWANGOMBWA John	5/5				
Dr. NSANZABAGANWA Monique	5/5				
Prof. BIZOZA Alfred **	4/4	3/4	2/4		
Ms. HABIYAKARE Chantal	5/5		4/4	4/5	1/1
Mr. RUGWABIZA Minega Leonard	5/5	1/1		4/5	
Ms. KYATENGWA Lillian **	4/4	4/4	4/4		
Mr. MURENZI Ivan *	1/1			1/1	1/1
Dr. MUSAFIRI Ildephonse *	1/1	1/1	1/1		
Ms. MURANGWA Hadija*	1/1	1/1			1/1
Ms. KEZA Faith *	1/1		1/1	1/1	

* New Board members appointed in April, 2018
** Outgoing Board members

NBR POLICY COMMITTEES

Monetary Policy Committee-MPC

The Monetary Policy Committee (MPC) is a policy making body responsible for the formulation of the monetary policy stance. During the year under review, the Committee convened on a quarterly basis as follows: September 27th 2017, December 28th 2017, March 28th 2018 and June 26th 2018.

At these meetings, major developments in the domestic and international economic and financial environments were reviewed. The Governor communicates appropriate monetary policy decisions to the public. Following each meeting, a press conference is held and a press release statement is posted on NBR website.

The MPC adopted a more accommodative monetary policy stance to continue supporting the financing of the economy by the banking sector, given that both inflationary and exchange pressures were foreseen to decline. The policy rate (KRR) was reduced from 6.0% in 2016-17 to 5.0% in 2017-18.

The MPC meetings are chaired by the Governor of the Bank. The committee consists of nine (9) members: the Governor, Deputy Governor, two Board members appointed by the Board of Directors, Chief Economist, two Executive Directors from Operations and Financial Stability Directorates, two Directors from Monetary Policy and Research Departments.

Financial Stability Committee (FSC)

The Financial Stability Committee oversees the financial sector performance. The committee identifies, monitors and takes action to promote and enhance stability in the financial sector.

Specific responsibilities include the following :

- Directs and considers the results of macro-prudential analysis and specific stability issues;
- Takes decisions on the appropriate macro prudential policy and instruments;
- Monitors development affecting financial stability in Rwanda and globally;
- Identifies actions that can be taken to mitigate risks of the financial stability
- Reviews, approves and publishes the annual Bank's financial stability report.

The Financial Stability Committee (FSC) is composed of nine (9) members, including the Governor (Chairperson); the Deputy Governor (Vice Chair Person) and other senior employees of the Bank.

During the FY 2017/18, the FSC held quarterly meetings and assessed the performance of the financial sector as well as the potential risks that could affect its stability. The committee reported that as at end June, 2018, the financial sector was sound and stable. The financial soundness indicators for banks, microfinance institutions and insurance companies were within the prudential requirements, while the payment systems continued to be safe, efficient and resilient.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

RISK MANAGEMENT STATEMENT

To achieve its mandate, the National Bank of Rwanda adopted an integrated risk management framework to ensure proper management of risks inherent from undertaken business activities and strategic orientation. Thus, the Board established the "Risk and Audit Board Sub-Committee" to oversee proper implementation of the framework and continuously update the Board on the Bank's risks' status.

The Board approved an Enterprise Risk Management Policy providing strategic principles for Risk Management in the Bank.

Reporting to the Board Risk & Audit Sub-Committee, quarterly, the Risk Management & Compliance updates the Board on the implementation status of risk mitigation actions and any other activities undertaken by the Bank to strengthen risk management culture across the Bank.

INTERNAL AUDIT

In order to provide assurance on effectiveness and efficiency of operations and reliability of financial information, the Bank's internal controls are regularly reviewed and the necessary measures implemented to strengthen the bank's internal control systems. During the year under review, an oversight function was carried out using risk based audit approach. Audit assignments mainly focused on assessing the effectiveness of IT systems implemented to assess how they help users to achieve intended objectives with due efficiency. The reviewed systems include Banknotes Processing System, T24/Vault Management System, NBR data center and Internet Banking System among others. On corporate governance, the Bank will focus on the following during the financial year 2018-19:

7 FINANCIAL PERFORMANCE

CONTENTS

OVERVIEW OF 2017-18 FINANCIAL PERFORMANCE

The Bank remains in good financial health, and continues to improve in key areas while focusing on the financial sustainability objective. The Interest income grew by 89% from FRW 12.9 Billion end June 2017 to FRW 24.4 Billion end June 2018, due to increased volume of SWAPS of $51 Million as a result of local financial institutions appetite for such products, income from foreign investments as a result of foreign favorable markets induced by FED hike of interest rate by 3 times from 0.75% to 1.25%.

Regarding operating expenses, the interest expenses increased by 155% to FRW 5.5 Billion end June 2018 from FRW 2.2 Billion. The increase in expenses is a result of increase in mopping up money from financial sector for monetary policy purposes, interest expenses incurred on increased volume of SWAP transactions. Staff costs increased by 8% from 12.4 Billion end June 2017 to 13.4 Billion end June 2018 due to recruitment of new staff to fill vacancies in approved organizational structure.

NBR Net profit grew more than 4 times to FRW 4.6 Billion from FRW 677 Million largely on account of a significant growth in interest income, the write back of provisions on litigations, a gain on the disposal of the Bank's fixed assets.

FINANCIAL POSITION

Total Assets grew by 15% during the year to stand at FRW 1.3 Trillion as at 30th June 2018 from FRW 1.1 Trillion end June 2017, largely due to the buildup in SWAP Loans, 3rd instalment of IMF Loan, Net Foreign cash inflows that led to the foreign reserves increase by $200M to $1.1Billion end June 2018.

The Interest income grew by

89%

From FRW 12.9 Billion
end June 2017

To FRW 24.4 Billion
end June 2018

due to increased
volume of SWAPS

$51
Million

NBR Net profit
grew more than 4 times to FRW 4.6 Billion from FRW 677 Million
largely on account of a significant growth in interest income, the write back of provisions on litigations, a gain on the disposal of the Bank's fixed assets.

ANNEX 1

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS

NATIONAL BANK OF RWANDA
DIRECTORS, OFFICERS AND ADMINISTRATION
FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORS

The Directors who served during the year and to the date of this report are shown below:

John RWANGOMBWA	- Chairperson and Governor	Appointed 25 February 2013
Monique NSANZABAGANWA	- Vice Chairperson and Deputy Governor	Appointed 6 May 2011
Leonard RUGWABIZA	- Member	Appointed 04 November 2011
Chantal HABIYAKARE	- Member	Appointed 08 May 2013
Lillian KYATENGWA	- Member	Resigned 27 April 2018
Alfred BIZOZA	- Member	Resigned 27 April 2018
Musafiri ILDEPHONSE	- Member	Appointed 27 April 2018
Murenzi IVAN	- Member	Appointed 27 April 2018
Murangwa HADIDJA	- Member	Appointed 27 April 2018
Keza FAITH	- Member	Appointed 27 April 2018

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

National Bank of Rwanda
KN 6 Avenue, 4
P.O. Box 531
Kigali, Rwanda

BRANCHES

Southern Branch
P.O. Box 622
Huye, Rwanda

Northern Branch
P.O. Box 127
Musanze, Rwanda

Rubavu Branch
Rubavu district
Rubavu, Rwanda

Eastern Branch
P.O. Box 14
Rwamagana, Rwanda

Western Branch
P.O. Box 462
Rusizi, Rwanda

COMPANY SECRETARY AND LEGAL COUNSEL

Juliette KAVARUGANDA (Internal Bank staff)

AUDITORS

KPMG Rwanda Limited
Certified Public Accountants
5th Floor Grand Pension Plaza
Boulevard de la Révolution
P. O. Box 6755
Kigali, Rwanda

LAWYERS

Lea Uwimbabazi
P. O. Box 2161
Kigali, Rwanda

Joelex Consulting Limited
KG 50 Rukiri, Remera
Kigali, Rwanda

NATIONAL BANK OF RWANDA
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2018

1. Introduction

The directors have pleasure in submitting their report together with the audited financial statements of the Bank for the year ended 30 June 2018, which disclose the state of affairs of the Bank.

2. Incorporation

The Bank was incorporated on 24th April 1964 and is governed by the Law No.48/2017 of 23/09/2017.

3. Principal activities

The Bank is established and administered under the law with the principal objective of formulating and implementing monetary policy directed at achieving and maintaining stability in the general level of prices. It is also the responsibility of the Bank to foster liquidity, solvency and proper functioning of a stable and competitive market-based financial system.

4. Results and Dividends

The results for the year are set out on page 7.

5. Dividend

The directors propose the payment of dividends of FRW ('000') 1,598,506 equivalent to 35% of the surplus for the year after excluding unrealized foreign exchange gains and losses (2017: FRW '000' 237,069 equivalent to 35% of the profits for the previous year)

6. Directors

The Directors who held office during the year and to the date of this report are set out on pages 1.

7. Auditors

KPMG Rwanda Limited were appointed auditors during the year 2017 in accordance with the Law No. 03/2017 of 21/02/2017; the auditors, being eligible for reappointment, have indicated their willingness to continue in office.

Approval of the Financial Statements

The financial statements were approved at a meeting of the Board of directors held on 27 September 2018.

BY ORDER OF THE BOARD

NATIONAL BANK OF RWANDA - THE BOARD OF DIRECTORS

BOARD CHAIRMAN

Date: 27/09/2018

NATIONAL BANK OF RWANDA
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2018

The Directors are responsible for the preparation of financial statements that give a true and fair view of the National Bank of Rwanda as set out on pages 7 to 57, which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the provisions of the Law No.48/2017 of 23/09/2017 relating to statutes of National Bank of Rwanda.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the National Bank of Rwanda to continue as going concern and, having taken into account all information at hand, have no reason to believe that the business will not be a going concern for at least the next twelve months from the date of this statement.

The independent auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the International Financial Reporting Standards and in the manner required by Law Law No.48/2017 of 23/09/2017 relating to statutes of National Bank of Rwanda.

Approval of the Financial Statements

The financial statements of National Bank of Rwanda, as identified in the first paragraph, were approved and authorised for issue by the board of directors on 27 September 2018 and were signed on its behalf by:

Governor	**Director**
Date: 27/09/2018	**Date:** 27/09/2018

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NATIONAL BANK OF RWANDA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Bank of Rwanda ("the Bank") set out on pages 7 to 57, which comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the National Bank of Rwanda as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Law No.48/2017 of 23/09/2017 relating to statutes of National Bank of Rwanda.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Rwanda, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the *Annual Report and Financial Statements* but does not include the financial statements and our auditors' report thereon.

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

In 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.

Directors' responsibilities for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and in the manner required by No.48/2017 of 23/09/2017 relating to statutes of National Bank of Rwanda, and for such internal control as Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NATIONAL BANK OF RWANDA (CONTINUED)

Report on the Audit of the Financial Statements (continued)

Directors' responsibilities for the financial statements (continued)

In preparing the financial statements, the Directors are responsible for assessing the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Bank's financial reporting process.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Bank'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 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Bank 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.

KPMG

Independent auditors' report
To the members of National Bank of Rwanda

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

Stephen Ineget (PC/CPA0293/0067)
KPMG Rwanda Limited
Certified Public Accountants
P. O. Box 6755
Kigali, Rwanda

Date: 19 October 2018

KPMG RWANDA
19 OCT 2018
TEL +250 252 579790

NATIONAL BANK OF RWANDA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 FRW '000'	2017 FRW '000'
Interest Income	8	24,351,165	12,855,329
Interest Expenses	9	(5,520,835)	(2,168,075)
Net Interest Income		**18,830,330**	**10,687,254**
Net Fee and Commission Income	10	(636,951)	(324,544)
Unrealized revaluation gain	11(a)	14,596,595	21,293,739
Net trading income	11(b)	5,141,485	10,063,608
Other Operating Income	12	7,229,415	4,459,699
Operating Income		**45,160,874**	**46,179,756**
Personal Expenses	13	(13,397,795)	(12,351,739)
Depreciations and Amortization	24,25,26	(3,940,418)	(3,918,863)
General Administration Expenses	14	(4,926,926)	(4,280,581)
Other Operating expenses	15	(3,731,980)	(3,657,493)
Surplus for the Year		**19,163,755**	**21,971,080**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net changes in fair value on available for sale financial assets		(535,247)	(701,473)
Other comprehensive income		**(535,247)**	**(701,473)**
Total Comprehensive income		**18,628,508**	**21,269,607**

The notes set out on pages 12 to 57 are an integral part of these financial statements.

NATIONAL BANK OF RWANDA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

ASSETS	Note	2018 FRW '000'	2017 FRW '000'
Cash and Cash equivalents	16	413,194,778	188,106,783
Foreign Investment securities	17	473,957,391	544,265,464
Due from Government of Rwanda	18	84,851,715	79,146,377
Due from Local Financial Institutions	19	18,966	31,204
Due from Foreign Financial Institutions	20	3,209,491	4,856,545
Loans and Advance to Staff	21	9,947,010	10,485,715
Due from IMF	22	259,279,397	248,937,316
Other Investment	23	6,164	6,164
Investment Property	24	375,754	393,971
Property and Equipment	25	28,965,489	27,453,396
Intangible Assets	26	513,362	1,981,597
Other Assets	27	18,457,913	20,200,026
Total Assets		**1,292,777,430**	**1,125,864,558**
Liabilities			
Currency in Circulation	28	209,677,821	191,323,837
Government Deposits	29	207,906,608	184,936,692
Due to Banks and Other Local Financial Institution	30	223,940,909	180,581,086
Due to IMF	22	437,102,672	377,249,729
Foreign Liabilities	31	7,633,489	7,378,692
Other Liabilities	32	32,908,675	29,250,030
Total Liabilities		**1,119,170,174**	**970,720,066**
Equity			
Share Capital	33	7,000,000	7,000,000
General reserve fund	33	9,782,016	9,646,548
Other Reserves	33	112,375,029	91,621,260
Retained Earnings	33	44,450,211	46,876,684
Total Equity		**173,607,256**	**155,144,492**
Total Liabilities and Equity		**1,292,777,430**	**1,125,864,558**

The Board of Directors approved and authorized for issue the financial statements on pages 7 to 57 on 27 September 2018 and were signed on its behalf by:

Governor **Director**

The notes on pages 12 to 57 are an integral part of these financial statements.

NATIONAL BANK OF RWANDA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Share capital FRW '000'	General reserve fund FRW '000'	Retained earnings FRW '000'	Available For Sale (AFS) reserve FRW '000'	Staff welfare reserve FRW '000'	Translation reserve FRW '000'	IT Modernization reserves FRW '000'	Revaluation Reserve FRW '000'	Total FRW '000'
Year ended 30 June 2018									
At 1 July 2017	7,000,000	9,646,548	46,876,683	(701,473)	4,647,416	80,400,425	700,587	6,574,305	155,144,492
Total Comprehensive income									
Surplus	-	-	19,163,754	-	-	-	-	-	19,163,754
Other comprehensive income									
Fair value movement on available for sale	-	-	-	(535,247)	-	-	-	-	(535,247)
Foreign assets (exchange) revaluation gain	-	-	(14,596,595)	-	-	14,596,595	-	-	-
Total Other Comprehensive income	**-**	**-**	**(14,596,595)**	**(535,247)**		**14,596,595**	**-**	**-**	**(535,247)**
Total comprehensive income	**-**	**-**	**4,567,160**	**(535,247)**		**14,596,595**	**-**	**-**	**18,628,508**
Transactions with equity owners									
Settlement of government loan (retained dividends)	-	-	(203,202)	-	-	-	-	-	(203,202)
Dividends paid	-	-	(237,069)	-	-	-	-	-	(237,069)
Total transactions with equity owners	**-**	**-**	**(440,271)**	**-**	**-**	**-**	**-**	**-**	**(440,271)**
Other transactions									
Transfer to general reserve funds (20%)		135,468	(135,468)	-	-	-	-	-	
Transfer to staff welfare *	-	-	-	-	274,529	-	-	-	274,529
Prior periods transfer to staff welfare			(6,316,292)		6,316,292				
Transfer to staff welfare (15%)	-	-	(101,601)	-	101,601	-	-	-	-
Total Other Transactions		**135,468**	**(6,553,361)**	**-**	**6,692,421**	**-**	**-**	**-**	**274,528**
As at 30 June 2018	**7,000,000**	**9,782,016**	**44,450,211**	**(1,236,720)**	**11,339,837**	**94,997,020**	**700,587**	**6,574,305**	**173,607,256**

*As part of the Bank's policy, all interest income earned on staff loans is transferred to the staff welfare reserve.

NATIONAL BANK OF RWANDA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Share capital FRW '000'	General reserve fund FRW '000'	Retained earnings FRW '000'	AFS reserve FRW '000'	Staff welfare reserve FRW '000'	Translation reserve FRW '000'	IT Modernization reserves FRW '000'	Revaluation Reserve FRW '000'	Total FRW '000'
Year ended 30 June 2017									
At 1 July 2016	7,000,000	9,282,973	48,017,218	-	4,143,052	59,106,686	700,587	6,574,305	134,824,821
Total Comprehensive income									
Surplus	-	-	21,971,080	-	-	-	-	-	21,971,080
Other comprehensive income									
Fair value movement on available for sale	-	-	-	(701,473)	-	-	-	-	(701,473)
Foreign assets (exchange) revaluation gain	-	-	(21,293,739)	-	-	21,293,739	-	-	-
Total Other Comprehensive income	**-**	**-**	**(21,293,739)**	**(701,473)**		**21,293,739**	**-**	**-**	**(701,473)**
Total comprehensive income	**-**	**-**	**677,341**	**(701,473)**		**21,293,739**	**-**	**-**	**21,269,607**
Transactions with equity owners									
Settlement of government loan (retained dividends)	-	-	(545,363)	-	-	-	-	-	(545,363)
Dividends paid	-	-	(636,256)	-	-	-	-	-	(636,256)
Total transactions with equity owners	**-**	**-**	**(1,181,619)**	**-**	**-**	**-**	**-**	**-**	**(1,181,619)**
Other transactions									
Transfer to general reserve funds (20%)		363,575	(363,575)	-	-	-	-	-	
Transfer to staff welfare *	-	-	-	-	231,683	-	-	-	231,683
Transfer to staff welfare (15%)	-	-	(272,681)	-	272,681	-	-	-	-
Total Other Transactions		**363,575**	**(636,256)**	**-**	**504,364**	**-**	**-**	**-**	**231,683**
As at 30 June 2017	**7,000,000**	**9,646,548**	**46,876,683**	**(701,473)**	**4,647,416**	**80,400,425**	**700,587**	**6,574,305**	**155,144,492**

*As part of the Bank's policy, all interest income earned on staff loans is transferred to the staff welfare reserve.
The notes on pages 12 to 57 are an integral part of these financial statements.

NATIONAL BANK OF RWANDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 FRW'000'	2017 FRW'000'
Cash flows from Operating activities		19,163,755	21,971,080
Surplus for the year			
Adjustments for:			
Depreciation on property and equipment	25	2,453,966	2,122,198
Amortization of intangible assets	26	1,468,235	1,778,448
Depreciation on investment property	24	18,217	18,217
Amortization of deferred costs (Notes and coins)	15	1,792,769	2,182,211
Net interest income	8&9	(18,830,330)	(10,687,254)
Transfer of interest income on staff loans to staff welfare reserve	33iii	274,529	231,683
Gain on disposal of property and equipment		(348,708)	-
Fair value movement on available for sale securities		(535,247)	(701,473)
Profit before changes in working capital		**5,992,433**	**17,616,583**
Changes in working capital			
(Increase)/Decrease in amount due from Government-Loan		203,202	545,363
(Increase)/Decrease in amount due from Government-Overdraft		(5,908,540)	-
(Increase)/Decrease in loan and advances to staff		538,705	231,949
Increase/(Decrease) in currency in circulation		18,353,984	9,419,514
(Increase)/Decrease in other assets		1742,113	3,060,791
Increase/(Decrease) in other liabilities		3,658,645	13,893,662
Increase/(Decrease) in government deposits		22,969,916	(20,128,131)
Increase/(Decrease) in due to financial institutions		43,359,823	12,607,956
(Increase)/Decrease in loans to Banks		12,238	169,632
Increase/(Decrease) in Foreign liabilities		254,797	(2,194,344)
Net changes in working capital		**85,184,883**	**17,606,392**
Interest received		24,351,165	12,855,329
Interest paid		(5,520,835)	(2,168,076)
Dividends paid		(237,069)	(636,256)
Dividends paid (settlement of government loan)		(203,202)	(545,363)
Net cash from operating activities		**109,567,375**	**44,728,609**
Cash flows from Investing activities			
Purchase of property and equipment	25	(4,147,965)	(4,564,657)
Purchase of Intangible Assets	26	-	(458,718)
Proceeds from sale of equipment		530,000	88,952
Net (purchase)/sale of financial assets [Less fair value loss]		69,772,826	(119,825,605)
Net cash utilized in investing activities		**66,154,861**	**(124,760,028)**
Cash flows from Financing activities			
Increase/(Decrease) in balances due to IMF	28	59,852,944	57,526,808
(Increase)/Decrease in balances due from IMF		(10,342,081)	(9,768,180)
(Increase)/Decrease in IFC loan receivable		1,647,054	2,236,288
Net cash from financing activities		**51,157,917**	**49,994,916**
Increase/(decrease) in cash and cash equivalents		**226,880,153**	**(30,036,503)**
Cash and cash equivalents at the beginning of the year	36	252,088,320	282,124,823
Cash and cash equivalents at the end of the year	36	**478,968,473**	**252,088,320**

The notes set out on pages 12 to 57 form an integral part of these financial statements.

NATIONAL BANK OF RWANDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. Reporting entity

The National Bank of Rwanda (the "Bank") is is a domiciled in Rwanda. The Bank's registered office is at:

KN 6 Avenue, 4
P.O Box 531
Kigali, Rwanda

The Bank is wholly owned by the Government of Rwanda. The Bank is established by and derives its authority and accountability from Law No. Law No.48/2017 of 23/09/2017 relating to statutes of the National Bank of Rwanda. The Bank also acts as banker, advisor and fiscal agent of the Government of Rwanda.

2. Basis of Accounting

The financial statements of the Bank, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by Law No.48/2017 of 23/09/2017 relating to the statutes of the National Bank of Rwanda, which generate policies that govern operations with the approval of the Board of directors.

3. Functional and presentation currency

The financial statements are presented in Rwanda Francs (Frw), which is the Bank's functional currency. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

4. Use of judgments and estimates

In preparing these financial statements, directors have made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgments

There are no noted judgments that have been made in applying accounting policies that would have significant effects on the amounts recognized in the financial statements.

B. Assumptions and Estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2018 are included in the following notes:

Note 7- Fair value of financial instruments
Note 25- Property and equipment
Note 32- Defined benefit plan (death benefit fund)
Note 21- staff loans and advances
Note 27- other assets (clearing and suspense accounts recoverability)

5. Significant Accounting policies

a) Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency of the Bank at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss arising on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognized in profit and loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost remain translated into the functional currency at historical exchange rates.

Law No. Law No.48/2017 of 23/09/2017 relating to statutes of the National Bank of Rwanda outlines the guidelines on the management of the franc exchange rate fluctuations.

Profits and losses on exchange resulting from the normal fluctuations of franc exchange rates are charged to the profit and loss account of the Bank except for translation of available for sale investment securities which are recognized in Other Comprehensive Income (OCI).

Profit or losses resulting from a revaluation of reserve exchange holdings or international commitments recorded in the balance-sheet of the Bank due to a revision of the foreign exchange system or a modification of the exchange value of the franc decided by the Government shall be recorded in a special account entitled "Revaluation Account".

If the revaluation account presents a credit balance at the end of the financial year, its twenty percent (20%) shall be paid by the State. The Bank does not pay dividends out of exchange gains.

b) Interest
Interest income and expense are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instruments, but not future credit loss.

Interest income and expense presented in the statement of profit or loss include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value through profit and loss in the income statement.

c) Fees and commission
Fees and commission that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income including Rwanda Integrated Payments Processing System (RIPPS) services fees, Enterprise resource planning (ERP) software -sundry commissions, commission received on guarantees, T24-sundry commissions, commission on letters of credit commissions on credit management, are recognised as the related services are performed.

Other fees and commission expense relate mainly to transaction and services fee, which are expensed as the services are received.

5. Significant accounting policies (continued)

d) Net trading income

'Net trading income' comprises gains less losses related to foreign investment securities and includes all realised fair value changes and foreign exchange differences.

e) Financial instruments

(i) Recognition

The Bank initially recognizes loans and advances and deposits on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Bank becomes a party to the contractual provision of the instrument.

A financial asset or liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

The Bank classifies its financial assets into one of the following categories:

Financial Assets

- Loans and receivables
- Available for sale
- Held to maturity
- At fair value through profit or loss (FVTPL) and within this category as;
  - Held for trading; or
  - Designated at FVTPL

Financial Liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments as measured at amortised costs or FVTPL.

(iii) Derecognition

Financial Assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new assets obtained less any liabilities assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognized in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability.

Financial Liabilities

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5. Significant accounting policies (continued)

d) Financial assets and liabilities (continued)

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) Amortised cost measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) 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 in the principal, or in its absence, the most advantageous market to which the Bank has access at the date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimises the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at recognition is normally the transaction price- i.e. the consideration given or received.

The bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Identification and measurement of impairment

Objective evidence of impairment

At each reporting date, the Bank assess whether there is objective evidence that financial assets not carried at FVTPL are impaired. A financial asset or 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.

Individual and collective assessment

The Bank considers evidence of impairment for loans and advances and held to maturity investment securities at both a specific asset and a collective level.
All individually significant loans and advances and held to maturity investment securities are assessed for specific impairment.

Those not found to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. loans and advances and held to maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held to maturity investment securities with similar risk characteristics.

5. Significant accounting policies (continued)

d) Financial assets and liabilities (continued)

(vii) Identification and measurement of impairment (continued)

Individual and collective assessment (continued)
The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment, and found to be individually impaired, and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about the debtor's financial situation and the net realisable value of any underlying collateral.

A collective component of total allowance is established for groups of homogenous loans that are not considered individually significant and groups of assets that are individually significant but that were not found to be individually impaired (loss incurred but not reported)

Measurement

Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate.
If terms of the financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is recognized at fair value.

Impairment losses are recognised as profit or loss and reflected in an allowance account against loans and receivables or held to maturity investment securities. Interest on the impaired asset continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

f) Sale and repurchase (repo) agreements

The Bank has entered into repo agreements as part of its monetary policy activities. Securities purchased under agreements to resell are recorded under due to banks as money market borrowing. Securities sold under agreement to repurchase are disclosed due from banks.
The differences between the purchase and sale prices are treated as interest and accrued using the effective interest method.
The Bank from time to time mops up money from the financial market ('repos') or injects money into the market ('reverse repos') with maturities of 1 - 28 days. The Bank engages in these transactions with commercial banks only. These have been disclosed in the financial statements as 'due to banks' and 'due from banks'.

g) Currency in circulation

Currency issued by the Bank represents a claim on the Bank in favour of the holder. The liability for currency in circulation is recorded at face value in these financial statements. Currency in circulation represents the face value of notes and coins in circulation. Notes and coins held by the Bank as cash in main vault, intermediary vault, and cashier at the end of the financial year are netted off against the liability for notes and coins in circulation because they do not represent currency in circulation.

h) Currency printing and minting costs

The costs incurred for printing bank notes is deferred on payment and expensing of such transactions made based on the notes issued on a monthly basis. The deferred amount is recognized as a prepayment and represents un-issued banknotes (currency) stock. Cost of coins minted is expensed in full on delivery in the year of purchase/acquisition.

5. Significant accounting policies (continued)

i) Cash and cash equivalents

Cash and cash equivalents include foreign currency held in the Bank and demand deposits held with foreign banks and highly liquid financial assets with original maturities of three months of three months or less from the date of acquisition that are subject to an insignificant risk change in their fair value and are used by the Bank in the management of its short term commitments.

j) Loan due from the government of Rwanda

The loan due from the government of Rwanda arose after 1994. The economic situation of the country was not favourable and resulted into the financial and budget constraint of the public enterprises to finance the development budget. With many interventions by the Government of Rwanda to finance the public enterprise through subsidies and advances, this caused liquidity problems in the treasury. The two parties then (Government of Rwanda and the National Bank of Rwanda) agreed new terms in order to facilitate the recovery of the public finance and to help the Government meet its obligations.

At the time of the agreement the total debt balance was FRW 34,457,639,242.

The new terms (effective 9 February 1996) agreed were as follows:

- All previous agreements related to the above mentioned debts are replaced by the current agreement.
- The debts will carry an interest of 2% per annum.
- The interests will be calculated on quarterly basis starting from 1st January 1996 and will be paid by notice on the treasury account.
- The repayment of the debt will take effect in the sixth year and from the 30% Government share of the BNR annual profit.
- The agreement enters into effect on date of signing this agreement 09 February 1996

The loan due from the Government of Rwanda is carried at amortized cost.

k) Funds held at/ due to International Monetary Fund (IMF)

The Bank is the designated depository for the IMF's holdings of Rwanda's currency.
Borrowings from and repayments to the IMF are denominated in Special Drawing Rights (SDRs).

The SDR balances in IMF accounts are translated into Francs at the prevailing exchange rates and any unrealized gains or losses are accounted for in accordance with accounting policy on foreign currencies.

l) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in active market and that the Bank does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs and subsequently measured at amortised cost using the effective interest rate method.

m) Property and equipment

Recognition and measurement

Property and equipment are measured at cost/revaluation less accumulated depreciation and accumulated impairment losses. Changes in expected useful life are accounted for by changing the depreciation period or method.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives of significant items of property and equipment are as follows:

5. Significant accounting policies (continued)

l) Property and equipment (continued)

Recognition and measurement (continued)

Buildings	0.05%
Lift for the headquarter	10%
Computer equipment	25%
Currency processing machines	20%
Motor vehicles	20%
Furniture, fittings and office equipment	10%
Security equipment	20%

Depreciation

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Revaluation of land and buildings is carried out at least once every five years.

Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

Property that is being constructed or developed for future use to support operations is classified as capital Work–in–Progress (WIP) and stated at cost until construction or development is complete, at which time it is reclassified as property and equipment in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

n) Investment property

The Bank holds certain properties as investments to earn rental income or capital appreciation or any currently undetermined future use.
Investment properties are carried at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated at a rate of 10 % using the straight-line method.
Gains or losses arising from the retirement/ disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss.

o) Intangible assets

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.

Intangible assets that are being developed for future use to support operations are classified as Work – in – Progress (WIP) and stated at cost until development is complete, at which time they are reclassified as Intangible assets.

The useful lives of intangible assets are assessed to be finite and these assets are amortized over their useful economic life. The amortization period of assets with a finite useful life are reviewed at least at each financial year end and adjusted if appropriate. The amortization expense on intangible assets with finite lives is recognized in profit or loss.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software 33.3 % (annual amortization rate)

5. Significant accounting policies (continued)

o) Intangible assets (continued)

The gain or loss arising from de-recognition of an intangible asset shall be determined as the difference between proceeds, if any, and the carrying amount of the asset. It shall be recognized in profit or loss when the asset is derecognized.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

p) Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indications exist, then the assets recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets or group of assets.
Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization in no impairment was derecognized.

q) Income tax

The Bank is considered as the State with regard to the rules of tax liability and tax payment pertaining to all taxes levied for the benefit of the State and its administrative entities as per Law No.48/2017 of 23/09/2017 governing the National Bank of Rwanda.

r) Deposits

Deposits are non-derivative financial liabilities with fixed or determinable receipts that are not quoted in an active market. They arise when the Bank receives money or services directly from counterparty with no intention of trading the payable. Deposits held are carried at cost with interest income accruing on an effective interest rate basis.

Cash Ratio Deposits are taken from commercial banks for liquidity management (monetary policy purposes) of the Bank in accordance with the Banking Act and are interest free. Cash Ratio Reserves is a monetary policy instrument used to manage liquidity. The deposits earn no interest to commercial banks and the Bank does not trade on these deposits in any way. The deposits are currently computed at 4.5% of each commercial bank's deposits taken from the public. Each commercial bank is required to deposit the applicable amount at the Bank and the computation is done on a monthly basis.

s) Stocks of consumables

Stocks of consumables are valued at the lower of cost and net realizable value. Cost is estimated using the weighted average method. Provisions are made for all anticipated stock losses, impairment and obsolescence.

5. Significant accounting policies (continued)

t) Provisions

Provisions are recognized when the bank has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

u) Commitments on behalf of the government of Rwanda

Commitments on behalf of Government of Rwanda arising from the issue of Treasury bills and Treasury bonds are not included in these financial statements as the Bank is involved in such transactions only as an agent.

v) Government grant and government assistance

The Bank, being a wholly owned governmental financial institution, may receive grants in both monetary and non-monetary basis. Government grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis.
Government grants related to assets, including non-monetary grant at fair value, are presented in the statement of financial position by setting up the grant as deferred income. In addition, the Bank may receive certain forms of government assistance which cannot reasonably have a value placed upon them, and transactions with Government which cannot be distinguished from the normal trading transactions of the entity.
The Bank's policy on government assistance that cannot be reliably measured is to disclose the nature, extent and duration of the assistance in order that the financial statements are not misleading.

w) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognized as personnel expenses in the profit or loss. Prepaid contribution are recognized as an asset to the extent that a cash refund or a reduction in future payment is available.

Defined benefit plan

The bank has an in-house managed defined contribution plan established on 24 July 2015, by the Governor of the National Bank of Rwanda signed Service Order No. 32/2015. The key modalities of the complimentary pension fund at the bank are highlighted below.
The contribution due to the Fund shall be calculated as 10% of each staff basic salary composed of the employer's share of 60% and the employee's share of 40%. When the employee works for a period corresponding to less than a month, the contribution deductions shall be calculated in proportion to the employee's salary.

The above contribution plan has in it embedded a defined benefit plan in form of death in service benefit at 20% of the total contribution made to the contribution plan.
Obligations for contributions to the defined contribution plan are recognized as an expense in profit or loss in the period in which the service is rendered by the employee.

In case of death of a staff, his/her legal dependents shall be entitled to total death benefits equivalent to thirty six (36) * last gross monthly salary of the deceased staff. If in the death allowance pool, available amount cannot sufficiently cover the compensation claim for the deceased staff(s) legal dependents, the Bank will provide the balance and will be recognised as an expense in that period of event occurrence.

The Bank's liability is limited to the contributions in the fund. In case the actual liability in any given period exceeds the fund balance, the excess liability shall be absorbed in the period.

The Bank does not use actuarial specialists to value the fund.
As at 30 June 2018, the actual contribution to the death benefit fund was FRW 380,607,046 (2017: 313,136,698).

5. Significant accounting policies (continued)

v) Employee benefits (continued)

Other long term employee benefits

The Bank's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the periods in which they arise.

Short-term benefits

Short-term benefits consist of salaries, bonuses and any non-monetary benefits such as medical aid contributions. They exclude equity based benefits and termination benefits. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are expensed at the earlier of when the Bank can no longer withdraw the offer of those benefits and when the Bank recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

The estimated monetary liability for employees leave entitlement at the reporting date is recognized as an accrual expense. This amount is written back to profit or loss when employees utilize their leave days in subsequent periods. The Bank also provides medical facilities for the employees and their families. Related costs are charged to profit or loss.

x) Contingent liabilities

Letters of credit and guarantees are disclosed as contingent liabilities. Estimates of the outcome and the financial effect of contingent liabilities is made by management based on the information available up to the date that the financial statements are approved for issue by the Directors.

y) Dividends

Revenue, after deducting all charges, including depreciation and estimated liabilities, shall constitute net profits. After the allocation of other appropriations deemed necessary by the Board of Directors, notably to general reserve fund, the balance shall be paid to the Public Treasury.

Dividends are accounted for when payment is made. Dividends declared after the reporting date, but before financial statements are authorized for issue, are disclosed in the notes to the financial statements.

z) Share capital and reserves

Shares are classified as share capital in equity. Article 3 of the Law No.48/2017 of 23/09/2017 governing the National Bank of Rwanda prescribes that the overall capital of the Bank shall be seven billion Rwandan francs (7,000,000,000 FRW).
The capital may be increased either by the capitalization of reserve funds on the decision of the Board of Directors of NBR upon approval by a Presidential Order or by new capital endowment by the Government of Rwanda.

aa) New standards and interpretations

(i) New standards, amendments and interpretations effective during the year

The following are recent changes to IFRS that became applicable during the year.

Amendments to IAS 1,'Presentation of financial statements' disclosure initiative. In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

5. Significant accounting policies (continued)

z) New standards and interpretations (continued)

(ii) New standards, amendments and interpretations effective during the year (continued)

Amendment to IAS 16,'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortization. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Amendment to IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'. This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures'. Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose '… an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures'. Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

The adoption of these changes did not have a significant impact on the financial statements of the Bank.

(iii) New standards, amendments and interpretations issued but not yet effective

IFRS 9: Financial Instruments (2014)

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The following is a summary of some of the more significant items that are likely to be important in understanding the impact of the implementation of IFRS 9:

Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

5. Significant accounting policies (continued)

z) New standards and interpretations (continued)

i) New standards, amendments and interpretations issued but not yet effective (continued)
IFRS 9: Financial Instruments (2014) – continued
Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.
Based on the classification criteria, the Bank has determined the classification of its financial assets as highlighted below:

Classification of Foreign assets

Foreign reserve Portfolios	Business Model Test	SPPI test	Classification
1. Crown Agents	HCCCS	PASS	FVTPL
2. RAMP	HCCCS	PASS	FVTPL
3. BIS USD	OTHER	N/A	FVTPL
4. BIS CNY	OTHER	N/A	FVTPL
5.Internal Portfolio	HCCCS	PASS	FVOCI
6.Rwanda EUROBOND	HCCC	PASS	Amortized Cost
7.Cash & cash equivalents	HCCC	PASS	Amortized Cost
8. Fixed Deposits	HCCC	PASS	Amortized Cost
9.Supranational securities (IMF & IFC)	HCCC	PASS	Amortized Cost

Classification of Domestic Assets

Domestic Portfolios	Business Model Test	SPPI test	Classification
1. Government debt	HCCC	YES	Amortized Cost
2. Loans to commercial banks	HCCC	YES	Amortized Cost
3. Emergency loans to MFIs and Saccos	HCCC	YES	Amortized Cost
4. Staff loans (current and ex-staff)	HCCC	YES	Amortized Cost
5.Equity instruments (R-Switch)	OTHERS	NO	FVOCI-Elected

Classification of Liabilities

Balance Sheet item	IFRS 9 CLASSIFICATION
DTS allocation	Amortised Cost
IMF Accounts No. 1	Amortised Cost
IMF Accounts No. 2	Amortised Cost
IMF LOAN- PRGF	Amortised Cost
IFC loan payable account in USD	Amortised Cost
Commercial bank loans in USD	Amortised cost
T-BILLS & REPOS issued for monetary purposes	Amortised cost

5. Significant accounting policies (continued)
z) New standards and interpretations (continued)

i) New standards, amendments and interpretations issued but not yet effective (continued)
IFRS 9: Financial Instruments (2014) – continued

Impairment

Impairment is an area of fundamental change under IFRS 9, represented by a shift from an incurred loss model under IAS 39 to an expected credit loss model. Under IFRS 9, an entity shall recognize a loss allowance for expected credit losses on a financial asset that is measured at amortized cost or at fair value through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which the impairment requirements apply. At each reporting date the entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected losses if the credit risk on that financial instrument has increased significantly since initial recognition, if the credit risk has not increased significantly the entity shall measure the loss allowance at an amount equal to the 12 month expected losses.

Overview of the Expected Credit Loss Approach

Under the Expected Credit Loss Approach, entities are required to use historical, current and forward-looking information to estimate the credit losses on financial instruments. Unlike the Incurred Loss Model where losses are recognized only when a loss event occurred, entities will now be required to recognize losses earlier.
The level of provision held for any facility will mostly rely on the facility's credit quality. There are three stages in the IFRS 9 Standard to reflect the general pattern of credit deterioration of a financial instrument.

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity. This Stage 1 approach is different than the current approach which estimates a collective allowance to recognize losses that have been incurred.

Stage 2 – When a financial asset experiences a SIR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

The Bank shall regularly assess the credit risk associated with its different counterparties, to ensure that any adjustment required by IFRS 9 are sufficiently and appropriately captured.
A significant increase will require a movement from stage one, to stage two, and finally to stage three (default category).

For foreign reserve assets, a drop in credit ratings of more than four ranks will indicate significant increase in credit risk. These ratings will be obtained from Moody's, S&P, and Fitch.
For local commercial banks, significant increase in credit risk will be a movement of 5 percentage points below the supervision ratio benchmarks.

5. Significant accounting policies (continued)
z) New standards and interpretations (continued)

i) New standards, amendments and interpretations issued but not yet effective (continued)
IFRS 9: Financial Instruments (2014) – continued

For staff loans, an increase in credit risk is shown below:

Stage 1	Stage 2	Stage 3
0-30 days outstanding	30-60 days outstanding	60 or more days outstanding.

National Bank of Rwanda's impairment approach is based on the expected credit losses (ECL) model. The Expected Credit Loss (ECL) model uses both current and forward looking information which enables the estimation of potential future losses in financial assets leading to earlier recognition of these losses.

A significant increase in credit risk will impact the ECL as shown below

Stage 1	Stage 2	Stage 3
12 months ECL	Lifetime ECL	Lifetime ECL

The formula for calculating ECL is as shown below;
ECL (Expected Credit Loss) = PD * LGD * EAD

Probability of default (PD)
The PD for foreign reserves will be obtained from Bloomberg, Moody's, S&P or Fitch.
The PD of Government is zero because, in our capacity as the Central bank, the government has the highest credit quality and cannot default on it obligations.
The PD for commercial bank loans will be obtained from a model based on the performance of the banks in prudential ratios. The ratios are based on capital, credit, liquidity and profitability.
The PD for ex-staff loans will be based on transition matrices showing the rate of default over the last two years.
For current staff, PD will be obtained by multiplying the probability of exit (staff turnover) by the average PD of Ex-staff.

Loss Given Default (LGD)
For foreign reserves, the LGD will be 45% as given by the foundation approach of Basel II.
For Government debt, the LGD is assumed to be zero because the government cannot fail to refund the full amount of any default.
For loans to commercial banks, the LGD is also assumed to be zero because of two reasons. Firstly, the loans are backed by a loan to NBR of equal amount. Secondly, NBR debits their accounts directly and hence there is no scope for the commercial bank to delay payment.
The LGD for staff loans is the loan outstanding amount of debt, less the discounted forced sale value, and this calculated as a percentage of the outstanding amount of debt.

Disclosures
IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs.
The Bank's assessment included an analysis to identify data gaps against current processes and the Bank is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below:

The Bank will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 July 2018.

5. Significant accounting policies (continued)
z) New standards and interpretations (continued)

i) New standards, amendments and interpretations issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers
This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures.

The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: Identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; Allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The application of the new standard will not have a significant impact on the financial statements of the Bank.

IFRS 16: Leases

On 13 January 2016 the IASB issued IFRS 16 Leases, completing the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration.

A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require a company to recognise assets and liabilities for:

- short-term leases (i.e. leases of 12 months or less) and;
- leases of low-value assets

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted.
The adoption of these changes will not affect the amounts and disclosures of the Bank's financial statements.

5. Significant accounting policies (continued)

z) New standards and interpretations (continued)

i) New standards, amendments and interpretations issued but not yet effective (continued)

The table below summarizes clarifications and amendments issued but not yet effective:

Clarification or amendment	Effective date	Impact on the Bank
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018	The adoption of these changes will not affect the amounts and disclosures of the Bank's financial statements.
Applying IFRS 9 financial instruments with IFRS 4 insurance contracts (Amendments to IFRS 4)	1 January 2018	The Bank is assessing the potential impact on its financial statements resulting from the application of IFRS 9.
Transfer of investment property (Amendments to IAS 40)	1 January 2018	The adoption of these changes will not have a significant impact on the amounts and disclosures of the Bank's financial statements.
IFRIC 22 foreign currency transactions and advanced consideration	1 January 2018	The adoption of these changes will not have a significant impact on the amounts and disclosures of the Bank's financial statements.
Annual improvements to IFRSs 2014-2016 cycle (Amendments to IFRS 1 first time adoption of IFRSs and IAS 28 investment in associates	1 January 2018	The adoption of these changes will not affect the amounts and disclosures of the Bank's financial statements.

6. Financial Risk Management

Introduction and overview

The Bank has exposure to the following risks from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk:
  - Interest risk
  - Foreign currency exchange risk
D. Operational risk

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Risk management department is responsible for developing and monitoring the Bank's risk management policies.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

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

The bank risk management policies and practices are driven by the following principles which are applied to the following.

Risk management structure
Risk management is integral to all aspects of the bank's activities and generally responsibility of employees. Heads of business units have a particular responsibility to evaluate their risk environment.

6. Financial Risk Management (continued)

Risk management Framework (continued)

Risk management structure (continued)
To put in place appropriate controls and monitor the effectiveness of these controls ,the bank identifies, assesses and manages risk to ensure they were development and implemented affectivity the role of each stakeholder is summarized below;

Board of Directors

The board of directors is responsible for:
- Approval of risk policies to mandate a set of standards for risk management throughout the bank that include risk identification, measurement, monitoring and control and risk reporting
- Setting appetite for risk taking at the bank level and at various levels in consistent with the set strategies
- Ensuring effectiveness, independence and integrity of risk management systems through internal and
- Periodically (at least annually) reviewing the risk strategy and significant risk policies of the bank

Board Audit and Risk Committee (BARC)
The BARC is responsible for all Material Risks. The committee is established by the BOD as standing committee to assist the BOD in Risk Management. The Purpose of the top level committee is to assist the BOD, by virtue of the powers delegated to it by the BOD.

The committee has full responsibility of assisting the BOD in formulating strategies for Enterprise Risk Management, evaluating overall risks faced by the bank, aligning risk policies with strategic objectives, determining the level of risks which will be in the best interest of the bank.

Following are the Roles and Responsibilities of the BARC:

- Based on the reports received, BARC will take decisions and provide guidance mandate to RMD and relevant functions of the bank on management of risks;
- Make suitable recommendations to the BOD as it sees fit and examine any other matters referred to it by the BOD;
- BARC will review issues raised by Internal Audit that impact the risk management and make suitable recommendations to the BOD;

Management committee

Executive Management is responsible for day-to-day management of risk by providing guidance and implementing directives of the Board on risk issues.

Technical Risk committee
The Main objective of the committee is to ensure that all Risk policies, procedures, reports that are submitted to Management are technically discussed at Managerial level; to ensure all key stakeholders are involved and that their inputs are inclusive. This allows Risk Management processes to be more effective across the Bank.

Risk management function
Risk Management Department for respective risks is responsible for Operational aspects of implementing risk policies. The Director of Risk Management shall head the Risk Management department with the role of overseeing its functioning, in collaboration with the bank's department.

A. Credit risk
Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of

6. Financial Risk Management (continued)

A. Credit Risk (continued)

Management of credit risk (continued)

credit, endorsements and acceptances. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

Credit risk arises from investment securities, balances due from banking institutions, funds held with IMF, loans and advances as well as other assets. The Bank has no significant concentrations of credit risk except for the lending to the Government of Rwanda.

Accordingly, for short term investments the bank takes exposure to issues having at least F2, A-2 and P-2 according to Fitch, Standard and Poor's (S&P) and moody with a maturity up to one year the bank can also invest in securities issues or directly oriented by foreign forts and supranational which have a long term rating attracts ''A'' according to above stated credit rating agencies. The arrange maturity of long term.

Investment is guided by the investment guidelines which are reviewed and approved by the investment committee once a year by setting how overall credit risk limits within scope of investment guidelines. The bank aims to prevent credit risk from exceeding its risk tolerance. The institution eligible for transactions are chosen among those institutions meeting the minimum credit ratings limitations setting guidelines.in all transactions types of immediately reflected on their limits, and the use of limits are regulatory monitored and reported.
The Bank lends only to the Government of Rwanda and the local banks and financial institutions. Credits to banks and other financial institutions are for a very short term and are covered by guaranties. The Bank requires deposits totaling 100% of the total amounts of letters of credit opened and/or confirmed. It requires guaranties in case of issuing off balance sheet liabilities.

Total assets of the bank exposed to credit risk as of 30 June 2018 and 30 June 2017 are shown below according to classification of assets classification according to external credit rating is done based on credit ratings published by standards and poor's.

Credit quality analysis

The tables below set out information about the credit quality of financial assets and the allowance for impairment/loss held by the Bank against those assets.
The other financial assets, other than loans and advances, are neither impaired nor past due.

Maximum exposure to credit risk

i. Loans and advances to staff

	2018	2017
Impaired loans and advances	**FRW '000'**	**FRW '000'**
Gross amount	707,175	1,101,458
Allowance for impairment	(521,961)	(539,868)
Carrying Amount	185,214	561,590
Loans past due but not impaired		
Past due up to 30 days	1,169,924	885,172
Past due 31-90 days	407,046	310,394
Carrying amount	1,576,970	1,195,566
Loans neither past due nor impaired		
Staff loans and advances	8,184,826	8,728,559
Total carrying amount	**9,947,010**	**10,485,715**

6. Financial Risk Management (continued)

A. Credit Risk (continued)

Credit quality analysis continued (continued)
Other financial assets

	2018	2017
	FRW '000'	**FRW '000'**
Fixed Term deposits	310,239,026	167,065,474
Current accounts	73,318,542	3,028,354
Foreign assets	473,957,391	544,265,464
Due from Government of Rwanda	84,851,715	79,146,377
Due from Banks and other Financial Institutions	18,966	31,204
Due from foreign financial institutions	3,209,491	4,856,545
Due from International Monetary Fund (IMF)	259,279,397	248,937,316
Other investment	6,164	6,164
Other Assets	18,457,913	20,200,026
Total	**1,223,338,605**	**1,067,536,924**

i. Foreign Assets

The table below sets out the investment ratings for the year ended 30 June,

	2018	2017
	FRW '000'	**FRW '000'**
Rated AAA	611,795,872	328,977,462
Rated AA- to AA+	5,455	5,171
Rated A- to A+	167,811,455	218,990,004
Rated BBB+ and below	77,902,176	166,386,655
Total	**857,514,958**	**714,359,292**

Concentration of credit risk

The bank monitors concentration of credit risk by geographic location. An analysis of concentration of credit risk for loans and advances and investment securities is shown below.

	Due from Banks and local financial institution		Due from foreign financial institutions		Investment securities	
Assets	**2018 Frw '000'**	**2017 Frw '000'**	**2018 Frw '000'**	**2017 Frw '000'**	**2018 Frw '000'**	**2017 Frw '000'**
North America	-	-	-	-	457,108,388	89,599,154
Europe	-	-	-	-	339,232,444	623,995,828
Asia Pacific	-	-	-	-	60,985,876	1,149
Middle East and Africa	18,966	31,204	3,209,491	4,856,545	188,249	763,162
Total	**18,966**	**31,204**	**3,209,491**	**4,856,545**	**857,514,958**	**714,359,293**

NATIONAL BANK OF RWANDA
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FOR THE YEAR ENDED 30 JUNE 2018
6. Financial Risk Management (continued)

B. Liquidity risk

'Liquidity risk' is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

In order to manage liquidity risk, the Bank invests its surplus reserves in time deposits with maturities concentrated in short term maturity span of one to three months. The portfolio is structured in such a manner that a mix of deposits matures every week to ensure availability of funds to meet scheduled government and the Bank's obligations.

The bank divides its foreign exchange reserves into liquidity investment and stable tranches. The liquidity tranche is intended to meet both anticipated monthly cash outflows requirements thus matching both on and off statement of financial position foreign assets and liabilities. The tranche is monitored on a daily basis and it is comprised of highly liquid short term financial instruments.

Portfolio tranching structure
Liquidity tranche - For the cover of payments, interventions, imports and short-term debt
Investment tranche -Excess reserves beyond liquidity portfolio

Tranching criteria
Liquidity tranche

Lower Band	Projected monthly average outflows (Government and Projects spending in foreign currencies) + expected monthly average FX intervention + projected monthly average Government debt services
Upper Band	4 months import cover

Target level to be decided by the Reserve Management committee.

Investment tranche
Investment tranche = Total reserves - liquidity tranche. (Its size will depend on that of the liquidity tranche)

NATIONAL BANK OF RWANDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

6. Financial Risk Management (continued)

B. Liquidity risk (continued)

Maturity analysis for financial liabilities and financial assets

The table below set out the remaining contractual maturities of the Bank's financial liabilities and financial assets.

As at 30 June 2018	On demand Frw'000'	Due within 3 months Frw'000'	Due between 4-12 months Frw'000'	Due between 1-5 years Frw'000'	Due after 5 years Frw'000'	Total Frw'000'
Financial asset by type						
Cash and cash equivalent	413,194,778	-	-	-	-	**413,194,778**
Foreign Assets	-	-	-	201,482,133	272,475,258	**473,957,391**
Due from Government of Rwanda	-	-	47,529,174	-	37,322,541	**84,851,715**
Due from Financial Institutions	-	-	8,318	10,649	-	**18,966**
Due from Foreign Financial Institutions	-	-	-	3,209,491	-	**3,209,491**
Due from IMF	-	-	-	-	259,279,397	**259,279,397**
Loans and Advance to Staff	-	210,430	48,489	755,857	8,932,233	**9,947,010**
Other Assets	161,344	1,339,201	6,053,413	10,903,955	-	**18,457,913**
Total financial Assets	**413,356,122**	**1,549,631**	**53,639,394**	**216,362,085**	**578,009,429**	**1,262,916,661**
Financial liability by type						
Currency in circulation	-	-	-	-	**209,677,821**	**209,677,821**
Government deposits	207,906,608	-	-	-	-	**207,906,608**
Due to local financial institutions	178,940,909	45,000,000	-	-	-	223,940,909
Due to International Monetary Fund	-	-	-	-	437,102,672	**437,102,672**
Foreign liabilities	3,473,204	-	-	4,160,285	-	**7,633,489**
Other liabilities	4,254,586	833,599	23,127,302	435,702	380,607	**29,250,030**
Total financial liabilities	**394,397,027**	**45,833,599**	**27,182,461**	**4,595,987**	**437,483,279**	**909,492,353**
Liquidity gap	**18,959,095**	**(44,283,968)**	**26,456,933**	**211,766,098**	**140,526,150**	**353,424,308**

The above analysis is based on carrying amounts as at 30 June 2018 and does not include any interest arising over the remaining life of the financial assets and liabilities.

NATIONAL BANK OF RWANDA
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6. Financial Risk Management (continued)

Liquidity risk (continued)

Maturity analysis for financial liabilities and financial assets (continued)

As at 30 June 2017	On demand Frw'000'	Due within 3 months Frw'000'	Due between 4-12 months Frw'000'	Due between 1-5 years Frw'000'	Due after 5 years Frw'000'	Total Frw'000'
Financial asset by type						
Cash and cash equivalent	188,106,783	-	-	-	-	**188,106,783**
Foreign Assets	-	-	-	141,012,153	403,189,000	**544,201,153**
Due from Government of Rwanda	-	-	41,620,634	-	37,525,743	**79,146,377**
Due from Financial Institutions	-	-	8,533	22,671	-	**31,204**
Due from Foreign Financial Institutions	-	-	-	4,856,545	-	**4,856,545**
Due from IMF	-	-	-	-	248,937,316	**248,937,316**
Loans and Advance to Staff	-	-	-	10,485,715	-	**10,485,715**
Other Assets	184,286	1,599,345	9,049,798	9,366,597	-	**20,200,026**
Total financial Assets	**188,291,069**	**1,599,345**	**50,678,965**	**165,743,681**	**689,652,059**	**1,095,965,119**
Financial liability by type						
Currency in circulation	-	-	-	-	191,323,837	**191,323,837**
Government deposits	184,936,692	-	-	-	-	**184,936,692**
Due to local financial institutions	120,181,086	60,400,000	-	-	-	**180,581,086**
Due to International Monetary Fund	-	-	-	-	377,249,729	**377,249,729**
Foreign liabilities	1,252,082	-	-	6,126,610	-	**7,378,692**
Other liabilities	4,254,586	957,553	23,127,302	597,452	313,137	**29,250,030**
Total financial liabilities	**310,624,446**	**61,357,553**	**23,127,302**	**6,724,062**	**568,886,703**	**970,720,066**
Liquidity gap	**(122,333,377)**	**(59,758,208)**	**27,551,663**	**159,019,619**	**120,765,356**	**125,245,053**

NATIONAL BANK OF RWANDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

6. Financial Risk Management (continued)

Liquidity risk (continued)

Maturity analysis for financial liabilities and financial assets (continued)

Liquidity Reserves

The table below sets out the components of the Bank's liquidity reserves

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000'
Cash	29,637,211	18,012,955
Current Accounts	73,318,542	3,028,354
Fixed Term Deposits	310,239,026	167,065,474
	413,194,778	**188,106,783**

C. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risk

The Bank separates exposures to market risk into either trading or non-trading portfolios. Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with commercial banks or the market.
Non-trading portfolios primarily arise from the interest rate management of the Bank's investment And monetary policy assets and liabilities.

- **Currency risk**

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.
As per the investment policy and guidelines, for each currency, assets and liabilities should be matched at 100%. However, in case of any deviations, only an overall maximum deviation of +/- 2% out of the USD is acceptable.

Transactions in foreign currency are recorded at the rate in effect at the date of the transaction. The Bank translates monetary assets and liabilities denominated in foreign currencies at the rate of exchange in effect at the reporting date. The Bank records all gains or losses on changes in currency exchange rates in profit or loss.

The table below summarizes the foreign currency exposure as at 30 June:

	2018 Frw'000	2017 Frw'000
Assets in foreign currencies	1,146,647,128	982,056,962
Liabilities in foreign currencies	(616,617,398)	(520,929,956)
Net foreign currency exposure at the end of the year	**530,029,730**	**461,127,006**

6. Financial Risk Management (continued)

C. Market risk (continued)

Currency risk (continued)

The Bank manages risks through prudent management of its assets and liabilities by ensuring long foreign exchange positions especially for the United States of America dollars (US$) for which the exchange rate is relatively stable in comparison to other foreign currencies and hence limiting exchange positions for other currencies.

Structurally, the Bank's exchange positions by currency are long except for EURO, transferable positions in Special Drawing Right and in Rwandan Francs that are short. Thus, when exchange rates vary upward, the Bank makes a gain. On the other hand, if there is variation of exchange rates downward, the Bank makes a loss.

As at 30 June 2018	**USD**	**EURO**	**GBP**	**SDR**	**Others**	**Total**
Assets	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**
Foreign assets	473,864,979	44,431	-	-	47,981	**473,957,391**
International Monetary Fund Quota	-	-	-	259,279,397	-	**259,279,397**
Cash balance	390,741,583	7,305,032	815,291	-	14,332,872	**413,194,778**
Other Assets	16,139	199,423	-	-	-	**215,562**
Total assets	**864,622,701**	**7548,886**	**815,291**	**259,279,397**	**14,380,853**	**1,146,647,128**
Liabilities						
Government deposits	(64,934,871)	(14,048,489)	(3,795)	-	(40,066)	**(79,027,221)**
Due to local financial institutions	(87,074,738)	(3,360,556)	(15,165)	-	(184,644)	**(90,635,105)**
Due to International Monetary Fund	-	-	-	(437,102,672)	-	**(437,102,672)**
Foreign liabilities	(4,160,286)	(4,952)	-	-	(797,695)	**(4,962,932)**
Other Liabilities	(4,398,908)	(480,516)	-	-	(4,027)	**(4,889,467)**
Total liabilities	**(160,568,803)**	**(17,894,514)**	**(24,977)**	**(437,102,672)**	**(1,026,432)**	**(616,617,398)**
	-	-	-	-	-	-
Total assets as at 30 June 2018	**864,622,701**	**7548,886**	**815,291**	**259,279,397**	**14,380,853**	**1,146,647,128**
Total liabilities as at 30 June 2018	**(160,568,803)**	**(17,894,514)**	**(24,977)**	**(437,102,672)**	**(1,026,432)**	**(616,617,398)**
Net exposure at 30 June 2018	**704,053,898**	**(10,345,628)**	**790,314**	**(177,823,275)**	**13,354,421**	**530,029,730**

6. Financial Risk Management (continued)

C. Market risk (continued)

Currency risk (continued)

As at 30 June 2017	**USD**	**EURO**	**GBP**	**SDR**	**Others**	**Total**
Assets	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**
Foreign assets	704,133,853	(3,328,907)	909,000	-	12,645,346	**714,359,292**
International Monetary Fund Quota	-	-	-	248,937,316	-	**248,937,316**
Cash balance	15,165,896	2,633,160	86,130	-	127,770	**18,012,956**
Other Assets	581,241	(21,532)	-	-	187,689	**747,398**
Total assets	**719,880,990**	**(717,279)**	**995,130**	**248,937,316**	**12,960,805**	**982,056,962**
Liabilities						
Government deposits	(58,913,212)	(11,413,491)	(136,035)	-	(49,842)	**(70,512,580)**
Due to local financial institutions	(60,685,160)	(904,315)	58	-	(132,042)	**(61,721,459)**
Due to International Monetary Fund	-	-	-	(377,249,729)	-	**(377,249,729)**
Foreign liabilities	(6,646,724)	(4,763)	-	-	61	**(6,651,426)**
Other Liabilities	(3,901,830)	(693,295)	-	-	(199,637)	**(4,794,762)**
Total liabilities	**(130,146,926)**	**(13,015,864)**	**(135,977)**	**(377,249,729)**	**(381,460)**	**(520,929,956)**
	-	-	-	-	-	-
Total assets as at 30 June 2017	**719,880,990**	**(717,279)**	**995,130**	**248,937,316**	**12,960,805**	**982,056,962**
Total liabilities as at 30 June 2017	**(130,146,926)**	**(13,015,864)**	**(135,977)**	**(377,249,729)**	**(381,460)**	**(520,929,956)**
Net exposure at 30 June 2017	**589,734,063**	**(13,733,143)**	**859,153**	**(128,312,413)**	**12,579,345**	**461,127,006**

NATIONAL BANK OF RWANDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

6. Financial Risk Management (continued)

C. Market risk (continued)

Currency risk (continued)

Sensitivity analysis on currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the below mentioned exchange rates, with all other variables held constant, of the Bank's profit (due to changes in the fair value of monetary assets and liabilities).

FRW '000'	Currency Carrying Amount	At 30 June 2017 5% Depreciation	5% Appreciation
Assets			
USD	864,622,701	(43,231,135)	43,231,135
GBP	815,291	(40,765)	40,765
EUR	7,548,886	(377,444)	377,444
SDR	259,279,397	(12,963,970)	12,963,970
Other	14,380,853	(719,043)	719,043
	1,146,647,128	(57,332,356)	57,332,356
Liabilities			
USD	160,568,803	(8,028,440)	8,028,440
GBP	24,977	(1,249)	1,249
EUR	17,894,514	(894,726)	894,726
SDR	437,102,672	(21,855,134)	21,855,134
Others	1,026,432	(51,322)	51,322
	530,029,730	(30,830,870)	30,830,870
Total (decrease)/increase		(26,501,486)	26,501,486
Effect on net profit		(26,501,486)	26,501,486

At 30 June 2018 if the Rwandan Franc had weakened / strengthened by 5% against the major trading currencies, with all other variables held constant, the impact on the Bank's profit would have been Frw 26,051,486 lower/higher.

The table below shows exchange rates of major currencies applied during the year:

Currency	Closing rate 30-Jun-18	Closing rate 30-Jun-17	Average rate 30-Jun-18	Average rate 30-Jun-17
USD	859.76	830.22	859	830
EUR	1,001.75	949.65	1,001	950
GBP	1,127.92	1,080.74	1,127	1,081
SDR	1,207.90	1,155.53	1,207	1,156

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6. Financial Risk Management (continued)

C. Market risk (continued)

Interest rate risk

Interest rate is the risk that the future cash flows of financial instruments will fluctuate because of changes in the market interest rates. Interest margin may decrease as a result of such changes but may increase losses in the event that unexpected movement arises.
The Bank closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities carried on the statement of financial position.

The table below shows interest rate sensitivity position of the Bank at 30 June based on the earlier of maturity or re-pricing dates. Items not recognized on the statement of financial position do not pose any significant interest rate risk to the Bank.

Interest rate risk	3 months or less Frw'000'	3-12 months Frw'000'	Over one year Frw'000'	Non-interest bearing Frw'000'	Total Frw'000'
Cash	-	-	-	29,637,211	**29,637,211**
Foreign assets	-	310,239,025	473,957,391	73,318,542	**857,514,958**
Due from IMF	-	-	-	259,279,397	**259,279,397**
Due from Government of Rwanda	-	47,529,174	37,322,541	-	**84,851,715**
Loan and advance to banks	-	-	10,648	8,318	**18966**
Due from foreign financial institutions		-	3,209,491	-	**3,209,491**
Loan and advance to staff	210,430	48,489	9,688,091	-	**9,947,010**
Other assets	-	-	-	18,457,913	**18,457,913**
Total assets	**210,430**	**357,816,688**	**524,188,162**	**380,701,381**	**1,262,916,661**
Currency in circulation	-	-	-	209,677,821	**209,677,821**
Government deposits	-	-	-	207,906,608	**207,906,608**
Due to local financial institutions	-	45,000,000	-	178,940,909	**223,940,909**
Due to International Monetary Fund	-	-	92,793,122	344,309,550	**437,102,672**
Foreign liabilities	-	-	4,160,285	3,473,203	**7,633,489**
Other liabilities	-	-	-	32,908,676	**32,908,676**
Total liabilities	**-**	**45,000,000**	**96,953,407**	**977,216,767**	**1,119,170,175**
Interest sensitivity gap at 30 June 2018	**210,430**	**312,816,688**	**427,234,755**	**(596,515,386)**	**143,746,486**

NATIONAL BANK OF RWANDA
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FOR THE YEAR ENDED 30 JUNE 2018

6. Financial Risk Management (continued)

C. Market risk (continued)

Interest rate risk (continued)

Interest rate risk	**3 months or less Frw'000'**	**3-12 months Frw'000'**	**Over one year Frw'000'**	**Non-interest bearing Frw'000'**	**Total Frw'000'**
Cash	-	-	-	18,012,955	18,012,955
Foreign assets	-	167,129,785	544,201,153	3,028,354	714,359,292
Due from IMF	-	-	-	248,937,316	248,937,316
Due from Government of Rwanda	-	-	37,525,743	-	37,525,743
Loan and advance to banks	-	-	22,671	8,533	31,204
Due from foreign financial institutions		-	4,856,545	-	4,856,545
Loan and advance to staff	-	-	10,485,715	-	10,485,715
Other assets	-	-	-	20,200,026	20,200,026
Total assets	**-**	**167,129,785**	**597,091,827**	**290,187,184**	**1,054,408,796**
Currency in circulation	-	-	-	191,323,837	191,323,837
Government deposits	-	-	-	184,936,692	184,936,692
Due to local financial institutions	-	60,400,000	-	120,181,086	180,581,086
Due to International Monetary Fund	-	-	88,693,118	288,556,611	377,249,729
Foreign liabilities	-	-	6,126,610	1,252,082	7,378,692
Other liabilities	-	-	-	29,250,030	29,250,030
Total liabilities	**-**	**60,400,000**	**94,819,728**	**815,500,338**	**970,720,066**
Interest sensitivity gap at 30 June 2017	**-**	**106,729,785**	**502,272,099**	**-525,313,154**	**83,688,730**

6. Financial Risk Management (continued)

D. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Bank's operations and are faced by all business units.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

7. Fair Value of financial instruments

A. Valuation models

The Bank measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, and comparison with similar instruments for which market observable prices exist.

7. Fair value of financial instruments (continued)

A. Valuation models (continued)

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

B. Fair value hierarchy

The valuation hierarchy, and types of instruments classified into each level within that hierarchy, is set out below:

	Level 1	**Level 2**	**Level 3**
Fair value determined using	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly market observable inputs	Valuation models using significant non market observable inputs
Types of financial assets	Actively traded government and other agency securities Listed derivative instruments Listed equities	Corporate and other government bonds and loans Over-the-counter (OTC) derivatives	Highly structured OTC derivatives with unobservable parameters. Corporate bonds in illiquid markets.
Types of financial liabilities	Listed derivative instruments	Over-the-counter (OTC) derivatives	Highly structured OTC derivatives with unobservable parameters

Financial instruments measured at fair value - Valuation hierarchy

The tables below analyse financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

7. Fair value of financial instruments (continued)

Financial instruments measured at fair value - Valuation hierarchy (continued)

	Carrying amount						Fair value			
As at 30 June 2018	**Held for trading FRW '000**	**Held to maturity FRW '000**	**Loans and receivables FRW '000**	**Available for sale FRW '000**	**At amortized cost FRW '000**	**Total carrying amount FRW '000**	**Level 1 FRW '0000**	**Level 2 FRW '000**	**Level 3 FRW '000**	**Total Fair value FRW '000**
Financial assets										
Cash and cash equivalent	-	-	413,194,778	-	-	**413,194,778**	413,194,778	-	-	**413,194,778**
Foreign assets	-	201,574,545	-	272,382,846	-	**473,957,391**	473,957,391	-	-	**473,957,391**
International Monetary Fund Quota	-	-	259,279,397	-	-	**259,279,397**	259,279,397	-	-	**259,279,397**
Due from Government of Rwanda	-	-	84,851,715	-	-	**84,851,715**	84,851,715	-	-	**84,851,715**
Loan and advance to banks	-	-	18,966	-	-	**18,966**	18,966	-	-	**18,966**
Due from foreign financial institutions	-	-	3,209,491	-	-	**3,209,491**	3,209,491	-	-	**3,209,491**
Staff loans	-	-	9,947,010	-	-	**9,947,010**	-	9,947,010	-	**9,947,010**
Other assets	-	-	18,457,913	-	-	**18,457,913**	18,457,913	-	-	**18,457,913**
Total financial assets	**-**	**201,574,545**	**788,959,270**	**272,382,846**	**-**	**1,262,916,661**	**1,252,969,651**	**9,947,010**	**-**	**1,262,916,661**
Financial liabilities										
Currency in circulation	-	-	-	-	209,677,821	**209,677,821**	209,677,821	-	-	209,677,821
Government deposits	-	-	-	-	207,906,608	**207,906,608**	207,906,608	-	-	207,906,608
Due to local fin. inst	-	-	-	-	223,940,909	**223,940,909**	223,940,909	-	-	223,940,909
Due to IMF	-	-	-	-	437,102,672	**437,102,672**	437,102,672	-	-	437,102,672
Foreign liabilities	-	-	-	-	7,633,489	**7,633,489**	7,633,489	-	-	7,633,489
Other liabilities	-	-	-	-	32,908,676	**32,908,676**	32,908,676	-	-	32,908,676
Financial liabilities	**-**	**-**	**-**	**-**	**1,119,170,175**	**1,119,170,175**	**1,119,170,175**	**-**	**-**	**1,119,170,175**

7. Fair value of financial instruments (continued)

Financial instruments measured at fair value - Valuation hierarchy (continued)

As at 30 June 2017	Carrying amount						Fair value			
	Held for trading FRW '000	Held to maturity FRW '000	Loans and receivables FRW '000	Available for sale FRW '000	At amortized cost FRW '000	Total carrying amount FRW '000	Level 1 FRW '0000	Level 2 FRW '000	Level 3 FRW '000	Total Fair value FRW '000
Financial assets										
Cash and cash equivalent	-	-	188,106,783	-	-	188,106,783	188,106,783	-	-	188,106,783
Foreign assets	-	141,012,154	-	403,189,000	-	544,201,153	544,201,153	-	-	544,201,153
International Monetary Fund Quota	-	-	248,937,316	-	-	248,937,316	248,937,316	-	-	248,937,316
Due from Government of Rwanda	-	-	79,146,377	-	-	79,146,377	79,146,377	-	-	79,146,377
Loan and advance to banks	-	-	31,204	-	-	31,204	31,204	-	-	31,204
Due from foreign financial institutions	-	-	4,856,545	-	-	4,856,545	4,856,545	-	-	4,856,545
Staff loans	-	-	10,485,715	-	-	10,485,715	-	-	10,485,715	10,485,715
Other assets	-	-	20,200,026	-	-	20,200,026	20,200,026	-	-	20,200,026
Total financial assets	**-**	**141,012,154**	**551,763,966**	**403,189,000**	**-**	**1,095,965,119**	**1,085,479,404**	**-**	**10,485,715**	**1,095,965,119**
Financial liabilities										
Currency in circulation	-	-	-	-	191,323,837	191,323,837	191,323,837	-	-	191,323,837
Government deposits	-	-	-	-	184,936,692	184,936,692	184,936,692	-	-	184,936,692
Due to local fin. inst	-	-	-	-	180,581,086	180,581,086	180,581,086	-	-	180,581,086
Due to IMF	-	-	-	-	377,249,729	377,249,729	377,249,729	-	-	377,249,729
Foreign liabilities	-	-	-	-	7,378,692	7,378,692	7,378,692	-	-	7,378,692
Other liabilities	-	-	-	-	29,250,030	29,250,030	29,250,030	-	-	29,250,030
Financial liabilities	**-**	**-**	**-**	**-**	**970,720,066**	**970,720,066**	**970,720,066**	**-**	**-**	**970,720,066**

8. Interest Income

Interest on domestic investments relates to interest earned from loans to government, SWAPs agreements and agricultural sector refinancing facility loans.
Interest income from foreign operations relates to interest earned from CAIMAL, RAMP and BIS investments, foreign fixed term deposits, T-Bond, SDR holdings
and from call money in foreign Currency.
Interest income on staff loans for the year ended 30 June 2018 was allocated to the staff welfare equity reserve as part of a directive by the board of directors.

	30-Jun-18 (Frw '000')	30-Jun-17 (Frw '000')
Incomes on SWAPS operations	5,729,866	2,529,074
Refinancing facility loans	-	9,093
Interests on loans to government	2,255,877	2,061,184
Interest on SDR Holdings	660,189	171,032
Investment income	15,705,233	8,084,946
	24,351,165	**12,855,329**

9. Interest expense

On 9 November 2010, the Bank entered into a currency swap transaction with International Finance Corporation. The original amount rendered by the Bank was Frw 1.479 billion in exchange for USD 2.5 million. Under this initial agreement, the Bank pays interest on the USD notional outstanding amount using a Dollar Floating Rate which is the sum of LIBOR for the Designated Maturity determined on the second London Business Day preceding the relevant calculation period, and the Dollar Spread. Further SWAP agreements have signed up since and every time a swap transaction is entered, a confirmation agreement is signed between IFC and the bank stipulating the terms of the transaction.
Other interest expenses include interest paid on currency SWAP agreements with local commercial banks, interest expense on SDR allocation and interest on money market interventions which mainly includes Repos and reverse Repos that the central bank undertakes.

The interest expense on money market intervention initiatives are refunded by the Government.

	30-Jun-18 (Frw '000')	30-Jun-17 (Frw '000')
Interest on IMF Fund	707,579	184,027
Expenses on SWAPS operations	1,517,044	622,830
Interest paid on Monetary policy issues	3,296,212	1,361,218
	5,520,835	**2,168,075**

10. Net fees and commission income

Commission on Foreign Operations	1,186,762	546,638
Commission and fees income	14,213	33,118
Commission and fees paid	(1,837,926)	(904,300)
	(636,951)	**(324,544)**

11. (a) Unrealized revaluation gain

	30-Jun-18 (Frw '000')	30-Jun-17 (Frw '000')
Foreign assets unrealized foreign exchange Gain	14,596,595	21,293,502
Other foreign denominated assets unrealized foreign exchange Gain/(loss)	-	238
	14,596,595	**21,293,739**

During the year unrealized net foreign exchange revaluation gains amounted to Frw 14,596,595 (2017: Frw 21,293,739). This amount has been included in the statement of profit or loss in determining the Bank's net operating profit for the year in order to comply with the requirements of IAS 21-Accounting for the Effects of Changes in foreign Exchange Rates.
The unrealized net foreign exchange revaluation gains do not form part of distributable profits for the Bank and hence were subsequently reclassified to the translation equity reserve in the statement of changes in equity.

11. (b) Net trading income

	30-Jun-18 Frw '000'	30-Jun-17 Frw '000'
Net gain on foreign currency transactions	11,958,362	11,830,822
Realized gain on investment securities	1,287,253	3,301,712
Realized loss on investment securities	(8,104,130)	(5,068,926)
	5,141,485	**10,063,608**

12. Other operating income

Processing fees	133,522	137,026
Forex Bureau Applications and registrations fees	17,649	33,100
Licenses and Applications fees	49,360	105,259
Supervision fees	1,550,820	1,295,301
Fine and Penalty Fees	212,021	168,968
Swift message received	44,660	45,790
Write back accruals and provisions	728,370	-
Gain on sales of properties and equipment	348,094	20,666
Refund from the Government of Rwanda	3,733,350	2,310,299
Other income	411,569	343,290
	7,229,415	**4,459,699**

The refund from the government relates to money market intervention costs, external trade contributions and equipment grant.
Other income relates to cheque printing fees, strong room rental income, cash surplus, sale of demonitized currency and other recoveries made in the year.

13. Personnel expenses

	30-Jun-18 Frw '000'	30-Jun-17 Frw '000)
Salaries and related other allowances	10,420,993	9,440,474
Contribution to RSSB pension Scheme	513,895	472,532
Medical expenses	915,240	840,378
Leave allowances	20,941	521,535
Long term Awards	57,147	79,464
Social Activities and condolences	45,254	53,924
Contribution to the complementary pension fund	410,044	443,552
Contribution to the death benefit fund	102459	52,614
Other expenses	911,822	447,266
	13,397,795	**12,351,739**

13. Personnel expenses (continued)

The Bank contributes to the following post-employment benefit plans:

Complementary pension fund- entitles a retired employee or his/her dependants in case of death to receive the total contributions including the accrued interests from investments after deduction of the total amount related to all BNR debts.

Death benefit fund- entitles a retired employee's dependants in case of death to receive the total death benefits equivalent to thirty six (36) * last gross monthly salary of the deceased staff.

The contribution due to both Fund shall be calculated as 10% of each staff basic salary whereby 80% of the contribution is taken to complementary Pension fund and 20% to the death benefit fund. Both plans are funded by the Bank and the employee at a share of 60% and 40% respectively.

14. General administration expenses

	30-Jun-18 Frw '000'	30-Jun-17 Frw '000
Maintenance Costs	1,576,755	1,048,930
Professionals Costs	1,075,941	1,386,032
Contributions & Subscription fees	772,510	701,460
Printing stationery and Office Suppliers	473,858	345,984
Entertainments Costs	349,952	169,851
Insurances fees	265,122	251,628
Transports and travelling Expenses	226,120	173,405
Communication Costs	91,469	95,714
Advertisement Expenses	66,160	94,068
Grant and subsidies cost	16,521	6,913
Legal and investigation expenses	12,518	6,596
	4,926,926	**4,280,581**

15. Other operating expenses

Bank notes printing costs amortization	1,526,468	1,940,468
Written back accruals and provisions	1,242,573	874,152
Other expenses	576,364	498,395
Coins minting costs amortization	266,300	241,742
Audit fees	47,200	79,503
Provisions and other Charges	40,423	8,021
Board and Meeting Expenses	32,652	15,212
	3,731,980	**3,657,493**

16. Cash and cash equivalents

Foreign Denominated notes/coins in USD	23,083,710	15,165,896
Foreign Denominated notes/coins in EUR	6,121,293	2,633,160
Foreign Denominated notes/coins in GBP	291,580	86,130
Foreign Denominated notes/coins in other CCY	140,628	127,769
Current Accounts	73,318,541	3,028,354
Fixed Term Deposits in USD (Less than 3 months)	310,239,026	167,065,474
	413,194,778	**188,106,783**

17. Investment securities

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000)
Held to maturity	201,482,133	141,012,154
Available for sale	272,382,846	403,189,000
Interest Receivables	92,412	64,310
	473,957,391	544,265,464

18. Due from Government of Rwanda

Overdraft due from the Government	47,529,174	41,620,634
Consolidated Debt to Government	37,322,541	37,525,743
	84,851,715	79,146,377

The Bank signed an agreement with the Government on 7 February 1996 to consolidate all Government debts amounting to Frw 34.457 billion at an interest rate of 2 % per annum. The amount increased to Frw 43,469 billion effective 1 August 1997 subsequent to the passing of Law No 11/97 regarding the statutes of the Bank which stipulated under its article 79, that the balance of the revaluation account as at 6 March 1995 would be consolidated with the amount of that initial debt. The recovery of the amount is done through retention of 30 % of the annual dividend payable to the Government commencing 2002.

During the year ended 30th June 2018, the Bank retained 30% of the 2017 profits Frw '000' 203,202 (2017 Frw '000' 543,363) as a repayment on the balance.

19. Due from local financial institutions

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000)
Current Accounts with Commercials Banks	8,318	8,532
Loans to the Agricultural and Agro Business Sectors	10,649	22,672
	18,966	31,204

20. Due from foreign financial institutions

	At 1 July	Repayment	At 30 June
30 June 2018	4,856,545	1,647,054	3,209,491
30 June 2017	7,092,833	2,236,288	4,856,545

On 9 November 2010, the Bank entered into a currency swap transaction with International Finance Corporation. The original amount rendered by the Bank was Frw 1.479 billion in exchange for USD 2.5 million. Under this initial agreement, the Bank pays interest on the USD notional outstanding amount using a Dollar Floating Rate which is the sum of LIBOR for the Designated Maturity determined on the second London Business Day preceding the relevant calculation period, and the Dollar Spread. Further SWAP agreements have since been signed up and every time a swap transaction is entered, a confirmation agreement is signed between IFC and the bank stipulating the terms of the transaction.

21. Loans and advances to staff

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000)
Loans to Current Staff	8,184,826	8,728,597
Loans to Former Staff	2,284,145	2,296,985
Provision for Impairment	(521,961)	(539,867)
	9,947,010	10,485,715

21. Staff loans (continued)

Movement in provision for impairment	30-Jun-18 Frw'000'	30-Jun-17 Frw'000'
At 1 July	539,867	149,756
Charge for the year / (provision written back)	(17,906)	390,111
As at 30 June	521,961	539,867

The types of loans given to staff include Housing loans, Salary advance and Car loans with a maturity period of 20 years, 1 year and 5 years respectively. The interest rates applicable are 0% for salary advance and 2% to Car and housing loans.
Interest income on staff loans is allocated to the staff welfare reserve where it is available for lending to staff subsequently.

22. International Monetary Fund

The IMF Quota represents 3065 votes' equivalent to 0.06% of voting right.

Due from IMF	30-Jun-18 Frw'000'	30-Jun-17 Frw'000)
Quota In IMF	169,317,490	161,836,307
IMF Reserve Tranche	24,188,213	23,119,472
Special Drawing Rights	65,773,694	63,981,537
	259,279,397	248,937,316
Due to IMF		
IMF Account No 1	169,310,327	161,836,307
IMF Account No 2	7,016	15,204
IMF Poverty Reduction and Growth Facility Loan	174,992,207	126,705,100
Allocation of Special Drawing Rights (SDR)	92,793,122	88,693,118
	437,102,672	377,249,729

23. Other investment

Cost	450,000	450,000
Provision Depreciation on Other Investments	(443,836)	(443,836)
	6,164	6,164

The Investment relates to capital subscribed in Société Interbancaire de Monétique et Tele compensation au Rwanda S.A (SIMTEL) which amounts to a shareholding of 7.98%. The shares in SIMTEL now RSWITCH) are not listed and are not available for sale.

RWISTCH is registered and domiciled in Rwanda and offers an interbank network for financial communication that supports card based payment systems, electronic funds transfers, simple bills payment system and capital market operations to banks and other financial institutions in Rwanda.

24. Investment property

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000)
Cost		
At 1 July	466,839	466,839
As at 30 June	466,839	466,839
Accumulated Depreciation		
At 1 July	(72,868)	(54,651)
Depreciation charge	(18,216)	(18,217)
As at 30 June	(91,084)	(72,868)
Net book value as at 30 June	375,754	393,971

The investment property relates to a building owned by the Bank and rented out to RSWITCH.

25. Property and equipment

	Land Frw'000'	Work in progress Frw'000'	Buildings Frw'000'	Motor Vehicles Frw'000'	Computer Equipment Frw'000'	Security Equipment Frw'000'	Machinery Frw'000'	Furniture and fittings Frw'000'	Lift Equipment Frw'000'	Medical Equipment Frw'000'	Multimedia Frw'000'	TOTAL Frw'000'
Cost												
At 1 July 2017	**3,266,325**	**1,181,115**	**20,031,394**	**184,875**	**2,189,948**	**1,844,208**	**4,219,293**	**1,464,090**	**701,884**	**475**	**77,786**	**35,161,393**
Additions	-	2,598,897	631,814	-	231,773	353,228	309,750	22,028	-	475	-	4,147,965
Reclassification from software	-	(114,853)	77,968	-	-		18,316	18,569	-	-	-	-
Disposal/write off	-	-	(233,268)	-	-	-	-	-	-	-	-	(233,268)
As at 30 June 2018	**3,266,325**	**3,665,159**	**20,507,908**	**184,875**	**2,421,721**	**2,197,436**	**4,547,359**	**1,504,687**	**701,884**	**950**	**77,786**	**39,076,090**
Depreciation												
At 1 July 2017	**-**	**-**	**(3,074,859)**	**(122,621)**	**(760,010)**	**(1,337,782)**	**(1,192,752)**	**(725,608)**	**(416,767)**	**(32)**	**(77,565)**	**(7,707,996)**
Charge for the year	-	-	(1,067,986)	(32,324)	(531,580)	(182,121)	(430,971)	(150,034)	(57,615)	(174)	(1,162)	(2,453,967)
Depreciation on disposed and written off assets	-	-	51,362		-	-	-	-	-	-	-	51,362
As at 30 June 2018	**-**	**-**	**(4,091,482)**	**(154,945)**	**(1,291,590)**	**(1,519,903)**	**(1,623,724)**	**(875,642)**	**(474,382)**	**(206)**	**(78,727)**	**(10,110,600)**
N.B.V as at 30 June 2018	**3,266,325**	**3,665,159**	**16,416,425**	**29,929**	**1,130,131**	**677,534**	**2,923,635**	**629,046**	**227,502**	**744**	**(942)**	**28,965,489**

It is the Bank policy to revalue its land and buildings after every 5 years. The last revaluation was done in June 2013 by an independent valuer, Tele Developments Limited. The Bank will revalue its land and buildings in 2018 /2019 financial year.

The costs, accumulated depreciation and net book values are as shown below without revaluation:

FRW '000'	Cost before revaluation	Accumulated depreciation as at 30 June 2018 (without revaluation)	Net book value as at 30 June 2018 (without revaluation)
Land	1,652,667	-	1,652,667
Buildings	3,400,794	10,202	3,390,592

NATIONAL BANK OF RWANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

25. Property and equipment (continued)

	Land	Work in progress	Buildings	Motor Vehicles	Computer Equipment	Security Equipment	Machinery	Furniture and fittings	Lift Equipment	Medical Equipment	Multimedia	TOTAL
	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'
Cost												
At 1 July 2016	**3,266,325**	**617,720**	**18,048,877**	**184,875**	**1,160,255**	**1,518,953**	**4,105,789**	**1,279,654**	**605,835**	**-**	**83,007**	**30,871,289**
Additions	-	563,394	1,982,517	-	1,287,388	325,255	121,274	188,304	96,049	475	-	4,564,657
Reclassification from software	-	-	-	-	90,993	-	-	-	-	-	-	90,993
Disposal/write off	-	-		-	(348,688)	-	(7,770)	(3,867)	-	-	(5,221)	(365,547)
As at 30 June 2017	**3,266,325**	**1,181,114**	**20,031,394**	**184,875**	**2,189,948**	**1,844,208**	**4,219,293**	**1,464,091**	**701,884**	**475**	**77,786**	**35,161,392**
Depreciation												
At 1 July 2016	**-**	**-**	**(2,086,219)**	**(98,340)**	**(722,949)**	**(1,229,552)**	**(719,652)**	**(591,081)**	**(334,005)**	**-**	**(75,626)**	**(5,857,425)**
Charge for the year	-	-	(988,640)	(24,280)	(294,757)	(108,230)	(480,870)	(135,466)	(82,762)	(32)	(7,160)	(2,122,198)
Depreciation on disposed and written off assets	-	-	-		257,695	-	7,770	940	-	-	5,221	271,627
As at 30 June 2017	**-**	**-**	**(3,074,859)**	**(122,621)**	**(760,010)**	**(1,337,782)**	**(1,192,752)**	**(725,608)**	**(416,767)**	**(32)**	**(77,566)**	**(7,707,996)**
N.B.V as at 30 June 2017	**3,266,325**	**1,181,114**	**16,956,535**	**62,254**	**1,429,938**	**506,427**	**3,026,541**	**738,483**	**285,117**	**443**	**220**	**27,453,396**

It is the Bank policy to revalue its land and buildings after every 5 years. The last revaluation was done in June 2013 by an independent valuer, Tele Developments Limited. The Bank will revalue its land and buildings in 2018 /2019 financial year.
The costs, accumulated depreciation and net book values are as shown below without revaluation:

NATIONAL BANK OF RWANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

25. Property and equipment (continued)

FRW '000'	Cost before revaluation	Accumulated depreciation as at 30 June 2017 (without revaluation)	Net book value as at 30 June 2018 (without revaluation)
Land	1,652,667	-	1,652,667
Buildings	3,400,794	8,502	3,392,292

Fully depreciated assets still in use

As at 30 June 2018, the Bank had fully depreciated assets still in use. The gross values of the assets per category are as shown below:

Category	Gross value as at 30 June 2018
SECURITY EQUIPMENT	2,131,439,760
MACHINERY	258,848,224
COMPUTER EQUIPMENT	224,807,290
LIFT EQUIPMENT	208,035,321
MULTIMEDIA	97,361,974
VEHICLES	89,099,805
FURNITURE AND FITTINGS	30,937,696

26. Intangible assets

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000'
Software Cost		
At 1 July	8,327,527	7,959,801
Additions	-	458,719
Reclassification	-	(90,993)
As at 30 June	**8,327,527**	**8,327,527**
Accumulated Amortization		
At 1 July	(6,345,930)	(4,572,452)
Charge for the year	(1,468,235)	(1,778,448)
Acc. amortization on reclassification	-	4,970
As at 30 June	**(7,814,165)**	**(6,345,930)**
Net book value as at 30 June	**513,362**	**1,981,597**

The intangible assets relate to the systems used by the bank as shown below:
ERP - BNR's financial reporting system that generates the General Ledger.
RIPPS - a payment processing system. It handles clearing and settlement for banks' transactions and all securities.
T24 - it is the core banking system. It has an interface with RIPPS and ERP.
As at 30 June 2018, the Bank had fully amortised software still in use with a gross value of FRW 2,560,000,000.

27. Other assets

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000)
Stock of Consumables	161,344	184,286
Accounts Receivables	6,053,413	9,049,798
Other Debtors	10,316,447	7,508,621
Advance to contractors	1,339,202	1,599,345
Deferred Cost	587,507	1,857,976
	18,457,913	**20,200,026**

28. Currency in circulation

Notes and coins issued	227,164,097	239,713,013
Money in Reserve	(17,486,276)	(48,389,176)
	209,677,821	**191,232,837**

Notes and coins issued represent all the currency issued into circulation. Money in reserve represents currency issued into circulation but within BNR vault. These two elements have been netted off to compute the currency in circulation as at 30 June.

29. Government deposits

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000)
Government Account	22,545,508	30,015,179
Government's Special Deposits	6,080,285	3,881,541
Deposits for letters of credit and other commitment	2,496	24,270
Projects and Ministries ' Accounts	91,904,313	62,632,989
Local Governments	25,503,602	25,499,210
Public Institutions	3,521,660	3,170,616
Public Service Enterprises	5,470,511	5,918,590
Foreign currency accounts	52,878,233	53,794,297
	207,906,608	**184,936,692**

29. Government deposits (continued)
All government deposits do not attract any interest charges (interest free)

30. Due to banks and other local financial institutions

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000)
Local Currency Deposits	88,306,641	58,459,628
Foreign currency deposits	90,634,268	61,721,458
Money Market Intervention	45,000,000	60,400,000
	223,940,909	**180,581,086**

The effective interest rate on money market borrowings was 5%.

31. Foreign liabilities

Deposits in Local Currency	2,670,556	727,267
Deposits in Foreign Currency	4,962,933	6,651,425
	7,633,489	**7,378,692**

32. Other liabilities

Staff Deposits	138,382	177,042
Non statutory accounts in Rwandan Francs	589,439	570,491
Non statutory accounts in Foreign Currencies	3,348,485	3,507,053
Suppliers Payables Accounts	833,599	957,553
Provision for Contingencies	1,600,823	206,070
Staff Leave Payables	524,819	521,535
Other payables accounts	25,056,819	22,399,697
Death Benefit fund	380,608	313,137
Deferred income (grant income on equipment)	435,701	597,452
	32,908,675	**29,250,030**

33. Share capital and reserves

(i) Share capital

Authorized and fully paid-up share capital	**7,000,000**	**7,000,000**

(ii) Retained earnings

Retained earnings	44,450,211	46,876,684
	44,450,211	**46,876,684**

The retained earnings are profits retained from operations after allocation to various funds, repayment of the loan to the government of Rwanda, transfer of unrealised revaluation gains/losses and payment of dividends.

(iii) General reserve

General reserve fund	9,782,016	9,646,548
	9,782,016	**9,646,548**

The general reserve fund is a fund into which at least 20% of the net annual profits of the Bank are transferred at the end of each financial year. This is after allowing for expenses for operation and after allowance has been made for bad and doubtful debts, depreciation of assets, contribution to staff benefit fund, and such other contingencies and provisions as the Bank deems appropriate.

33. Share capital and reserves (continued)

(iii) Other reserves (continued)

(iv) b) Other reserves

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000'
Land revaluation Reserves	2,048,333	2,048,333
Building Revaluation Reserve	4,525,972	4,525,972
Staff Welfare Fund	11,339,837	4,647,416
Fair Value Reserve (AFS)	(1,236,720)	(701,473)
Translation Reserve	94,997,020	80,400,425
Government Support for IT Modernization	700,587	700,587
	112,375,029	91,621,260

Staff welfare fund

The staff welfare fund is a fund into which at least 15% of the net annual profits of the Bank are transferred at the end of each financial year including any interest income earned on staff loans. In the current year, an amount of Frw '000' 101,601 (15% of prior year profits) was transferred into the account.
Interest income on staff loans for the year ended 30 June 2018 (Frw '000' 274,529) was also allocated to the staff welfare equity reserve and Frw 6.3 Billion transfer from retained earnings as approved by the board in the prior periods.

Building Revaluation and Land revaluation Reserve

The building Revaluation and Land revaluation Reserve is a reserve into which revaluation gains or losses for buildings and Land are transferred. It is the Bank policy to revalue its land and buildings after every 5 years. This is expected to be done in the following year.

Fair value reserve (AFS)

The fair value reserve is a reserve into which fair value movements on available for sale investment securities are transferred during the year. During the year, the reserve decreased, due to fair valuation losses on available for sale investments.

Translation reserve

A reserve where unrealized foreign exchange gains and losses on revaluation are transferred. There was no movement in the reserve during the year.

Government support for IT modernization fund

The fund was created through an appropriation of profits from prior periods by approval of the board. The amount was used to support the IT modernization plans of the bank. There was no movement in the reserve during the year.

34. Related parties

In the course of its operations, the Bank enters into transactions with related parties. Unless otherwise stated, all transactions between these entities take place at arm's length and with reference to market rates.

Transactions with key Management personnel

Compensation

Key management personnel are those persons having authority and responsibility for planning ,directing and controlling the activities of the bank .The bank key management personnel are the Governor ,Vice Governor and Director Generals.

34. Related parties (continued)
Transactions with key Management personnel (continued)
Compensation (continued)

Key management personnel compensation comprised of the following:

	30June18 Frw'000'	30June17 Frw'000'
Short term employee benefits	538,497	468,779
Loans to Senior Management		
At 1 July	1,241,635	566,940
New loans granted & reclassified during the period	315,189	868,057
Loans repaid during the year	(212,844)	(193,362)
As at 30 June	1,343,980	1,241,635

Transactions with board of directors

	30-June-18 Frw'000'	30-June-17 Frw'000'
Fees to nonexecutive directors	32,652	9,643
Other remuneration to executive directors	-	5,569
	32,652	15,212

Transactions with Government of Rwanda

Transactions entered into with the Government include:

- Banking services;
- Management of issues and redemption of securities;
- Settlements and remittances in foreign currencies by order and/or in favor of the Government of Rwanda.

	Note	30-June-18 Frw'000'	30-June-17 Frw'000'
Due from Government of Rwanda	18	84,851,715	79,146,377
Government deposits	29	207,906,608	184,936,692

Staff loans

The Central Bank extends loan facilities to members of staff including the senior management. As at the reporting date, loans and advances to employees amounted to Frw 9,947,010,065 (June 2017 Frw 10,485,714,931) the loans are at a preferential interest rate 2% determined by the Bank.

Other related party transactions

	30-June-18 Frw'000'	30-June-17 Frw'000'
Rental income from RSWITCH	11,552	-

35. Contingent liabilities

There are no certain pending claims brought against the Bank as at 30 June 2018 (2017:-Nil)

36. Cash and cash equivalents for the purpose Statement of cash flow

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

	30-Jun-18 Frw'000'	30-Jun-17 Frw'000'
Cash	29,637,211	18,012,955
Current Accounts	73,318,541	3,028,354
Fixed Term Deposits	310,239,026	167,065,474
Special Drawing Right	65,773,695	63,981,537
	478,968,473	**252,088,320**

37. Subsequent events

We inquired on any subsequent events after the year end. Subsequent to the year end, a meeting of the Board held that approved the following appropriation of the Profits for 2018 and 2017.

Appropriation of surplus	**30-Jun-18 Frw'000'**	**30-Jun-17 Frw'000'**
Net surplus for the year (less revaluation gain)	4,567,160	677,341
General Reserve Fund (20% of net profit)	(913,432)	(135,468)
Net Profit after GRF	**3,653,728**	**541,873**
Social welfare fund (15% of net profit)	(685,074)	(101,601)
Net payable	**2,968,654**	**440,271**
Consolidated debt recovery (30% of net profit)	(1,370,148)	(203,202)
Dividends distribution after consolidated debt repayment	**1,598,506**	**237,069**

There are no other significant subsequent events that require disclosure or adjustment to the financial statements

38. Commitments

The Bank had not entered into any commitments as at 30 June 2018.

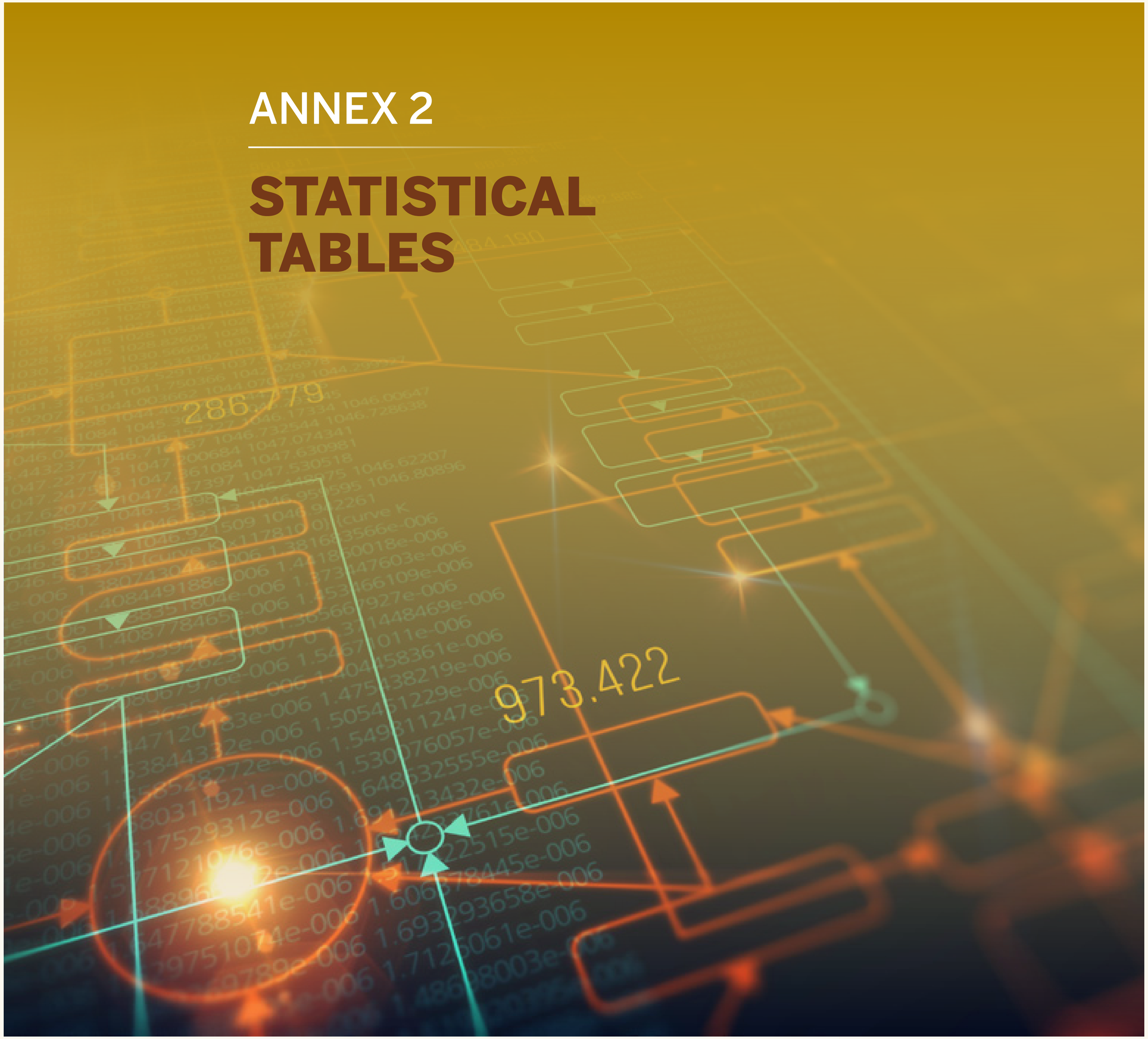
39. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	**Measurement bases**
Available-for-sale financial assets	Fair value
Held to maturity investments	Amortised cost

ANNEX 2

STATISTICAL TABLES



MAJOR INDICATORS OF NATIONAL ECONOMY

Appendix 1

Description	2015	2016	2017	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Current GDP (in Frw billion)	**5,968**	**6,672**	**7,597**	**4,252**	**4,762**	**5,193**	**5,670**	**6,321**	**7,126**	**7,898**
of which : Primary sector, in % of GDP	28.0	29.3	31.0	28.0	29.0	29.0	28.0	28.0	31.0	31.0
Secondary sector, in % of GDP	17.0	16.4	15.8	16.0	17.0	17.0	17.0	17.0	16.0	16.0
Tertiary sector, in % of GDP	47.9	47.3	46.4	48.0	47.0	48.0	48.0	47.0	47.0	47.0
Constant GDP (in Frw billion ,2014)	**5,951**	**6,307**	**6,692**	**4,681**	**4,994**	**5,245**	**5,697**	**6,188**	**6,396**	**6,967**
Growth rate (in %)	**8.9**	**6.0**	**6.1**	**8.3**	**6.7**	**5.0**	**8.6**	**8.6**	**3.4**	**8.9**
of which : Primary sector	5.0	4.0	7.0	5.0	7.0	2.0	7.0	5.0	3.0	8.0
Secondary sector	9.0	7.0	4.0	14.0	12.0	6.0	11.0	10.0	2.0	8.0
Tertiary sector	10.0	7.0	8.0	9.0	7.0	6.0	9.0	10.0	5.0	10.0
Inflation rate	**2.5**	**5.7**	**4.8**	**7.5**	**4.6**	**3.4**	**1.3**	**4.1**	**6.8**	**2.3**
Current GDP per capita (In USD)	**736**	**735**	**774**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Growth rate (in %)	**1.1**	**-0.1**	**5.3**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
USES OF GDP(constant), in %	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Private Consumption	84.5	79.3	76.0	79.0	78.0	78.0	81.0	80.0	77.0	76.0
Public Consumption	14.6	15.0	15.6	15.0	13.0	15.0	15.0	14.0	15.0	15.0
Gross Domestic Investment	27.3	28.4	28.5	24.0	27.0	26.0	26.0	27.0	24.0	23.0
Resource Balance	-26.4	-22.7	-20.2	-18.0	-18.0	-19.0	-21.0	-22.0	-16.0	-15.0
Balance of current payments (+net transfers), in % of GDP	**-14.5**	**-15.9**	**-6.9**	**NA**	**-8.7**	**-9.9**	**-11.9**	**-13.3**	**-9.7**	**-8.6**
Gross reserves, in number of months of imports of goods and non factor services (GNFS)	**3.5**	**4.1**	**4.2**	**NA**	**4.5**	**4.0**	**4.0**	**3.8**	**3.9**	**4.4**
Tax revenues, in % of GDP	**15.6**	**15.7**	**15.5**	**13.2**	**13.7**	**14.7**	**15.4**	**15.8**	**18.0**	**18.5**
Budget deficit (cash basis), in % of GDP	**-5.3**	**-4.5**	**-4.3**	**-1.5**	**-5.1**	**-4.2**	**-5.2**	**-3.5**	**-4.9**	**-4.5**
External public debt stock (USD million)	**2,064.5**	**2,452.6**	**3,010.0**	**1,004.7**	**1,501.5**	**1,679.2**	**1,852.3**	**2,250.9**	**2,689.6**	**3,184.3**
External debt Service in % of export earnings	**9.0**	**9.7**	**7.2**	**NA**	**4.2**	**8.2**	**8.4**	**9.5**	**8.6**	**7.0**

Source: NBR

GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (Nominal)

Appendix 2

(In Frw billion , at current prices)

DESCRIPTION	2015	2016	2017	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Agriculture	**1,671**	**1,956**	**2,352**	**1,211**	**1,403**	**1,496**	**1,606**	**1,793**	**2,178**	**2,412**
Food crops	992	1,208	1,504	677	804	891	942	1,078	1,411	1,454
Export crops	109	129	172	82	111	89	114	122	137	190
Livestock & livestock products	195	223	260	135	150	165	183	208	242	278
Forestry	354	372	391	301	321	330	346	363	364	462
Fishing	22	23	26	16	16	20	21	23	24	29
Industry	**1,013**	**1,092**	**1,198**	**694**	**829**	**878**	**971**	**1,061**	**1,131**	**1,245**
Mining & quarrying	132	137	179	100	112	129	145	130	145	188
TOTAL MANUFACTURING	352	388	450	260	293	302	337	369	423	466
Manufacturing of food	104	119	161	84	99	93	105	110	141	163
Manufacturing of beverages & tobacco	102	109	112	71	82	90	99	105	113	114
Manufacturing of textiles, clothing & leather goods	21	23	28	18	18	20	21	22	26	31
Manufacturing of wood & paper; printing	16	18	18	10	12	14	14	17	19	18
Manufacturing of chemicals, rubber & plastic products	36	38	45	31	33	32	34	36	42	47
Manufacturing of non-metallic mineral products	21	25	29	13	15	17	19	24	27	29
Manufacturing of metal products, machinery & equipment	25	30	29	16	15	16	21	29	30	33
Furniture & other manufacturing	26	25	29	17	18	21	24	27	25	31
Electricity	58	81	88	32	41	45	49	73	83	92
Water & waste management	32	37	38	27	29	30	31	35	38	38
Construction	440	449	443	275	353	371	410	453	443	461
Services	**2,857**	**3,156**	**3,524**	**2,031**	**2,242**	**2,469**	**2,708**	**3,001**	**3,326**	**3,694**
TRADE &TRANSPORT	**699**	**761**	**804**	**505**	**574**	**624**	**672**	**739**	**757**	**878**
Maintenance & repair of motor vehicles	24	28	29	19	21	22	23	26	29	31
Wholesale & retail trade	450	476	488	322	359	395	435	471	463	525
Transport services	225	257	287	163	194	207	213	242	265	322
OTHER SERVICES	**2,158**	**2,394**	**2,720**	**1,527**	**1,668**	**1,845**	**2,035**	**2,262**	**2,568**	**2,816**
Hotels & restaurants	107	124	138	75	77	88	102	115	133	143
Information & communication	92	93	96	66	73	74	87	94	93	103
Financial services	175	180	217	115	144	156	168	178	197	225
Real estate activities	486	551	608	433	401	435	460	509	600	629
Professional, scientific and technical activities	169	190	233	135	145	152	156	174	216	234
Administrative and support service activities	241	279	369	152	167	186	213	262	320	366
Public administration and defence; compulsory social security	282	329	355	193	226	249	271	302	343	375
Education	157	166	169	94	123	147	156	162	166	173
Human health and social work activities	137	140	152	93	110	126	135	139	145	156
Cultural, domestic & other services	313	342	382	169	203	232	286	327	356	412
Taxes less subsidies on products	**427**	**469**	**524**	**316**	**289**	**350**	**386**	**466**	**491**	**547**
GROSS DOMESTIC PRODUCT	**5,968**	**6,672**	**7,597**	**4,252**	**4,762**	**5,193**	**5,670**	**6,321**	**7,126**	**7,898**

Source: National Institute of Statistics of Rwanda (NISR)

ANNEX - 2 | STATISTICAL TABLES

GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (Real) **Appendix 3**

(In Frw billion , at 2014 constant prices)

DESCRIPTION	2015	2016	2017	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Agriculture	**1,650**	**1,714**	**1,827**	**1,382**	**1,474**	**1,507**	**1,610**	**1,696**	**1,750**	**1,893**
Food crops	968	998	1,071	805	856	881	952	992	1,019	1,103
Export crops	122	125	128	101	122	108	113	129	123	140
Livestock & livestock products	189	208	231	147	155	166	182	198	219	246
Forestry	350	362	374	311	322	332	343	356	368	382
Fishing	21	21	22	18	19	20	20	21	21	23
Industry	**1,023**	**1,092**	**1,138**	**743**	**831**	**880**	**974**	**1,073**	**1,093**	**1,185**
Mining & quarrying	140	154	186	105	108	124	147	147	155	190
TOTAL MANUFACTURING	349	372	396	283	300	307	336	363	384	415
Manufacturing of food	102	110	126	89	99	97	103	107	116	134
Manufacturing of beverages & tobacco	101	104	96	84	88	92	99	103	101	97
Manufacturing of textiles, clothing & leather goods	21	23	28	18	18	20	21	22	26	31
Manufacturing of wood & paper; printing	15	17	16	10	12	14	14	16	17	17
Manufacturing of chemicals, rubber & plastic produc	37	39	47	35	33	32	35	37	44	47
Manufacturing of non-metallic mineral products	22	26	29	14	16	17	19	25	27	29
Manufacturing of metal products, machinery & equip	25	29	29	16	15	16	21	28	30	32
Furniture & other manufacturing	26	24	26	17	18	21	24	26	23	27
Electricity	51	58	62	38	42	45	49	54	59	65
Water & waste management	31	33	33	27	29	30	31	32	33	33
Construction	453	475	460	291	352	374	412	476	462	481
Services	**2,847**	**3,052**	**3,296**	**2,193**	**2,342**	**2,491**	**2,710**	**2,968**	**3,129**	**3,430**
TRADE &TRANSPORT	**714**	**762**	**790**	**529**	**581**	**625**	**678**	**755**	**743**	**858**
Maintenance and repair of motor vehicles	24	26	27	20	22	22	23	25	26	28
Wholesale & retail trade	462	491	491	340	365	398	439	490	467	532
Transport services	227	245	272	169	194	204	216	240	250	298
OTHER SERVICES	**2,134**	**2,290**	**2,506**	**1,664**	**1,761**	**1,866**	**2,032**	**2,213**	**2,386**	**2,572**
Hotels & restaurants	105	116	128	81	83	90	100	110	124	133
Information & communication	94	102	115	67	76	77	86	100	105	126
Financial services	179	185	198	131	149	156	167	185	188	208
Real estate activities	472	501	526	431	418	440	459	484	521	536
Professional, scientific and technical activities	165	175	205	147	150	152	155	166	192	204
Administrative and support service activities	235	258	325	165	173	187	212	250	285	320
Public administration and defence; compulsory social security	275	306	319	209	236	252	269	289	313	333
Education	157	163	169	138	146	152	156	160	164	168
Human health and social work activities	146	155	165	113	117	123	147	153	158	167
Cultural, domestic & other services	306	328	356	183	212	237	282	316	336	378
Taxes less subsidies on products	**430**	**449**	**431**	**363**	**347**	**367**	**403**	**452**	**424**	**459**
GROSS DOMESTIC PRODUCT	**5,951**	**6,307**	**6,692**	**4,681**	**4,994**	**5,245**	**5,697**	**6,188**	**6,396**	**6,967**

Source: National Institute of Statistics of Rwanda (NISR)

MONTHLY EVOLUTION OF CONSUMER PRICE INDEX

(For the general index and the divisions index) **Appendix 4**

Reference: February 2014=100

		2017-2018											
Divisions	**Weights**	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
01. Food and non-alcoholic beverages	**2,738**	**125.0**	**126.2**	**130.4**	**134.2**	**128.9**	**123.1**	**123.1**	**123.8**	**125.8**	**127.3**	**130.2**	**127.8**
· Bread and cereals	539	119.5	119.6	120.2	121.7	122.5	122.0	121.4	120.8	120.7	120.0	120.1	119.7
· Meat	197	110.6	110.6	110.3	110.7	110.8	111.9	112.4	111.8	111.5	113.0	112.5	112.5
· Milk, cheese and eggs	132	112.7	112.4	113.6	118.9	123.0	120.0	118.6	118.9	117.8	117.7	117.6	116.9
· Vegetables	886	139.0	144.2	154.7	160.2	143.2	125.5	127.6	130.8	136.0	140.1	149.6	145.8
· Non-alcoholic beverages	132	117.8	118.0	118.1	117.7	117.8	118.0	118.2	118.4	118.4	119.7	120.5	121.5
02. Alcoholic beverages and tobacco	**485**	**123.6**	**123.2**	**123.6**	**123.7**	**123.7**	**123.3**	**123.8**	**123.9**	**124.5**	**125.9**	**126.8**	**126.7**
03. Clothing and footwear	**531**	**112.2**	**112.4**	**111.1**	**111.8**	**112.8**	**113.2**	**114.4**	**114.5**	**114.6**	**114.7**	**114.9**	**114.7**
04. Housing, water, electricity, gas and other fuels	**2,075**	**109.7**	**109.3**	**110.3**	**110.6**	**109.7**	**110.1**	**110.2**	**111.9**	**112.0**	**114.1**	**115.9**	**114.1**
05. Furnishing, household equipment and routine household maintenance	**375**	**109.2**	**109.3**	**108.8**	**109.0**	**109.5**	**109.4**	**109.8**	**109.9**	**110.2**	**110.4**	**111.1**	**111.5**
06. Health	**133**	**107.2**	**107.2**	**107.3**	**107.1**	**107.3**	**107.4**	**107.3**	**107.2**	**107.3**	**107.4**	**107.2**	**107.3**
07. Transport	**1,245**	**108.2**	**108.7**	**109.0**	**109.7**	**110.9**	**111.3**	**111.4**	**111.4**	**113.1**	**117.5**	**117.8**	**118.4**
08. Communication	**314**	**106.7**	**106.0**	**105.8**	**105.8**	**105.8**	**105.8**	**105.8**	**105.8**	**105.8**	**105.8**	**105.8**	**105.8**
09. Recreation and culture	**307**	**113.3**	**113.2**	**112.5**	**117.6**	**117.6**	**117.5**	**117.5**	**117.5**	**117.6**	**118.2**	**117.9**	**116.4**
10. Education	**275**	**101.4**	**101.4**	**101.4**	**101.4**	**102.1**	**102.1**	**103.4**	**103.4**	**103.4**	**103.4**	**103.4**	**103.4**
11. Restaurants and hotels	**882**	**105.2**	**105.2**	**105.5**	**105.6**	**105.7**	**105.5**	**105.3**	**105.1**	**105.1**	**105.1**	**104.3**	**103.6**
12. Miscellaneous goods and services	**639**	**109.6**	**109.5**	**108.6**	**108.7**	**108.7**	**109.0**	**109.6**	**111.4**	**111.2**	**111.2**	**111.3**	**111.5**
GENERAL INDEX	**10,000**	**114**	**114**	**115**	**117**	**115**	**114**	**114**	**115**	**115**	**117**	**118**	**117**
Monthly changes		**-0.1**	**0.2**	**1.1**	**1.2**	**-1.2**	**-1.2**	**0.2**	**0.6**	**0.7**	**1.3**	**1.1**	**-0.9**
Changes over 12 months		**3.5**	**3.2**	**3.8**	**3.6**	**2.2**	**0.7**	**1.3**	**0.7**	**0.9**	**1.7**	**3.0**	**2.9**

ANNEX - 2 | STATISTICAL TABLES

Monthly Evolution of Producer Price Index

Appendix 5(1)

December 2010 = 100

Activity	Weights	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Rwanda	**1000**	**124.0**	**123.4**	**124.9**	**124.8**	**124.0**	**123.1**	**123.2**	**123.4**	**123.2**	**123.7**	**121.9**	**122.8**
Mining and quarrying	96.1	123.5	126.1	126.9	124.1	122.8	120.0	135.0	141.4	141.8	141.8	140.7	151.8
Mining of metal ores	96.1	123.5	126.1	126.9	124.1	122.8	120.0	135.0	141.4	141.8	141.8	140.7	151.8
Mining of non-ferrous metal ores	96.1	123.5	126.1	126.9	124.1	122.8	120.0	135.0	141.4	141.8	141.8	140.7	151.8
Mining of other non-ferrous metal ores	**96.1**	**123.5**	**126.1**	**126.9**	**124.1**	**122.8**	**120.0**	**135.0**	**141.4**	**141.8**	**141.8**	**140.7**	**151.8**
Manufacturing	714.0	127.4	126.3	128.2	128.5	127.5	126.6	124.8	124.1	123.5	124.7	122.4	122.2
Manufacture of food products	376.3	132.6	130.4	134.2	134.1	132.6	130.9	127.1	125.2	124.3	126.3	122.2	121.8
Processing and preserving of meat	23.1	163.4	163.4	163.4	163.4	163.4	163.4	163.4	163.4	163.4	163.4	163.4	163.4
Processing and preserving of meat	**23.1**	**163.4**	**163.4**	**163.4**	**163.4**	**163.4**	**163.4**	**163.4**	**163.4**	**163.4**	**163.4**	**163.4**	**163.4**
Processing and preserving of fruit and vegetables	1.5	144.1	142.8	142.8	143.6	143.6	143.6	143.6	143.6	143.6	160.6	160.6	160.6
Processing and preserving of fruit and vegetables	**1.5**	**144.1**	**142.8**	**142.8**	**143.6**	**143.6**	**143.6**	**143.6**	**143.6**	**143.6**	**160.6**	**160.6**	**160.6**
Manufacture of dairy products	10.9	98.8	98.8	98.8	98.8	98.8	98.8	98.8	98.8	98.8	101.2	101.2	101.2
Manufacture of dairy products	**10.9**	**98.8**	**98.8**	**98.8**	**98.8**	**98.8**	**98.8**	**98.8**	**98.8**	**98.8**	**101.2**	**101.2**	**101.2**
Manufacture of grain mill products	41.8	90.0	89.8	89.9	89.9	89.9	89.9	90.7	90.7	90.7	90.8	92.7	95.3
Manufacture of grain mill products	**41.8**	**90.0**	**89.8**	**89.9**	**89.9**	**89.9**	**89.9**	**90.7**	**90.7**	**90.7**	**90.8**	**92.7**	**95.3**
Manufacture of other food products	299.0	135.5	131.9	136.6	137.4	135.6	133.5	129.1	126.9	125.8	128.0	122.9	122.2
Manufacture of bakery products	**5.5**	**141.3**	**142.8**	**142.8**	**142.8**	**142.8**	**142.8**	**143.1**	**143.1**	**143.1**	**143.1**	**143.1**	**143.1**
Manufacture of sugar	**147.8**	**133.4**	**125.8**	**130.3**	**128.0**	**123.3**	**120.8**	**118.6**	**116.1**	**113.3**	**114.0**	**113.1**	**112.9**
Manufacture of other food products n.e.c. (coffee and tea)	**145.7**	**137.6**	**137.8**	**142.3**	**147.3**	**147.8**	**145.7**	**140.0**	**138.2**	**138.9**	**142.6**	**132.4**	**131.8**
Manufacture of coffee products	**65.5**	**108.2**	**100.8**	**105.9**	**114.7**	**113.0**	**112.7**	**112.2**	**105.0**	**103.3**	**105.9**	**106.9**	**107.4**
Manufacture of tea products	**80.1**	**152.6**	**159.3**	**161.1**	**164.1**	**166.9**	**163.1**	**154.2**	**156.1**	**156.7**	**161.4**	**145.4**	**145.8**

YEAR 2017- 2018

Source: National Institute of Statistics of Rwanda (NISR)

Monthly Evolution of Producer Price Index

Appendix 5(2)

December 2010 = 100

Activity	Weights	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Rwanda	**1000**	**124.0**	**123.4**	**124.9**	**124.8**	**124.0**	**123.1**	**123.2**	**123.4**	**123.2**	**123.7**	**121.9**	**122.8**
Manufacture of beverages	174	127.5	127.5	127.5	127.5	127.5	127.5	127.5	127.5	127.5	127.7	127.7	127.7
Manufacture of beverages	174	127.5	127.5	127.5	127.5	127.5	127.5	127.5	127.5	127.5	127.7	127.7	127.7
Manufacture of wines	**2**	**102.3**	**102.3**	**102.3**	**102.3**	**102.3**	**102.3**	**102.3**	**102.3**	**102.3**	**102.3**	**102.3**	**102.3**
Manufacture of malt liquors and malt	**169**	**127.6**	**127.6**	**127.6**	**127.6**	**127.6**	**127.6**	**127.6**	**127.6**	**127.6**	**127.6**	**127.6**	**127.6**
Manufacture of soft drinks; production of mineral waters and other bottled waters	**3**	**133.1**	**133.1**	**133.1**	**131.5**	**131.5**	**131.5**	**131.5**	**131.5**	**131.5**	**142.8**	**142.8**	**142.8**
Manufacture of tobacco products	3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Manufacture of tobacco products	3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Manufacture of tobacco products	**3**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Manufacture of textiles	5	77.3	77.3	77.3	82.4	82.4	82.4	82.4	82.4	82.4	83.7	83.7	83.7
Manufacture of other textiles	5	77.3	77.3	77.3	82.4	82.4	82.4	82.4	82.4	82.4	83.7	83.7	83.7
Manufacture of made-up textile articles, except apparel	**5**	**77.3**	**77.3**	**77.3**	**82.4**	**82.4**	**82.4**	**82.4**	**82.4**	**82.4**	**83.7**	**83.7**	**83.7**
Manufacture of leather and related products	24	82.2	82.2	82.2	89.1	89.1	89.1	89.1	89.1	89.1	89.3	89.3	89.3
Manufacture of footwear	24	82.2	82.2	82.2	89.1	89.1	89.1	89.1	89.1	89.1	89.3	89.3	89.3
Manufacture of footwear	**24**	**82.2**	**82.2**	**82.2**	**89.1**	**89.1**	**89.1**	**89.1**	**89.1**	**89.1**	**89.3**	**89.3**	**89.3**
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	1	111.5	111.5	111.5	111.5	111.5	111.5	112.5	112.5	112.5	112.5	112.5	112.5
Manufacture of other products of wood; manufacture of articles of cork, straw	1	111.5	111.5	111.5	111.5	111.5	111.5	112.5	112.5	112.5	112.5	112.5	112.5
Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials.	**1**	**111.5**	**111.5**	**111.5**	**111.5**	**111.5**	**111.5**	**112.5**	**112.5**	**112.5**	**112.5**	**112.5**	**112.5**

YEAR 2017- 2018

Source: National Institute of Statistics of Rwanda (NISR)

Monthly Evolution of Producer Price Index

Appendix 5(3)

December 2010 = 100

Activity	Weights	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
		YEAR 2017- 2018											
Rwanda	**1000**	**124.0**	**123.4**	**124.9**	**124.8**	**124.0**	**123.1**	**123.2**	**123.4**	**123.2**	**123.7**	**121.9**	**122.8**
Manufacture of paper and paper products	2	107	107	107	107	107	107	101	101	101	105	105	105
Manufacture of paper and paper products	2	106.8	106.8	106.8	106.8	106.8	106.8	100.6	100.6	100.6	105.2	105.2	105.2
Manufacture of other articles of paper and paperboard	**2**	**106.8**	**106.8**	**106.8**	**106.8**	**106.8**	**106.8**	**100.6**	**100.6**	**100.6**	**105.2**	**105.2**	**105.2**
Printing and reproduction of recorded media	19	106	106	106	112	112	112	112	112	112	112	112	112
Printing and service activities related to printing	19	106.0	106.0	106.0	112.1	112.1	112.1	112.5	112.5	112.5	111.7	111.7	111.7
Printing and service activities related to printing (to combine 1811 and 1812)	**19**	**106.0**	**106.0**	**106.0**	**112.1**	**112.1**	**112.1**	**112.5**	**112.5**	**112.5**	**111.7**	**111.7**	**111.7**
Manufacture of chemicals and chemical products	29	117.5	118.6	117.6	117.5	117.5	119.7	123.2	124.8	124.3	121.0	120.8	120.9
Manufacture of other chemical products	29	117.5	118.6	117.6	117.5	117.5	119.7	123.2	124.8	124.3	121.0	120.8	120.9
Manufacture of paints, varnishes and similar coatings, printing ink and mastics	**8**	**96.9**	**96.9**	**96.9**	**96.9**	**96.9**	**96.9**	**96.9**	**96.9**	**96.9**	**96.9**	**96.9**	**96.9**
Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations	**18**	**123.8**	**123.8**	**123.8**	**123.8**	**123.8**	**128.7**	**128.7**	**128.7**	**128.7**	**128.7**	**128.7**	**128.7**
Manufacture of other chemical products n.e.c.	**2**	**127.8**	**139.2**	**127.6**	**128.5**	**128.1**	**117.6**	**154.5**	**160.6**	**154.9**	**130.7**	**131.0**	**131.4**
Manufacture of pharmaceuticals, medicinal chemical and botanical products	0	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1
Manufacture of pharmaceuticals, medicinal chemical and botanical	0	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1	100.1
Manufacture of pharmaceuticals, medicinal chemical and botanical products	**0**	**100.1**	**100.1**	**100.1**	**100.1**	**100.1**	**100.1**	**100.1**	**100.1**	**100.1**	**100.1**	**100.1**	**100.1**
Manufacture of rubber and plastics products	11	177.5	177.5	177.5	173.0	171.7	171.7	173.0	173.0	173.0	172.2	171.9	171.9
Manufacture of rubber products	3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	**3**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Manufacture of plastics products	8	97.0	97.0	97.0	90.6	90.6	90.6	90.6	90.6	90.6	89.4	89.4	89.4
Manufacture of plastics products	**8**	**97.0**	**97.0**	**97.0**	**90.6**	**90.6**	**90.6**	**90.6**	**90.6**	**90.6**	**89.4**	**89.4**	**89.4**

Source: National Institute of Statistics of Rwanda (NISR)

Monthly Evolution of Producer Price Index

Appendix 5(4)

December 2010 = 100

Activity	Weights	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
		YEAR 2017- 2018											
Rwanda	**1000**	**124.0**	**123.4**	**124.9**	**124.8**	**124.0**	**123.1**	**123.2**	**123.4**	**123.2**	**123.7**	**121.9**	**122.8**
Manufacture of other non-metallic mineral products	31	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0
Manufacture of non-metallic mineral products n.e.c.	31	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0
Manufacture of non-metallic mineral products n.e.c.	**31**	**110.0**	**110.0**	**110.0**	**110.0**	**110.0**	**110.0**	**110.0**	**110.0**	**110.0**	**110.0**	**110.0**	**110.0**
Manufacture of fabricated metal products, except machinery and equipment	29	115.1	115.1	115.1	115.1	115.1	115.1	115.1	122.2	122.2	122.9	122.9	123.8
Manufacture of fabricated metal products, except machinery and equipment	29	115.1	115.1	115.1	115.1	115.1	115.1	115.1	122.2	122.2	122.9	122.9	123.8
Manufacture of fabricated metal products, except machinery and equipment	**29**	**115.1**	**115.1**	**115.1**	**115.1**	**115.1**	**115.1**	**115.1**	**122.2**	**122.2**	**122.9**	**122.9**	**123.8**
Manufacture of electrical equipment	1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1
Manufacture of batteries and accumulators	1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1
Manufacture of batteries and accumulators	**1**	**142.1**	**142.1**	**142.1**	**142.1**	**142.1**	**142.1**	**142.1**	**142.1**	**142.1**	**142.1**	**142.1**	**142.1**
Manufacture of furniture	9	114.1	114.1	114.1	107.9	107.9	107.9	110.9	110.9	110.9	115.0	115.0	115.0
Manufacture of furniture	9	114.1	114.1	114.1	107.9	107.9	107.9	110.9	110.9	110.9	115.0	115.0	115.0
Manufacture of furniture	**9**	**114.1**	**114.1**	**114.1**	**107.9**	**107.9**	**107.9**	**110.9**	**110.9**	**110.9**	**115.0**	**115.0**	**115.0**
Electricity, gas, steam and air conditioning supply	58	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7
Electricity, gas, steam and air conditioning supply	58	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7
Electric power generation, transmission and distribution	58	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7
Electric power generation, transmission and distribution	**58**	**119.7**	**119.7**	**119.7**	**119.7**	**119.7**	**119.7**	**119.7**	**119.7**	**119.7**	**119.7**	**119.7**	**119.7**
Water supply; sewerage, waste management and remediation activities	129	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Water collection, treatment and supply	129	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Water collection, treatment and supply	129	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Water collection, treatment and supply	**129**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Information and communication	3	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9
Publishing activities	3	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9
Publishing of books, periodicals and other publishing activities	3	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9	191.9
Book publishing	**1**	**128.2**	**128.2**	**128.2**	**128.2**	**128.2**	**128.2**	**128.2**	**128.2**	**128.2**	**128.2**	**128.2**	**128.2**
Publishing of newspapers, journals and periodicals	**3**	**200.1**	**200.1**	**200.1**	**200.1**	**200.1**	**200.1**	**200.1**	**200.1**	**200.1**	**200.1**	**200.1**	**200.1**

Source: National Institute of Statistics of Rwanda (NISR)

MONETARY AUTHORITY (BNR) SURVEY (in FRW million)

Appendix 6

DESCRIPTION	NET FOREIGN ASSETS			CLAIMS ON DOMESTIC SECTORS								NET DOMESTIC CREDIT (12)=(6)+(9)+(10)+	OTHER ITEMS NET (13)	NET DOMESTIC ASSETS (14)=(12)+(13)	RESERVE MONEY			RESERVE MONEY (IV)=(I)+II)+(III)
	FOREIGN ASSETS (1)	FOREIGN LIABILITIES (2)	NET FOREIGN ASSETS (3)=(1)-(2)	CLAIMS ON GOVERNMENT (4)	LIABILITIES TO GOVERNMENT (5)	NET CREDIT TO GOVERNMENT (6)=(5)-(4)	NET CLAIMS ON BANKS: BORROWING (7)	NET CLAIMS ON BANKS: LENDING (8)	NET CREDIT TO BANKS (9)=(8)-(7)	CLAIMS ON OTHER FINANCIAL INSTITUTIONS (10)	LOAN TO PRIVATE SECTOR (STAFF) (11)				CURRENCY OUT OF BNR (I)	BANKS DEPOSITS (II)	NON BANK DEPOSITS (III)	
December 2009	425,168.2	65,962.3	**359,205.9**	50,200.0	195,601.2	-145,401.2	73,500.0	9,500.0	-64,000.0	2,471.0	5,372.3	-201,557.9	-43,900.0	**-245,457.9**	86,100.0	24,216.0	3,432.0	**113,748.0**
December 2010	483,454.0	68,607.2	**414,846.8**	57,850.4	234,879.7	-177,029.3	69,330.6	8,745.6	-60,585.0	1,712.8	4,777.3	-231,124.2	-52,749.0	**-283,873.1**	104,140.3	24,681.1	2,152.3	**130,973.7**
December 2011	634,350.0	70,517.7	**563,832.3**	38,728.4	301,173.6	-262,445.2	96,114.9	1,197.2	-94,917.7	1,839.1	5,590.3	-349,933.5	-52,330.0	**-402,263.5**	117,924.2	41,920.0	1,724.5	**161,568.7**
June 2012	526,328.1	74,493.5	**451,834.6**	38,650.4	156,104.6	-117,454.2	122,409.8	450.1	-121,959.8	1,671.1	5,489.7	-232,253.2	-42,859.4	**-275,112.6**	129,876.6	45,729.1	1,116.4	**176,722.1**
June 2013	653,004.1	77,353.7	**575,650.4**	38,572.8	276,197.9	-237,625.1	90,200.0	273.4	-89,926.6	1,341.1	6,762.6	-319,448.0	-53,692.0	**-373,140.0**	137,666.3	63,157.2	1,686.9	**202,510.4**
June 2014	645,973.5	86,289.0	**559,684.5**	38,573.0	180,692.5	-142,119.6	100,479.7	225.9	-100,253.8	1,259.6	8,664.7	-232,449.1	-103,221.7	**-335,670.8**	145,159.3	75,300.0	3,554.5	**224,013.7**
June 2015	614,106.3	79,171.0	**534,935.2**	39,006.8	135,664.0	-96,657.2	81,338.2	161.6	-81,176.6	450.0	9,706.7	-167,677.1	-94,455.1	**-262,132.2**	165,821.2	103,900.0	3,081.8	**272,803.0**
June-16	732,069.0	161,209.7	**570,859.4**	43,125.3	168,498.3	-125,373.0	44,443.4	8,954.0	-35,489.4	15,820.7	10,864.5	-134,177.2	-120,650.5	**-254,827.6**	182,823.8	130,246.6	2,961.4	**316,031.7**
June-17	819,758.2	207,127.0	**612,631.3**	79,145.7	184,936.1	-105,790.3	90,120.9	28,858.4	-61,262.5	15,014.9	11,022.6	-141,015.3	-164,255.3	**-305,270.6**	190,623.7	113,736.3	3,000.6	**307,360.6**
June-18	977,545.1	259,002.3	**718,542.7**	84,851.5	203,072.8	-118,221.2	120,599.8	55,581.4	-65,018.4	12,994.3	10,610.9	-159,634.4	-186,424.0	**-346,058.4**	211,527.2	154,961.5	5,995.6	**372,484.3**
2016																		
January	628,443.8	80,045.2	**548,398.5**	41,635.1	188,594.5	-146,959.5	48,248.3	8,954.0	-39,294.3	15,820.7	11,097.2	-159,335.8	-106,205.0	**-265,540.8**	165,151.4	115,527.0	2,179.3	**282,857.7**
February	627,785.2	83,175.4	**544,609.8**	38,572.8	191,764.2	-153,191.4	41,811.7	8,954.0	-32,857.7	15,820.7	11,214.4	-159,013.9	-108,044.0	**-267,057.9**	163,750.0	112,203.4	1,598.6	**277,551.9**
March	624,869.1	82,011.1	**542,858.0**	39,759.4	202,620.9	-162,861.4	33,356.4	8,954.0	-24,402.4	15,820.7	11,365.8	-160,077.3	-106,450.6	**-266,527.9**	163,440.6	111,107.8	1,781.7	**276,330.1**
April	637,259.4	83,211.2	**554,048.2**	38,071.1	218,782.0	-180,710.9	18,395.7	8,954.0	-9,441.7	15,820.7	11,248.0	-163,083.9	-107,761.9	**-270,845.8**	167,528.9	114,188.1	1,485.4	**283,202.4**
May	626,863.2	83,477.7	**543,385.5**	38,071.1	203,699.6	-165,628.5	5,705.4	8,954.0	3,248.6	15,820.7	10,709.9	-135,849.2	-112,001.7	**-247,851.0**	173,088.8	120,918.2	1,527.6	**295,534.5**
June	732,069.0	161,209.7	**570,859.4**	43,125.3	168,498.3	-125,373.0	44,443.4	8,954.0	-35,489.4	15,820.7	10,864.5	-134,177.2	-120,650.5	**-254,827.6**	182,823.8	130,246.6	2,961.4	**316,031.7**
July	726,837.8	162,486.3	**563,849.5**	45,913.1	191,233.3	-145,320.2	43,491.6	8,954.0	-34,537.6	15,820.7	11,794.6	-152,242.5	-119,588.5	**-271,831.0**	178,732.6	112,901.0	886.8	**292,520.5**
August	695,172.6	165,484.9	**529,757.0**	75,489.1	206,694.3	-131,205.2	12,690.4	8,954.0	-3,736.4	15,820.7	11,876.7	-107,244.2	-129,945.3	**-237,189.5**	168,423.8	122,447.8	1,626.6	**292,498.3**
September	708,749.6	166,129.2	**542,620.4**	58,129.1	225,488.0	-167,358.9	12,726.3	8,954.0	-3,772.3	15,820.7	11,867.1	-143,443.3	-122,077.0	**-265,520.3**	161,895.0	113,788.0	1,417.1	**277,100.1**
October	726,612.7	165,467.3	**561,145.4**	58,348.1	216,959.4	-158,611.3	22,769.9	8,954.0	-13,815.9	15,820.7	11,784.7	-144,821.8	-138,558.2	**-283,380.0**	159,746.4	116,546.9	1,472.1	**277,765.4**
November	721,491.5	162,204.2	**559,287.3**	72,923.2	221,828.2	-148,905.0	12,263.9	8,954.0	-3,309.9	15,820.7	11,674.2	-124,720.0	-143,585.1	**-268,305.2**	158,378.7	129,971.6	2,631.9	**290,982.1**
December	821,000.9	161,102.9	**659,570.2**	37,525.7	250,703.3	-213,177.5	42,797.6	8,954.0	-33,843.6	15,820.7	11,498.4	-219,702.0	-137,407.4	**-357,109.5**	176,698.8	122,765.2	3,324.5	**302,788.5**
2017																		
January	865,223.0	201,941.5	**663,281.5**	47,858.7	261,505.1	-213,646.3	51,320.5	8,954.0	-42,366.5	15,820.7	11,589.6	-228,602.5	-139,372.8	**-367,975.3**	170,962.1	121,537.8	2,806.2	**295,306.1**
February	803,638.1	201,632.3	**602,005.8**	56,665.9	215,821.8	-159,156.0	58,463.9	13,068.9	-45,395.0	15,820.7	11,444.7	-177,285.4	-139,627.1	**-316,912.5**	172,443.5	108,531.0	4,118.8	**285,093.2**
March	798,753.6	202,477.0	**596,276.7**	66,819.7	230,542.5	-163,722.8	38,732.9	13,315.6	-25,417.4	15,417.8	11,337.7	-162,384.6	-141,380.1	**-303,764.7**	174,533.4	116,344.3	1,634.2	**292,511.9**
April	787,120.0	203,930.6	**583,189.4**	71,391.7	234,580.0	-163,188.3	31,881.3	17,448.7	-14,432.6	15,417.8	11,226.2	-150,976.9	-136,226.1	**-287,203.0**	175,751.9	117,346.7	2,887.8	**295,986.4**
May	781,465.1	205,889.3	**575,575.9**	67,410.7	192,987.0	-125,576.3	44,589.4	21,831.8	-22,757.6	15,014.9	11,093.8	-122,225.2	-139,316.0	**-261,541.2**	181,805.0	128,722.2	3,507.3	**314,034.6**
June	819,758.2	207,127.0	**612,631.3**	79,145.7	184,936.1	-105,790.3	90,120.9	28,858.4	-61,262.5	15,014.9	11,022.6	-141,015.3	-164,255.3	**-305,270.6**	190,623.7	113,736.3	3,000.6	**307,360.6**
July	845,611.1	233,578.8	**612,032.3**	46,379.7	184,160.1	-137,780.3	77,178.9	37,163.3	-40,015.6	15,014.9	11,573.4	-151,207.7	-147,060.1	**-298,267.8**	189,120.4	122,074.4	2,569.7	**313,764.5**
August	821,879.5	233,221.2	**588,658.3**	66,607.7	185,476.4	-118,868.6	72,973.9	39,051.8	-33,922.1	15,014.9	11,593.2	-126,182.6	-148,635.8	**-274,818.4**	182,041.4	128,741.5	3,057.0	**313,839.9**
September	816,782.2	232,296.2	**584,486.0**	66,031.7	204,259.5	-138,227.7	63,084.7	39,049.4	-24,035.3	14,612.0	11,634.4	-136,016.6	-146,445.8	**-282,462.4**	176,323.6	122,750.0	2,950.0	**302,023.6**
October	851,990.5	231,600.1	**620,390.4**	50,506.5	200,159.9	-149,653.4	114,170.9	60,019.7	-54,151.1	14,612.0	11,474.1	-177,718.5	-151,003.9	**-328,722.4**	172,367.0	116,230.6	3,070.3	**291,667.9**
November	846,928.7	235,046.0	**611,882.6**	69,174.5	197,806.2	-128,631.7	104,907.8	59,556.5	-45,351.4	14,407.5	11,511.7	-148,063.9	-157,289.8	**-305,353.7**	174,123.0	128,852.9	3,553.1	**306,528.9**
December	984,926.8	235,474.2	**749,452.6**	37,322.5	276,296.5	-238,973.9	95,164.8	59,555.3	-35,609.5	14,004.6	11,343.3	-249,235.5	-170,729.4	**-419,964.9**	195,856.0	131,842.0	1,789.8	**329,487.7**
2018																		
January	991,187.5	263,702.6	**727,484.8**	78,786.5	269,322.4	-190,535.9	133,562.2	59,546.1	-74,016.1	14,004.6	11,252.4	-239,295.0	-150,349.1	**-389,644.1**	186,560.2	139,226.2	12,054.3	**337,840.7**
February	998,363.2	263,745.8	**734,617.4**	79,889.5	252,245.2	-172,355.7	162,524.1	61,206.5	-101,317.5	14,004.6	11,260.8	-248,407.8	-160,120.7	**-408,528.5**	186,605.4	135,713.7	3,769.9	**326,088.9**
March	999,442.6	267,059.0	**732,383.6**	71,911.5	229,353.9	-157,442.4	164,590.7	61,082.6	-103,508.1	14,004.6	11,068.1	-235,877.7	-162,197.8	**-398,075.5**	194,726.7	128,782.3	10,799.1	**334,308.1**
April	972,678.8	263,785.4	**708,893.4**	67,455.5	224,345.1	-156,889.5	125,420.4	57,374.1	-68,046.3	13,601.7	10,935.4	-200,398.7	-167,148.5	**-367,547.2**	201,036.8	133,998.7	6,310.6	**341,346.2**
May	950,165.1	261,311.0	**688,854.1**	86,102.5	201,569.9	-115,467.4	134,687.5	57,378.3	-77,309.2	13,397.2	10,773.1	-168,606.2	-174,519.5	**-343,125.7**	202,835.5	136,851.4	6,041.4	**345,728.4**
June	977,545.1	259,002.3	**718,542.7**	84,851.5	203,072.8	-118,221.2	120,599.8	55,581.4	-65,018.4	12,994.3	10,610.9	-159,634.4	-186,424.0	**-346,058.4**	211,527.2	154,961.5	5,995.6	**372,484.3**

AGGREGATED BALANCE SHEET OF OTHER DEPOSITORY CORPORATIONS (BK, I&M, GT BANK, ECOBANK, ACCESS BANK, COGEBANQUE, BHR, UOB, BPR, KCB RWANDA, CCP, UNGUKA, AGASEKE, CSS , EQUITY BANK , AB BNK, CRANE BANK/ CBA)*

Appendix 7

(in FRW million)

DESCRIPTION	ASSETS												
	CLAIMS ON BNR					FOREIGN ASSETS (6)	CLAIMS ON BANKS (7)	CLAIMS ON GOVERNMENT ** (8)	CREDIT TO ECONOMY			ASSETS NON CLASSIFIED ELSEWHERE (12)	TOTAL ASSETS (13)=(5)+(6)+(7)+(8)+(11)+(12)
	Reserves: Deposits (1)	Reserves: Cash in vault (2)	Total Reserves (3)= (1)+(2)	Other Claims (4)	Total claims (5)=(3)+(4)				CLAIMS ON PUBLIC ENTREPRISES (9)	CLAIMS ON PRIVATE SECTOR (10)	TOTAL CLAIMS ON THE ECONOMY (11)=(9)+(10)		
December 2009	25,397.6	9,486.0	34,883.6	73,220.9	108,104.5	107,466.2	17,922.6	28,010.4	3,021.4	349,601.9	352,623.3	80,207.0	**694,333.9**
December 2010	24,560.6	13,662.1	38,222.7	68,734.5	106,957.2	146,776.8	23,532.4	78,834.2	3,213.6	390,577.6	393,791.2	110,054.4	**859,946.2**
December 2011	43,458.3	15,154.6	58,612.9	96,677.3	155,290.2	157,348.8	11,428.6	80,088.6	2,800.1	502,319.9	505,120.1	142,638.0	**1,051,914.3**
June 2012	46,186.1	18,287.8	64,473.9	121,951.5	186,425.4	109,488.1	15,454.9	103,927.7	2,576.5	593,801.6	596,378.2	153,792.4	**1,165,466.7**
June 2013	54,519.2	21,365.4	75,884.6	90,229.2	166,113.8	146,120.7	20,481.3	111,746.6	998.1	708,903.9	709,902.0	171,700.9	**1,326,065.4**
June 2014	73,138.2	25,715.5	98,853.7	100,084.5	198,938.3	297,321.8	48,237.7	166,618.9	2,720.0	803,460.7	806,180.7	174,973.2	**1,692,270.6**
June 2015	103,690.3	30,875.4	134,565.7	75,696.4	210,262.1	204,444.6	48,034.3	248,019.4	14,270.7	1,026,761.4	1,041,032.1	198,321.5	**1,950,114.0**
June 2016	130,246.6	32,029.0	162,275.5	44,443.4	206,718.9	158,014.2	63,314.3	275,142.3	40,323.2	1,260,286.7	1,300,609.9	212,348.9	**2,216,148.6**
June 2017	113,736.3	30,942.2	144,678.5	90,120.9	234,799.4	282,065.1	54,209.5	265,298.1	44,295.2	1,363,858.6	1,408,153.8	235,905.2	**2,480,431.2**
June 2018	154,961.5	29,938.1	184,899.6	120,599.8	305,499.4	248,719.8	86,777.9	307,726.7	85,446.8	1,467,640.8	1,553,087.5	387,678.2	**2,415,033.5**
2016													
January	115,527.0	27,585.5	143,112.5	48,248.3	191,360.8	164,764.1	71,007.4	259,141.3	4,804.0	1,191,824.1	1,196,628.0	205,693.4	**2,088,595.0**
February	112,203.4	29,444.0	141,647.4	41,811.7	183,459.0	168,770.8	64,739.3	266,650.3	11,849.4	1,194,898.9	1,206,748.3	212,994.7	**2,103,362.5**
March	111,107.8	30,479.7	141,587.5	33,356.4	174,943.9	142,075.0	68,527.5	275,948.5	35,369.3	1,207,636.5	1,243,005.8	205,807.3	**2,110,308.0**
April	114,188.1	28,257.4	142,445.5	18,395.7	160,841.2	151,993.3	73,634.4	247,793.5	40,227.4	1,229,957.3	1,270,184.7	205,712.8	**2,110,159.9**
May	120,918.2	31,035.4	151,953.6	5,705.4	157,659.0	150,575.7	68,770.9	261,623.2	40,555.1	1,245,193.2	1,285,748.3	206,023.0	**2,130,400.2**
June	130,246.6	32,029.0	162,275.5	44,443.4	206,718.9	158,014.2	63,314.3	275,142.3	40,323.2	1,260,286.7	1,300,609.9	212,348.9	**2,216,148.6**
July	112,901.0	31,552.6	144,453.6	43,491.6	187,945.3	160,924.4	55,238.3	271,993.6	38,783.2	1,268,465.3	1,307,248.5	229,418.4	**2,212,768.5**
August	122,447.8	31,334.4	153,782.2	12,690.4	166,472.6	168,742.6	71,714.6	260,130.6	39,347.5	1,275,461.7	1,314,809.3	219,812.4	**2,201,682.1**
September	113,788.0	28,333.7	142,121.7	12,726.3	154,848.0	163,846.5	63,597.4	241,819.7	40,597.9	1,293,245.9	1,333,843.8	219,495.2	**2,177,450.5**
October	116,546.9	29,549.7	146,096.6	22,769.9	168,866.5	168,312.0	68,391.5	232,050.1	39,698.4	1,310,819.1	1,350,517.5	221,226.9	**2,209,364.5**
November	129,971.6	31,118.4	161,089.9	12,263.9	173,353.8	236,714.1	58,897.9	238,607.9	42,263.8	1,254,761.9	1,297,025.7	232,802.3	**2,237,401.7**
December	122,765.2	30,848.4	153,613.6	42,797.6	196,411.1	257,182.2	68,314.1	246,978.0	43,726.9	1,257,699.4	1,301,426.3	224,172.2	**2,294,483.9**
2017													
January	121,537.8	30,494.5	152,032.4	51,320.5	203,352.9	234,301.4	64,642.0	243,817.6	45,782.4	1,270,485.9	1,316,268.4	245,853.4	**2,308,235.5**
February	108,531.0	33,120.0	141,651.0	58,463.9	200,114.9	240,912.4	61,515.2	242,570.6	45,950.6	1,285,584.1	1,331,534.7	241,905.8	**2,318,553.6**
March	116,344.3	31,492.1	147,836.4	38,732.9	186,569.4	250,246.6	53,787.5	252,853.2	45,414.9	1,322,853.9	1,368,268.8	244,790.0	**2,356,515.5**
April	117,346.7	28,402.6	145,749.3	31,881.3	177,630.6	267,464.7	61,724.7	246,021.8	45,336.7	1,338,100.0	1,383,436.8	242,912.1	**2,379,190.6**
May	128,722.2	29,656.9	158,379.2	44,589.4	202,968.6	263,152.6	62,096.4	249,783.4	44,815.5	1,344,381.9	1,389,197.4	230,649.9	**2,397,848.3**
June	113,736.3	30,942.2	144,678.5	90,120.9	234,799.4	282,065.1	54,209.5	265,298.1	44,295.2	1,363,858.6	1,408,153.8	235,905.2	**2,480,431.2**
July	122,074.4	31,235.7	153,310.1	77,178.9	230,489.0	236,375.9	51,077.6	295,330.9	43,646.6	1,354,507.4	1,398,154.0	249,459.7	**2,460,887.0**
August	128,741.5	30,522.7	159,264.3	72,973.9	232,238.1	253,487.5	50,476.9	304,091.6	43,481.7	1,371,345.9	1,414,827.7	268,038.7	**2,523,160.5**
September	122,750.0	28,380.1	151,130.0	63,084.7	214,214.8	267,498.1	66,388.0	305,646.3	43,099.5	1,382,681.3	1,425,780.8	276,081.2	**2,555,609.2**
October	116,230.6	32,556.2	148,786.8	114,170.9	262,957.7	253,536.2	54,418.9	307,686.8	41,463.8	1,406,283.5	1,447,747.2	295,454.8	**2,621,801.6**
November	128,852.9	30,265.0	159,117.9	104,907.8	264,025.7	228,551.9	62,367.1	289,996.5	45,428.3	1,416,247.4	1,461,675.7	299,837.9	**2,606,454.7**
December	131,842.0	33,123.9	164,965.9	95,164.8	260,130.7	219,448.8	66,069.9	297,346.6	46,101.5	1,438,898.2	1,484,999.8	305,121.0	**2,633,116.7**
2018													
January	139,226.2	32,990.2	172,216.4	133,562.2	305,778.6	262,613.0	64,612.4	303,277.5	68,843.2	1,404,268.8	1,473,112.1	294,108.8	**2,712,717.5**
February	135,713.7	32,031.9	167,745.6	162,524.1	330,269.6	271,035.1	72,316.3	307,421.2	80,247.5	1,410,730.0	1,490,977.5	299,050.2	**2,772,801.8**
March	128,782.3	29,851.7	158,634.0	164,590.7	323,224.7	251,374.1	76,491.9	285,901.3	84,926.5	1,424,000.6	1,508,927.1	329,915.0	**2,786,120.2**
April	133,998.7	31,383.6	165,382.3	125,420.4	290,802.7	246,439.9	73,827.7	285,098.3	79,100.4	1,439,062.9	1,518,163.3	373,620.1	**2,714,124.3**
May	136,851.4	33,197.9	170,049.3	134,687.5	304,736.8	247,602.4	74,048.2	291,720.4	78,743.9	1,447,376.1	1,526,120.0	374,127.9	**2,744,307.5**
June	154,961.5	29,938.1	184,899.6	120,599.8	305,499.4	248,719.8	86,777.9	307,726.7	85,446.8	1,467,640.8	1,553,087.5	387,678.2	**2,802,711.7**

Source: NBR

Appendix 7 (Cont'd)

AGGREGATED BALANCE SHEET OF OTHER DEPOSITORY CORPORATIONS (BK, I&M, GT BANK, ECOBANK, ACCESS BANK, COGEBANQUE, BHR, UOB, BPR, KCB RWANDA, CCP, UNGUKA, AGASEKE, ZIGAMA CSS , EQUITY BANK , AB BNK, CRANE BANK and BRD Commercial)*

(in FRW million)

DESCRIPTION	LIABILITIES										
	DEPOSITS INCLUDED IN BROAD MONEY				GOVERNMENT DEPOSITS** (5)	FOREIGN LIABILITIES (6)	LOAN FROM BNR (7)	SHARES AND OTHER EQUITY (8)	BANKS DEPOSITS (9)	LIABILITIES NON CLASSIFIED ELSEWHERE (10)	TOTAL LIABILITIES AND EQUITY (11)=(4)+(5)+(6)+(7)+(8)+(9)+(10)
	TRANSFERABLE (1)	NONTRANSFERABLE (2)	FOREIGN CURRENCY (3)	DEPOSITS INCLUDED IN BROAD MONEY (4)=(1)+(2)+(3)							
December 2009	182,180.3	149,336.3	97,036.9	428,553.5	20,782.3	22,681.5	10,406.0	98,600.1	18,302.4	95,008.0	**694,333.9**
December 2010	238,255.9	181,227.2	99,229.5	518,712.6	24,930.2	31,336.0	8,787.4	125,584.9	20,906.6	129,687.8	**859,945.5**
December 2011	268,120.5	262,878.6	135,558.1	666,557.2	46,224.9	48,076.9	1,967.2	168,064.5	9,452.5	111,570.6	**1,051,913.8**
June 2012	318,814.2	305,137.5	132,254.5	756,206.1	52,060.5	47,455.3	1,176.8	180,636.3	16,207.0	111,724.1	**1,165,466.2**
June 2013	389,775.4	295,196.6	160,615.7	845,587.7	41,113.6	78,703.5	1,269.4	195,802.0	20,818.8	142,770.3	**1,326,065.4**
June 2014	453,853.8	391,172.8	259,479.9	1,104,506.5	37,596.7	124,429.5	225.9	212,250.7	40,600.1	172,661.2	**1,692,270.5**
June 2015	613,090.8	441,096.8	235,581.9	1,289,769.5	26,023.8	139,913.0	161.6	272,760.7	42,097.1	179,388.2	**1,950,114.0**
June 2016	639,971.3	512,439.6	269,209.7	1,421,620.6	25,406.7	161,324.9	10,584.2	323,868.2	61,626.0	211,717.9	**2,216,148.6**
June 2017	680,217.2	542,267.8	390,015.2	1,612,500.2	17,802.1	162,769.7	28,515.8	357,704.2	54,259.5	246,879.8	**2,480,431.2**
June 2018	697,340.9	615,449.0	446,185.9	1,758,975.8	49,388.4	166,475.9	55,581.4	409,356.9	90,081.3		
2016											
January	638,849.6	457,553.9	256,508.2	1,352,911.7	26,095.5	136,954.1	5,663.0	317,114.7	71,806.5	178,049.6	**2,088,595.0**
February	618,337.7	468,140.3	277,867.8	1,364,345.8	26,034.1	128,153.3	5,726.4	317,729.5	64,885.9	196,487.5	**2,103,362.5**
March	617,753.0	472,848.7	256,370.8	1,346,972.5	39,908.7	128,447.8	5,774.4	322,106.6	68,052.8	199,045.1	**2,110,308.0**
April	575,862.7	505,135.4	259,181.7	1,340,179.8	26,319.1	143,809.8	5,815.1	322,414.8	74,239.7	197,381.7	**2,110,159.9**
May	591,619.1	498,250.5	268,487.3	1,358,356.9	24,181.1	149,449.5	5,846.2	316,042.1	68,213.3	208,311.0	**2,130,400.2**
June	639,971.3	512,439.6	269,209.7	1,421,620.6	25,406.7	161,324.9	10,584.2	323,868.2	61,626.0	211,717.9	**2,216,148.6**
July	619,450.1	514,907.5	282,078.0	1,416,435.6	25,996.9	158,113.3	10,713.6	326,820.2	49,945.7	224,743.3	**2,212,768.5**
August	574,435.9	521,973.8	292,404.9	1,388,814.6	28,357.0	162,092.4	10,095.4	331,111.4	69,702.0	211,509.4	**2,201,682.1**
September	548,440.2	523,018.2	295,751.1	1,367,209.5	26,733.7	159,754.2	16,033.8	335,185.2	62,244.1	210,290.1	**2,177,450.5**
October	541,360.2	532,515.5	314,387.7	1,388,263.3	27,605.3	161,231.4	11,075.3	337,301.3	65,369.8	218,518.0	**2,209,364.5**
November	542,430.1	542,656.9	330,792.7	1,415,879.7	26,217.6	157,115.0	10,630.6	348,020.9	56,760.0	222,777.9	**2,237,401.7**
December	587,890.9	532,401.0	328,540.3	1,448,832.3	21,608.7	177,591.5	10,664.2	349,839.7	68,483.0	217,464.4	**2,294,483.9**
2017											
January	571,961.7	560,213.7	325,226.2	1,457,401.6	21,897.3	164,890.7	9,937.0	340,879.0	62,462.2	250,767.7	**2,308,235.5**
February	560,169.9	563,950.5	338,010.0	1,462,130.3	19,861.3	158,503.4	14,044.5	346,221.2	61,980.0	255,812.8	**2,318,553.6**
March	570,565.4	572,243.9	338,667.5	1,481,476.7	34,879.7	160,522.0	13,135.4	345,959.7	58,565.9	261,976.1	**2,356,515.5**
April	600,278.8	542,084.6	365,590.6	1,507,953.9	22,854.5	167,115.0	17,265.1	346,071.2	62,832.6	255,098.4	**2,379,190.6**
May	639,878.5	521,156.5	370,441.5	1,531,476.5	23,862.9	162,126.8	21,399.4	348,680.9	61,000.1	249,301.6	**2,397,848.3**
June	680,217.2	542,267.8	390,015.2	1,612,500.2	17,802.1	162,769.7	28,515.8	357,704.2	54,259.5	246,879.8	**2,480,431.2**
July	643,263.4	568,608.8	373,156.8	1,585,028.9	18,728.8	163,135.6	37,163.3	359,888.9	51,146.7	245,794.9	**2,460,887.0**
August	655,848.0	567,392.6	395,170.9	1,618,411.5	25,015.9	163,110.7	39,051.8	365,646.3	54,982.7	256,941.6	**2,523,160.5**
September	649,630.7	569,394.6	381,911.3	1,600,936.6	36,413.1	189,414.5	39,049.4	368,091.1	70,644.2	251,060.2	**2,555,609.2**
October	637,437.3	580,968.0	406,527.1	1,624,932.4	35,622.8	193,775.8	60,019.7	372,618.5	74,952.2	259,880.2	**2,621,801.7**
November	626,837.4	586,220.9	389,723.4	1,602,781.7	44,556.9	178,370.2	59,556.5	377,248.2	71,045.0	272,896.2	**2,606,454.8**
December	650,077.6	580,044.4	397,951.6	1,628,073.6	44,713.2	165,620.4	59,555.3	377,918.3	76,368.8	280,867.0	**2,633,116.7**
2018											
January	653,087.4	605,625.1	402,577.3	1,661,289.8	47,223.9	189,844.0	59,546.1	395,219.3	77,059.6	282,534.9	**2,712,717.5**
February	651,393.6	624,516.1	426,764.9	1,702,674.5	46,428.1	183,277.4	61,206.5	400,344.0	83,219.7	295,651.6	**2,772,801.8**
March	652,499.3	628,213.8	429,370.6	1,710,083.8	66,755.6	181,356.1	61,082.6	400,446.7	88,270.2	278,125.1	**2,786,120.2**
April	633,491.8	630,389.4	440,983.9	1,704,865.1	47,568.1	169,624.3	57,374.1	404,934.3	73,429.5	256,328.9	**2,714,124.3**
May	654,801.3	630,040.0	442,230.2	1,727,071.5	47,908.8	164,074.9	57,378.3	400,577.0	78,786.5	268,510.5	**2,744,307.5**
June	697,340.9	615,449.0	446,185.9	1,758,975.8	49,388.4	166,475.9	55,581.4	409,356.9	90,081.3	272,852.0	**2,802,711.7**

Source: NBR

MONETARY SURVEY

Appendix 8

(in FRW million)

ASSETS	NET FOREIGN ASSETS			DOMESTIC CREDIT						OTHER ITEMS NET (10)	TOTAL ASSETS (11)=(3)+(9)+(10)
				NET CLAIMS TO THE GOVERNMENT			CREDIT TO ECONOMY		TOTAL DOMESTIC CREDIT (9)=(6)+(7)+(8)		
	GROSS ASSETS (1)	GROSS LIABILITIES (2)	NET FOREIGN ASSETS (3)= (1)-(2)	CLAIMS (4)	DEPOSITS (5)	NET CLAIMS (6)=(4)-(5)	CLAIMS ON PUBLIC ENTERPRISES (7)	CLAIMS ON PRIVATE SECTOR (8)			
December 2009	532,634.4	88,643.8	443,990.6	78,210.4	216,383.5	-138,173.2	3,021.4	357,445.3	222,293.5	-161,116.0	**505,168.1**
December 2010	630,230.8	99,943.2	530,287.6	136,684.5	259,809.8	-123,125.3	3,213.6	397,067.7	277,156.0	-198,252.4	**609,191.2**
December 2011	791,698.8	118,594.7	673,104.2	118,817.0	347,398.5	-228,581.5	2,800.1	509,749.3	283,968.0	-187,745.0	**769,327.1**
June 2012	635,816.2	121,948.8	513,867.5	142,578.2	208,165.2	-65,587.0	2,576.5	600,962.4	537,952.0	-184,025.0	**867,794.4**
June 2013	799,124.9	156,057.3	643,067.6	150,319.4	317,311.5	-166,992.1	998.1	717,007.6	551,013.6	-232,192.5	**961,888.7**
June 2014	943,295.2	210,718.5	732,576.8	205,191.9	218,289.2	-13,097.3	2,720.0	813,384.9	803,007.6	-311,634.2	**1,223,950.2**
June 2015	818,550.9	219,084.0	599,466.8	287,026.2	161,687.8	125,338.4	14,270.7	1,036,918.1	1,176,527.2	-351,279.1	**1,424,715.0**
June 2016	890,083.3	322,534.6	567,548.7	318,267.6	193,905.1	124,362.5	40,323.2	1,286,971.9	1,451,657.6	-446,790.9	**1,572,415.4**
June 2017	1,101,823.3	369,896.7	731,926.6	344,443.9	202,738.1	141,705.7	44,295.2	1,389,896.2	1,575,897.1	-535,642.0	**1,772,181.6**
June 2018	1,226,264.9	425,478.2	800,786.7	441,966.7	252,461.2	189,505.5	85,446.8	1,491,246.0	1,766,198.2	-626,420.1	**1,940,564.9**
2016											
January	793,207.8	216,999.3	576,208.5	300,776.4	214,690.0	86,086.4	4,804.0	1,218,742.0	1,309,632.4	-395,363.3	**1,490,477.6**
February	796,556.0	211,328.7	585,227.3	305,223.1	217,798.3	87,424.8	11,849.4	1,221,934.1	1,321,208.3	-407,783.8	**1,498,651.8**
March	766,944.0	210,458.9	556,485.2	315,708.0	242,529.5	73,178.4	35,369.3	1,234,823.0	1,343,370.7	-419,922.5	**1,479,933.4**
April	789,252.6	227,021.0	562,231.7	285,864.6	245,101.1	40,763.5	40,227.4	1,257,026.0	1,338,016.9	-420,797.3	**1,479,451.2**
May	777,438.9	232,927.3	544,511.7	299,694.3	227,880.7	71,813.6	40,555.1	1,271,723.9	1,384,092.6	-428,194.0	**1,500,410.2**
June	890,083.3	322,534.6	567,548.7	318,267.6	193,905.1	124,362.5	40,323.2	1,286,971.9	1,451,657.6	-446,790.9	**1,572,415.4**
July	887,762.3	320,599.6	567,162.7	317,906.7	217,230.1	100,676.6	38,783.2	1,296,080.6	1,435,540.4	-439,087.4	**1,563,615.6**
August	863,915.3	327,577.3	536,338.0	335,619.7	235,051.3	100,568.5	39,347.5	1,303,159.2	1,443,075.2	-453,509.1	**1,525,904.1**
September	872,596.1	325,883.4	546,712.8	299,948.8	252,221.6	47,727.1	40,597.9	1,320,933.7	1,409,258.7	-455,200.7	**1,500,770.7**
October	894,924.6	326,698.7	568,226.0	290,398.3	244,564.7	45,833.5	39,698.4	1,338,424.5	1,423,956.4	-473,722.4	**1,518,460.0**
November	958,205.6	319,319.3	638,886.3	311,531.1	248,045.8	63,485.3	42,263.8	1,282,256.9	1,388,006.0	-483,752.2	**1,543,140.1**
December	1,078,183.0	338,694.5	739,488.6	284,503.8	272,312.0	12,191.8	43,726.9	1,285,018.5	1,340,937.2	-485,743.1	**1,594,682.7**
2017											
January	1,099,524.3	366,832.1	732,692.2	291,676.3	283,402.4	8,273.9	45,782.4	1,297,896.3	1,351,952.6	-486,775.6	**1,597,869.2**
February	1,044,550.5	360,135.7	684,414.8	299,236.5	235,683.1	63,553.3	45,950.6	1,312,849.6	1,422,353.5	-505,314.5	**1,601,453.8**
March	1,049,000.2	362,999.0	686,001.2	319,672.9	265,422.2	54,250.8	45,414.9	1,349,609.4	1,449,275.1	-510,758.3	**1,624,518.0**
April	1,054,584.7	371,045.6	683,539.1	317,413.6	257,434.5	59,979.1	45,336.7	1,364,744.0	1,470,059.8	-498,295.7	**1,655,303.2**
May	1,044,617.6	368,016.1	676,601.5	317,194.1	216,849.9	100,344.2	44,815.5	1,370,490.5	1,515,650.3	-508,627.2	**1,683,624.6**
June	1,101,823.3	369,896.7	731,926.6	344,443.9	202,738.1	141,705.7	44,295.2	1,389,896.2	1,575,897.1	-535,642.0	**1,772,181.6**
July	1,081,987.0	396,714.4	685,272.6	360,439.4	202,888.8	157,550.6	43,646.6	1381095.605	1,582,292.8	-524,651.9	**1,742,913.6**
August	1,075,366.9	396,331.9	679,035.0	395,715.2	210,492.3	185,222.9	43,481.7	1397954.045	1,626,658.7	-535,763.6	**1,769,930.2**
September	1,084,280.3	421,710.7	662,569.5	408,091.1	240,672.5	167,418.6	43,099.5	1408927.664	1,619,445.8	-533,135.2	**1,748,880.2**
October	1,105,526.7	425,376.0	680,150.7	393,816.1	235,782.7	158,033.4	41,463.8	1432369.513	1,631,866.7	-547,424.3	**1,764,593.2**
November	1,075,480.5	413,416.2	662,064.4	403,727.9	242,363.2	161,364.8	45,428.3	1442166.599	1,648,959.6	-564,384.2	**1,746,639.7**
December	1,204,375.6	401,094.6	803,281.0	379,382.3	321,009.7	58,372.6	46,101.5	1464246.146	1,568,720.3	-580,324.8	**1,791,676.6**
2018											
January	1,253,800.5	453,546.6	800,253.8	429,287.9	316,546.3	112,741.6	68,843.2	1,429,525.9	1,611,110.7	-587,437.4	**1,823,927.1**
February	1,269,398.3	447,023.2	822,375.1	433,738.8	298,673.3	135,065.5	80,247.5	1,435,995.5	1,651,308.4	-614,899.1	**1,858,784.4**
March	1,250,816.8	448,415.1	802,401.6	424,568.4	296,109.5	128,459.0	84,926.5	1,449,073.3	1,662,458.8	-587,282.8	**1,877,577.6**
April	1,219,118.7	433,409.7	785,709.0	400,122.0	271,913.2	128,208.8	79,100.4	1,463,600.0	1,670,909.2	-582,099.8	**1,874,518.4**
May	1,197,767.5	425,385.9	772,381.6	425,731.7	249,478.7	176,253.0	78,743.9	1,471,546.4	1,726,543.3	-602,215.7	**1,896,709.2**
June	1,226,264.9	425,478.2	800,786.7	441,966.7	252,461.2	189,505.5	85,446.8	1,491,246.0	1,766,198.2	-626,420.1	**1,940,564.9**

Source: NBR

MONETARY SURVEY **Appendix 8 (Cont'd)**

(in FRW million)

LIABILITIES	MONEY (M1)			BROAD MONEY (M2)		EXTENDED BROAD MONEY(M3)	
PERIOD	CURRENCY OUT OF BANKS (1)	TRANSFERABLE DEPOSITS IN FRW (2)	TOTAL NARROW MONEY (M1) (3)=(1)+(2)	OTHER DEPOSITS IN RWF (4)	BROAD MONEY (M2) (5)=(3)+(4)	FOREIGN CURRENCY DEPOSITS (6)	EXTENDED BROAD MONEY M3 (7)=(5)+(6)
December 2009	76,614.0	182,180.3	258,794.3	149,336.3	408,130.6	97,036.9	**505,167.5**
December 2010	90,478.2	238,255.9	328,734.1	181,227.2	509,961.3	99,229.5	**609,190.9**
December 2011	102,769.6	268,120.5	370,890.1	262,878.6	633,768.6	135,558.1	**769,326.7**
June 2012	111,588.8	318,814.2	430,402.9	305,137.5	735,540.4	132,254.5	**867,794.9**
June 2013	116,300.9	389,775.4	506,076.3	295,196.6	801,272.9	160,615.7	**961,888.6**
June 2014	119,443.7	453,853.8	573,297.6	391,172.8	964,470.4	259,479.9	**1,223,950.3**
June 2015	134,945.8	613,090.8	748,036.6	441,096.8	1,189,133.4	235,581.9	**1,424,715.3**
June 2016	150,794.8	639,971.3	790,766.1	512,439.6	1,303,205.7	269,209.7	**1,572,415.4**
June 2017	159,681.5	680,217.2	839,898.7	542,267.8	1,382,166.4	390,015.2	**1,772,181.6**
June 2018							
2016							
January	137,565.9	638,849.6	776,415.5	457,553.9	1,233,969.4	256,508.2	**1,490,477.6**
February	134,306.0	618,337.7	752,643.7	468,140.3	1,220,783.9	277,867.8	**1,498,651.8**
March	132,960.9	617,753.0	750,713.9	472,848.7	1,223,562.6	256,370.8	**1,479,933.4**
April	139,271.5	575,862.7	715,134.2	505,135.4	1,220,269.6	259,181.7	**1,479,451.2**
May	142,053.3	591,619.1	733,672.4	498,250.5	1,231,922.9	268,487.3	**1,500,410.2**
June	150,794.8	639,971.3	790,766.1	512,439.6	1,303,205.7	269,209.7	**1,572,415.4**
July	147,180.0	619,450.1	766,630.1	514,907.5	1,281,537.6	282,078.0	**1,563,615.6**
August	137,089.4	574,435.9	711,525.4	521,973.8	1,233,499.2	292,404.9	**1,525,904.1**
September	133,561.3	548,440.2	682,001.5	523,018.2	1,205,019.7	295,751.1	**1,500,770.7**
October	130,196.7	541,360.2	671,556.9	532,515.5	1,204,072.4	314,387.7	**1,518,460.0**
November	127,260.3	542,430.1	669,690.5	542,656.9	1,212,347.4	330,792.7	**1,543,140.1**
December	145,850.4	587,890.9	733,741.3	532,401.0	1,266,142.3	328,540.3	**1,594,682.7**
2017							
January	140,467.6	571,961.7	712,429.3	560,213.7	1,272,643.0	325,226.2	**1,597,869.2**
February	139,323.4	560,169.9	699,493.3	563,950.5	1,263,443.8	338,010.0	**1,601,453.8**
March	143,041.2	570,565.4	713,606.6	572,243.9	1,285,850.5	338,667.5	**1,624,518.0**
April	147,349.3	600,278.8	747,628.1	542,084.6	1,289,712.7	365,590.6	**1,655,303.2**
May	152,148.1	639,878.5	792,026.6	521,156.5	1,313,183.1	370,441.5	**1,683,624.6**
June	159,681.5	680,217.2	839,898.7	542,267.8	1,382,166.4	390,015.2	**1,772,181.6**
July	157,884.7	643,263.4	801,148.1	568,608.8	1,369,756.8	373,156.8	**1,742,913.6**
August	151,518.7	655,848.0	807,366.7	567,392.6	1,374,759.2	395,170.9	**1,769,930.2**
September	147,943.6	648,457.9	796,401.4	569,394.6	1,365,796.1	383,084.1	**1,748,880.2**
October	139,810.8	637,437.3	777,248.1	580,818.0	1,358,066.1	406,527.1	**1,764,593.2**
November	143,858.0	626,837.4	770,695.4	586,220.9	1,356,916.4	389,723.4	**1,746,639.7**
December	162,732.1	647,331.8	810,063.9	583,111.1	1,393,175.0	398,501.6	**1,791,676.6**
2018							
January	153,570.0	663,670.8	817,240.9	605,643.1	1,422,883.9	401,043.2	**1,823,927.1**
February	154,573.5	652,930.0	807,503.4	624,516.1	1,432,019.5	426,764.9	**1,858,784.4**
March	164,875.0	655,118.2	819,993.2	628,213.8	1,448,207.0	429,370.6	**1,877,577.6**
April	169,653.3	633,491.8	803,145.1	630,389.4	1,433,534.5	440,983.9	**1,874,518.4**
May	169,637.6	654,801.3	824,439.0	630,040.0	1,454,479.0	442,230.2	**1,896,709.2**
June	181,589.1	697,340.9	878,930.0	615,449.0	1,494,379.0	446,185.9	**1,940,564.9**

Outstanding Loans by sector of activity as of 30 June 2018 **Appendix 9**

Data submitted byBanks

Amount in thousands of Frw

Cash credits

private and public sector

Class 1 to 5

Individual and legal entities

	End 30 June 2018			
Activities sector	**Short-term**	**Medium-term**	**Long-term**	**Total**
Personal loan	19,943,561	106,696,874	11,135,981	137,776,416
Agricultural, fisheries& livestock	5,013,854	6,388,948	13,202,947	24,605,749
Mining activities	212,898	457,484	2,709,110	3,379,492
Manufacturing activities	60,740,686	23,613,213	88,772,411	173,126,310
Water & energy activities	906,762	6,283,947	35,999,273	43,189,982
Mortgage industries	37,799,180	159,665,193	411,571,730	609,036,103
Trade	129,704,288	110,703,886	42,261,013	282,669,187
Restaurant & hotel	2,922,516	15,794,743	114,137,968	132,855,227
Transport & warehousing	41,183,718	90,282,503	30,051,379	161,517,600
OFI &Insurance	1,057,543	5,130,347	15,278,852	21,466,742
Service sector	6,491,783	13,920,500	33,767,281	54,179,564
Total	**305,976,789**	**538,937,638**	**798,887,945**	**1,643,802,372**

Source:NBR

New Loans from July 2017 to June 2018 (Amount in thousands of Frw) **Appendix 10**

Data submitted by Banks

Cash credits

private and public sector

Individual and legal entities

Activities sector	July 2017-June 2018			
	Short-term	Medium-term	Long-term	Total
Personal loan	29,294,364	63,928,744	4,203,608	97,426,716
Agricultural, fisheries& livestock	5,662,058	3,276,385	629,375	9,567,818
Mining activities	237,808	202,040	-	439,848
Manufacturing activities	38,281,771	16,460,885	10,180,983	64,923,639
Water & energy activities	4,352,191	1,713,578	5,501,910	11,567,678
Mortgage industries	61,396,079	86,193,432	79,774,917	227,364,428
Trade	199,778,341	62,138,293	9,716,354	271,632,988
Restaurant & hotel	1,937,621	1,569,230	12,722,467	16,229,318
Transport & warehousing	31,146,952	52,182,952	439,134	83,769,038
OFI &Insurance	1,485,223	1,148,790	1,311,967	3,945,980
Service sector	11,724,626	5,912,593	6,415,386	24,052,604
Total	**385,297,034**	**294,726,921**	**130,896,100**	**810,920,055**

Source:NBR

INTEREST RATE STRUCTURE (in %)

Appendix 11

DESCRIPTION	2017						2018					
PERIOD	July	August	September	October	November	December	January	February	March	April	May	June
Deposit rate	7.67	7.67	7.86	7.33	6.58	8.70	7.34	7.95	8.23	7.49	8.71	8.33
Lending rate	17.60	17.30	17.33	16.98	17.20	17.19	17.23	16.84	17.08	16.81	16.91	17.03
Money market rate												
Repo Rate	4.82	4.29	4.11	4.03	4.22	4.21	4.07	4.03	3.98	4.04	4.15	4.38
Discount rate	10.00	10.00	10.00	10.00	10.00	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Interbank rate	6.38	5.67	5.76	5.73	5.67	5.85	5.80	5.54	5.24	5.60	5.75	5.58
Weight average rate on T-bill market :	8.36	7.91	7.42	7.17	7.28	7.07	6.89	6.66	6.27	5.79	5.78	5.92
28 days	6.59	5.93	5.65	5.50	5.67	5.36	5.36	5.15	4.90	5.16	4.99	4.96
91 days	8.34	7.67	7.00	6.72	6.77	6.68	6.33	6.05	5.58	5.27	5.27	5.39
182 days	9.20	8.84	8.21	7.97	8.10	7.91	7.53	7.35	6.90	6.25	6.58	6.38
364 days	9.31	9.19	8.80	8.51	8.57	8.34	8.33	8.10	7.71	6.50	6.28	6.95
T-Bonds market												
Tbond 2 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Tbond 3 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Tbond 5 yrs	-	12.20	-	-	-	-	-	11.80	-	-	-	-
Tbond 7 yrs	-	-	-	-	12.40	-	-	-	-	-	-	12.18
Tbond 10 yrs	-	-	-	-	-	-	-	-	-	-	12.50	-
Tbond 15 yrs	-	-	-	-	-	-	-	-	-	-	-	-
3 to 12 months BNR liquidity facility												
Key Repo Rate	6.00	6.00	6.00	6.00	6.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Reverse Repo												

Source: NBR

Appendix 12

EXCHANGE RATES OF THE SELECTED MAJOR CURRENCIES (PERIOD AVERAGE)

Description	1USD	1£stg	1YEN	1DTS	1EURO
2010	583.13	901.56	6.65	889.72	774.01
2011	600.29	962.83	7.54	947.62	835.67
2012	614.29	973.60	7.71	940.46	789.66
2012-2013 (Fiscal year average)	629.04	986.39	7.23	953.49	813.95
2013-2014 (Fiscal year average)	667.12	1083.80	6.59	1013.96	905.31
2014-2015 (Fiscal year average)	697.35	1097.79	6.10	1010.01	837.27
2015-2016 (Fiscal year average)	749.61	1111.09	6.45	1048.27	832.23
2016-2017 (Fiscal year average)	816.29	1035.32	7.49	1119.88	889.77
2017-2018 (Fiscal year average)	845.10	1139.09	7.66	1203.70	1008.90
2010					
January	572.14	925.31	6.26	895.74	818.10
February	572.78	894.64	6.35	880.64	783.17
March	572.62	861.87	6.33	874.94	777.53
April	574.00	879.63	6.13	870.93	770.38
May	578.63	850.49	6.27	857.15	729.81
June	584.38	861.02	6.42	857.80	713.67
July	589.39	900.23	6.73	886.12	752.66
August	588.97	920.83	6.88	893.13	759.07
September	588.35	915.29	6.97	897.49	767.91
October	590.17	935.82	7.20	925.91	819.28
November	592.37	947.54	7.20	925.46	812.37
December	593.78	926.05	7.12	911.33	784.12
Annual average	**583.13**	**901.56**	**6.65**	**889.72**	**774.01**
2011					
January	596.75	939.46	7.23	921.62	796.76
February	600.24	967.47	7.27	936.07	818.70
March	599.53	969.66	7.34	945.49	838.94
April	601.27	982.15	7.22	957.07	867.09
May	599.28	979.81	7.39	956.14	860.98
June	600.00	974.24	7.45	958.23	863.18
July	600.35	969.56	7.57	957.75	857.12
August	599.75	981.83	7.78	963.57	860.21
September	599.84	949.47	7.81	948.30	828.69
October	601.29	945.55	7.85	947.08	822.51
November	601.77	952.40	7.77	944.63	817.69
December	603.45	942.33	7.75	935.53	796.17
Annual average	**600.29**	**962.83**	**7.54**	**947.62**	**835.67**
2012					
January	604.37	936.44	7.85	930.43	779.26
February	605.15	955.36	7.73	938.66	799.47
March	606.80	959.52	7.37	934.15	801.24
April	607.01	970.75	7.46	936.26	799.26
May	608.56	970.58	7.63	932.84	781.01
June	609.94	947.89	7.70	911.06	764.00
July	612.95	955.23	7.77	924.93	752.14
August	613.68	964.25	7.80	930.45	760.96
September	618.08	994.28	7.90	951.16	793.51
October	625.24	1006.08	7.93	964.33	810.86
November	628.77	1004.32	7.78	962.20	806.94
December	630.99	1018.50	7.56	969.03	827.21
Annual average	**614.29**	**973.60**	**7.71**	**940.46**	**789.66**
2013					
January	631.33	1008.47	7.10	964.49	838.39
February	633.25	981.39	6.80	961.21	846.82
March	634.98	956.99	6.70	949.03	824.27
April	637.38	974.68	6.53	950.98	828.72
May	640.13	979.34	6.35	950.67	831.41
June	641.66	993.12	6.59	963.37	846.19
July	645.34	980.25	6.47	961.31	843.56
August	649.01	1005.03	6.63	977.19	864.16
September	653.26	1033.65	6.59	984.70	871.37
October	661.29	1064.45	6.77	1008.02	901.19
November	664.30	1068.75	6.66	1006.69	897.29
December	667.74	1093.43	6.47	1014.66	914.43
Annual average	**646.64**	**1011.63**	**6.64**	**974.36**	**858.98**
2014					
January	672.77	1108.21	6.47	1020.22	917.02
February	674.65	1093.43	6.47	1014.66	920.46
March	676.39	1124.54	6.61	1034.06	935.04
April	678.20	1135.18	6.61	1042.17	936.67
May	680.70	1146.60	6.68	1053.02	935.44
June	681.79	1152.04	6.68	1050.86	927.12
July	683.47	1168.56	6.71	1053.58	926.05
August	684.23	1143.32	6.65	1044.62	911.53
September	685.48	1118.46	6.39	1027.99	885.51
October	688.68	1107.96	6.38	1024.53	873.83
November	690.33	1090.39	5.95	1012.93	861.43
December	692.56	1083.04	5.81	1009.34	854.74
Annual average	**682.44**	**1122.64**	**6.45**	**1032.33**	**907.07**

Source : NBR

Appendix 12(cont'd)

EXCHANGE RATES OF THE SELECTED MAJOR CURRENCIES (PERIOD AVERAGE)

Description	1USD	1£stg	1YEN	1DTS	1EURO
2010	583.13	901.56	6.65	889.72	774.01
2011	600.29	962.83	7.54	947.62	835.67
2012	614.29	973.60	7.71	940.46	789.66
2012-2013 (Fiscal year average)	629.04	986.39	7.23	953.49	813.95
2013-2014 (Fiscal year average)	667.12	1083.80	6.59	1013.96	905.31
2014-2015 (Fiscal year average)	697.35	1097.79	6.10	1010.01	837.27
2015-2016 (Fiscal year average)	749.61	1111.09	6.45	1048.27	832.23
2016-2017 (Fiscal year average)	816.29	1035.32	7.49	1119.88	889.77
2017-2018 (Fiscal year average)	845.10	1139.09	7.66	1203.70	1008.90
2015					
January	696.56	1056.41	5.88	991.54	811.29
February	702.34	1076.69	5.92	992.28	797.85
March	706.25	1058.88	5.87	978.37	766.00
April	709.46	1058.86	5.93	980.85	764.46
May	712.10	1095.06	5.89	997.17	789.67
June	716.70	1115.89	5.79	1006.89	804.84
Fiscal year average	**697.35**	**1097.79**	**6.10**	**1010.01**	**837.27**
July	721.87	1122.78	5.86	1007.81	794.11
August	724.97	1130.52	5.89	1017.45	808.12
September	728.21	1117.35	6.06	1024.37	818.37
October	733.53	1123.65	6.11	1031.81	823.53
November	739.02	1122.92	6.03	1021.25	793.95
December	744.12	1116.63	6.11	1031.31	809.68
2016					
January	751.03	1081.03	6.36	1037.89	816.33
February	758.97	1087.80	6.62	1058.52	843.71
March	765.79	1090.36	6.78	1068.31	851.24
April	771.28	1103.73	7.02	1086.48	874.14
May	776.37	1127.19	7.12	1094.92	878.25
June	780.19	1109.16	7.38	1099.05	875.36
July	788.52	1035.97	7.55	1096.05	872.03
August	800.29	1049.79	7.91	1119.88	897.31
September	808.90	1063.98	7.94	1131.63	906.81
October	811.90	1004.26	7.83	1121.21	896.30
November	815.24	1013.32	7.54	1113.82	880.74
December	818.54	1022.35	7.06	1102.69	863.22
2017					
January	820.77	1013.06	7.14	1109.62	871.96
February	822.86	1028.12	7.28	1115.11	875.87
March	825.01	1018.08	7.30	1117.78	881.47
April	826.69	1044.28	7.51	1125.47	885.15
May	827.69	1069.05	7.37	1138.23	914.99
June	829.11	1061.57	7.48	1147.04	931.39
July	831.17	1080.24	7.39	1159.38	958.11
August	833.53	1080.86	7.58	1175.87	983.61
September	836.29	1112.35	7.56	1187.89	996.32
October	839.19	1107.85	7.43	1183.15	986.58
November	841.86	1113.15	7.46	1185.37	987.82
December	844.09	1132.10	7.48	1194.10	998.71
2018					
January	846.41	1169.57	7.63	1216.52	1032.39
February	848.82	1186.68	7.87	1232.52	1048.97
March	851.42	1189.09	8.03	1236.61	1050.47
April	853.91	1203.03	7.93	1239.14	1048.82
May	856.05	1153.09	7.80	1219.88	1011.86
June	858.52	1141.09	7.81	1214.01	1003.17
Fiscal year average	**845.10**	**1139.09**	**7.66**	**1203.70**	**1008.90**

Source : NBR

Appendix 13

EXCHANGE RATES OF THE SELECTED MAJOR CURRENCIES (END OF PERIOD)

Description	1USD	1£stg	1YEN	1DTS	1EURO
2010	594.45	915.22	7.24	911.40	780.10
2011	604.14	928.63	7.77	927.26	777.29
2012	631.41	1021.30	7.36	969.96	837.25
2012-2013 (end June2013)	642.67	982.26	6.55	958.47	836.88
2013-2014 (end June 2014)	682.54	1161.66	6.70	0.00	931.40
2014-2015 (end June 2015)	719.54	1132.45	5.87	1012.51	808.48
2015-2016 (end June 2016)	783.26	1051.60	7.62	1093.56	865.19
2016-2017 (end June 2017)	830.22	1080.74	7.42	1154.53	949.65
2017-2018 (end June 2018)	859.76	1127.92	7.77	1207.90	1001.75
2010					
January	572.98	930.74	6.35	891.88	801.94
February	572.39	876.10	6.40	875.39	772.50
March	573.57	865.22	6.20	871.56	772.99
April	576.38	878.06	6.13	869.38	763.41
May	580.77	846.76	6.37	856.24	720.79
June	588.58	886.05	6.63	868.24	717.54
July	588.83	921.23	6.78	891.46	770.43
August	587.19	908.50	6.93	883.90	744.91
September	589.95	931.89	7.05	916.76	802.51
October	591.31	938.95	7.27	928.10	818.97
November	593.02	924.52	7.05	908.13	780.83
December	594.45	915.22	7.24	911.40	780.10
2011					
January	599.38	954.45	7.29	936.31	822.35
February	598.50	963.35	0.00	0.00	825.03
March	600.53	963.97	7.22	946.39	846.08
April	601.74	1002.20	7.37	971.84	891.48
May	598.31	981.94	7.38	951.43	850.91
June	602.42	964.95	7.43	960.87	869.23
July	599.25	978.10	7.71	960.08	856.63
August	599.87	978.87	7.80	966.03	866.04
September	599.98	942.76	7.82	938.44	816.82
October	601.88	969.50	7.94	962.31	849.55
November	602.65	941.39	7.75	938.79	805.80
December	604.14	928.63	7.77	927.26	777.29
2012					
January	604.69	950.58	7.89	938.61	793.78
February	605.75	960.12	7.53	941.80	814.13
March	606.83	963.41	7.39	936.72	805.63
April	608.13	986.38	7.54	941.83	804.18
May	609.31	949.24	7.71	923.01	757.12
June	612.43	951.89	7.71	926.98	761.06
July	613.11	963.08	7.84	926.96	751.86
August	614.49	973.60	7.82	936.09	770.69
September	622.73	1008.70	8.02	960.66	801.14
October	627.17	1007.37	7.90	965.53	811.88
November	629.73	1008.77	7.67	965.50	817.77
December	631.41	1021.30	7.36	969.96	837.25
2013					
January	632.24	997.30	6.93	968.22	856.43
February	634.16	959.23	6.92	955.47	831.13
March	635.75	959.79	6.75	945.49	811.79
April	639.04	991.91	6.53	956.30	835.93
May	641.01	971.38	6.32	950.40	832.28
June	642.67	982.26	6.55	958.47	836.88
July	647.91	992.15	6.61	973.21	859.71
August	649.82	1007.68	6.62	976.72	861.47
September	657.41	1057.65	6.67	996.90	885.73
October	661.67	1062.91	6.74	1011.39	910.46
November	666.61	1087.84	6.55	1010.50	903.60
December	670.08	1103.48	6.37	1018.46	922.23
2014					
January	674.21	1111.64	6.58	1023.39	916.79
February	675.36	1123.86	6.63	1028.56	922.67
March	677.86	1127.08	6.62	1033.75	931.04
April	679.61	1143.62	6.62	1052.68	938.68
May	681.51	1139.25	6.69	1049.86	927.00
June	682.54	1161.66	6.70	1054.85	931.40
July	683.98	1157.43	6.66	1048.00	916.36
August	684.42	1135.22	6.60	1039.13	902.28
September	686.92	1116.99	6.28	1021.66	871.90
October	689.45	1103.16	6.31	1021.18	869.60
November	691.38	1086.21	5.85	1011.60	860.71
December	694.37	1077.29	5.75	1004.09	843.80

Source : NBR

EXCHANGE RATES OF THE SELECTED MAJOR CURRENCIES (END OF PERIOD)

Description	1USD	1£stg	1YEN	1DTS	1EURO
2010	594.45	915.22	7.24	911.40	780.10
2011	604.14	928.63	7.77	927.26	777.29
2012	631.41	1021.30	7.36	969.96	837.25
2012-2013 (end June2013)	642.67	982.26	6.55	958.47	836.88
2013-2014 (end June 2014)	682.54	1161.66	6.70	0.00	931.40
2014-2015 (end June 2015)	719.54	1132.45	5.87	1012.51	808.48
2015-2016 (end June 2016)	783.26	1051.60	7.62	1093.56	865.19
2016-2017 (end June 2017)	830.22	1080.74	7.42	1154.53	949.65
2017-2018 (end June 2018)	859.76	1127.92	7.77	1207.90	1001.75
2015					
January	700.30	1056.17	5.94	986.68	793.81
February	703.91	1084.44	5.89	990.51	788.24
March	707.92	1048.47	5.90	978.00	766.96
April	710.66	1097.25	5.97	997.06	791.07
May	714.13	1093.79	5.76	992.46	781.86
June	719.54	1132.45	5.87	1012.51	808.48
July	723.41	1128.63	5.83	1008.45	790.91
August	726.32	1117.98	5.97	1022.12	811.98
September	730.54	1106.84	6.10	1026.68	821.78
October	736.00	1126.85	6.08	1026.63	807.87
November	741.77	1115.44	6.04	1018.56	785.76
December	747.41	1107.40	6.20	1036.98	817.10
2016					
January	754.35	1083.40	6.35	1042.86	825.19
February	762.31	1057.36	6.69	1054.58	833.51
March	768.41	1104.81	6.83	1080.21	868.38
April	773.77	1130.48	7.16	1096.38	878.46
May	778.02	1138.47	7.00	1091.11	866.05
June	783.26	1051.60	7.62	1093.56	865.19
July	793.13	1044.16	7.53	1104.26	878.44
August	807.32	1056.22	7.84	1126.05	899.60
September	810.23	1050.83	8.02	1132.80	909.33
October	813.77	991.58	7.77	1118.97	894.09
November	816.91	1020.31	7.27	1106.39	870.00
December	819.79	1005.31	7.03	1,101.20	860.08
2017					
January	821.75	1026.04	7.22	1115.07	878.83
February	823.83	1025.18	7.31	1114.57	872.23
March	826.09	1030.05	7.38	1120.66	881.89
April	827.21	1067.44	7.43	1132.11	899.43
May	827.97	1060.43	7.46	1143.09	925.26
June	830.22	1080.74	7.42	1154.53	949.65
July	832.03	1092.29	7.53	1169.45	976.59
August	834.79	1078.59	7.55	1183.93	991.10
September	837.71	1123.78	7.44	1182.61	986.73
October	840.40	1110.08	7.43	1179.52	978.14
November	843.19	1135.36	7.52	1194.37	1000.41
December	845.00	1137.66	7.50	1200.49	1005.55
2018					
January	847.48	1203.06	7.80	1233.37	1054.14
February	850.01	1181.72	7.94	1233.64	1039.30
March	852.68	1201.64	8.01	1242.84	1051.57
April	854.98	1178.51	7.83	1229.29	1037.18
May	857.27	1140.62	7.88	857.27	1000.89
June	859.76	1127.92	7.77	1207.90	1001.75

Source : NBR

STOCK OF EXTERNAL PUBLIC DEBT (in USD million)

Appendix 14

DESCRIPTION	2009	2010	2011	End June 2012	End June 2013	End June 2014	End June 2015	End June 2016	End June 2017	End June 2018
MULTILATERAL DEBT	**628.26**	**650.59**	**832.99**	**841.66**	**895.26**	**1,051.04**	**1,182.91**	**1,557.84**	**1,961.75**	**2,418.69**
ADB-ADF	157.88	172.48	210.62	213.33	234.59	262.37	261.61	297.09	384.50	458.20
BADEA	26.49	28.88	34.03	33.56	32.67	34.99	41.64	46.75	48.90	54.88
EIB	**8.90**	**6.39**	**5.03**	**3.66**	**2.57**	**1.35**	**0.00**	**0.00**	**0.00**	**0.00**
EU	**17.82**	**15.25**	**13.89**	**12.90**	**12.44**	**11.89**	**8.84**	**7.74**	**7.03**	**6.16**
IFAD	**99.74**	**103.04**	**107.07**	**107.58**	**106.38**	**114.75**	**110.52**	**111.98**	**111.64**	**127.06**
IMF	**15.19**	**14.82**	**14.13**	**13.59**	**12.03**	**10.35**	**6.86**	**104.98**	**152.62**	**203.54**
IDA	253.30	258.25	391.55	401.11	435.54	548.92	688.46	907.19	1168.03	1469.56
NDF	16.54	16.40	16.08	15.33	16.28	17.06	13.96	13.50	13.70	13.66
OPEC	32.40	35.08	40.57	40.38	42.76	49.36	51.02	55.51	55.95	56.88
NTF/ADB								13.10	19.39	28.77
BILATERAL DEBT	**108.34**	**126.27**	**151.66**	**163.02**	**206.22**	**228.20**	**269.36**	**293.02**	**327.85**	**365.58**
AFD-FRANCE	4.79	3.60	2.12	1.36	0.00	0.00	0.00	0.00	0.00	0.00
CHINA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EXIM-CHINA	6.17	20.41	28.60	30.70	56.02	61.93	98.51	116.19	137.68	160.64
EXIM-INDIA	**16.00**	**18.50**	**28.65**	**39.55**	**59.44**	**73.18**	**77.09**	**75.36**	74.88	75.90
Abu Dhabi	**1.85**	**1.85**	**2.99**	**2.99**	**2.96**	**2.98**	**2.98**	**2.98**	2.86	2.74
KUWAIT	34.63	36.65	44.68	44.48	45.51	48.37	49.66	53.31	55.64	59.00
SAUDI FUND	44.54	44.91	44.28	44.59	41.96	41.37	40.80	44.85	49.07	53.45
JICA									7.40	13.52
LYBIA	0.36	0.35	0.35	0.34	0.34	0.36	0.32	0.32	0.31	0.32
EURO-BONDS					400.00	400.00	400.00	400.00	400.00	400.00
TOTAL	**736.6**	**776.9**	**984.7**	**1004.7**	**1,501.48**	**1,679.24**	**1,852.27**	**2,250.86**	**2,689.60**	**3,184.27**

Source: MINECOFIN

DEVELOPMENT OF DISBURSEMENTS (in USD million)

Appendix 15

DESCRIPTION	2005	2006	2007	2008	2009	2010	2011	July 2011 - June 2012	July 2012 - June 2013	July 2013 - June 2014	July 2014 - June 2015	July 2015 - June 2016	July 2016 - June 2017	July 2017- June 2018
MULTILATERAL CREDITORS	**101.9**	**90.4**	**79.4**	**110.6**	**51.2**	**43.3**	**197.5**	**151.6**	**84.2**	**149.1**	**244.6**	**397.3**	**422.6**	**463.3**
Of which : IDA	46.7	36.7	27.6	40.5	10.5	10.1	138.2	99.3	44.6	101.5	195.9	227.7	264.3	296.9
BILATERAL CREDITORS	**0.0**	**4.4**	**9.1**	**1.7**	**24.7**	**18.5**	**24.8**	**21.9**	**46.3**	**24.1**	**47.6**	**36.9**	**46.7**	**45.3**
EURO-BONDS									**392.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL	**101.9**	**94.7**	**88.5**	**112.3**	**75.9**	**61.8**	**222.2**	**173.5**	**523.4**	**173.2**	**292.2**	**434.2**	**469.3**	**508.6**

Source: MINECOFIN

DEVELOPMENT OF EXTERNAL DEBT SERVICE (in USD million)

Appendix 16

DESCRIPTION	2005	2006	2007	2008	2009	2010	2011	July 2011-June 2012	July 2012-June 2013	July 2013-June 2014	July 2014-June 2015	July 2015-June 2016	July 2016-June 2017	July 2017-June 2018
MULTILATERAL DONORS	**45.5**	**31.4**	**11.9**	**12.9**	**13.5**	**14.9**	**19.3**	**20.4**	**22.7**	**25.3**	**25.1**	**27.8**	**30.3**	**35.8**
Principal	35.1	21.1	6.6	7.0	7.4	8.6	13.3	14.3	15.6	17.4	17.6	17.7	17.9	19.0
Of which : IDA	13.8	9.3	0.0	0.0	0.0	0.5	2.4	2.8	3.6	4.0	4.6	4.8	4.7	4.9
FAD-FSN	7.2	5.6	0.8	0.7	1.1	1.2	1.7	1.7	1.7	1.6	2.0	2.4	2.4	2.5
BADEA	3.5	1.0	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Interests	10.5	10.2	5.3	5.8	6.1	6.1	5.9	6.1	7.1	7.9	8.5	10.1	12.5	16.8
Of which : IDA	7.7	5.0	1.5	1.7	1.6	1.9	2.3	2.5	3.2	3.4	3.9	5.3	7.0	10.0
FAD-FSN	0.8	3.1	1.4	1.6	1.5	1.6	1.6	1.7	2.0	2.4	2.6	2.8	3.3	4.8
BADEA	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BILATERAL DONORS	**1.6**	**1.2**	**1.3**	**1.4**	**1.8**	**2.9**	**4.4**	**4.9**	**6.8**	**6.3**	**7.3**	**10.9**	**15.7**	**17.9**
Principal	0.9	0.3	0.3	0.3	0.3	1.2	2.3	2.5	2.7	2.5	3.1	6.1	9.9	11.4
Interests	0.7	1.0	1.1	1.2	1.6	1.7	2.2	2.4	4.2	3.8	4.2	4.7	5.8	6.5
SUPPLIERS'CREDITS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EURO-BONDS			**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**
TOTAL	**47.2**	**32.6**	**13.3**	**14.3**	**15.3**	**17.6**	**23.7**	**25.3**	**29.5**	**58.1**	**59.9**	**65.2**	**72.5**	**80.2**
Principal	**36.0**	**21.4**	**6.9**	**7.3**	**7.7**	**9.8**	**15.6**	**16.8**	**18.3**	**19.8**	**20.7**	**23.8**	**27.8**	**30.4**
Interests	**11.2**	**11.2**	**6.4**	**7.0**	**7.6**	**7.8**	**8.1**	**8.5**	**11.2**	**38.2**	**39.2**	**41.4**	**44.8**	**49.8**

Source: MINECOFIN

BALANCE OF PAYMENTS
(in USD million)

Appendix 17

BALANCE OF PAYMENTS (in Mil USD)	2015	2016	2017	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
A. Current Account	**-1106.35**	**-1210.99**	**-628.05**	**-660.82**	**-773.56**	**-966.37**	**-1121.12**	**-848.65**	**-800.76**
Balance on goods and services	**-1427.5**	**-1511.2**	**-901.3**	**-1204.3**	**-1259.0**	**-1342.2**	**-1445.9**	**-1155.2**	**-1058.4**
Goods (Trade Balance)	-1235.0	-1300.1	-871.5	-1195.6	-1212.9	-1207.2	-1244.2	-1015.0	-825.6
Exports f.o.b.	683.7	745.0	1050.2	707.3	707.3	709.5	688.2	840.7	1152.0
Of which: coffee	62.0	58.5	64.1	69.1	47.5	64.0	60.5	58.5	69.4
tea	72.5	63.4	84.3	63.9	52.3	61.7	70.3	74.5	87.9
Imports f.o.b.	**1918.7**	**2045.1**	**1921.7**	**1902.9**	**1920.2**	**1916.7**	**1932.4**	**1855.7**	**1977.6**
Services (net)	-192.5	-211.1	-29.8	-8.8	-46.0	-134.9	-201.8	-140.2	-232.8
Services: credit	838.0	850.5	998.2	545.5	583.7	715.1	844.3	875.2	899.5
Services: debit	**1030.5**	**1061.6**	**1028.0**	**554.3**	**629.8**	**850.1**	**1046.1**	**1015.4**	**1132.3**
o/w: Net Freight	**-356.4**	**-349.0**	**-338.8**	**-292.9**	**-289.0**	**-317.3**	**-393.7**	**-320.9**	**-253.7**
Travel (net)	114.6	124.0	139.5	358.5	372.5	386.4	487.5	414.0	34.2
credit	367.7	389.8	438.1	296.5	292.5	298.4	383.6	395.9	355.0
debit	**253.1**	**265.8**	**298.6**	**62.0**	**80.0**	**88.0**	**103.9**	**279.8**	**320.7**
PKO	**159.3**	164.4	175.1	98.6	106.0	110.3	143.9	157.4	155.4
Primary income (net) = Income in BPM5	**-214.9**	**-224.1**	**-323.2**	**-124.8**	**-152.1**	**-159.5**	**-183.7**	**-184.3**	**-348.9**
Primary income: credit	11.5	**9.4**	**20.0**	**13.8**	**10.4**	**17.5**	**10.4**	**11.1**	**20.5**
Primary income: debit	226.4	233.5	343.2	138.7	162.5	177.1	194.1	195.4	369.4
O/W: Public sector debt interest	40.1	43.5	-46.6	19.5	37.6	46.2	42.0	45.2	48.9
Private sector debt interest	35.7	26.2	80.6	35.3	34.7	36.9	51.0	40.2	80.5
Compensation of employees	72.7	74.1	-69.4	58.5	68.7	71.7	73.4	76.2	87.5
Dividends	22.5	32.9	40.2	25.3	21.4	22.2	27.7	33.8	42.9
Secondary income (net) = Transfers in BPM5	**536.0**	**524.3**	**596.4**	**668.4**	**637.5**	**535.3**	**508.6**	**490.9**	**606.6**
Secondary income: credit	614.6	612.5	695.1	745.8	717.7	616.7	591.9	580.9	725.4
Secondary income: debit	78.5	88.2	98.7	77.4	80.3	81.4	83.4	90.0	118.8
Private transfers net	165.9	180.4	220.8	182.2	180.6	172.9	173.1	179.8	260.0
o/w: Remittances from diaspora (net)	102.4	107.4	149.6	116.5	117.2	110.9	104.9	106.6	176.7
credit	153.2	167.3	207.6	168.5	168.3	164.0	160.3	168.2	232.2
debit	50.8	59.9	58.0	52.0	51.2	53.1	55.3	61.6	55.5
o/w: Private transfers for churches and associations	63.5	72.9	71.1	65.6	63.5	62.0	68.2	73.2	83.3
credit	**69.9**	**79.4**	**78.0**	**72.9**	**70.5**	**68.5**	**74.7**	**79.9**	**90.5**
debit	**6.4**	**6.5**	**6.8**	**7.3**	**7.1**	**6.5**	**6.4**	**6.7**	**7.2**
o/w: official transfers - credit	**370.1**	**343.9**	**375.7**	**504.4**	**478.9**	**384.1**	**357.0**	**332.8**	**346.6**
budgetary grants	**218.6**	**234.6**	**253.3**	**406.1**	**372.9**	**247.8**	**226.6**	**222.8**	**231.3**
nonbudgetary grants	**172.8**	**131.1**	**156.2**	**116.5**	**128.1**	**158.1**	**152.0**	**131.8**	**171.4**
- debit	**21.4**	**21.8**	**33.9**	**18.2**	**22.0**	**21.7**	**21.6**	**21.8**	**56.1**
B. Capital Account	299.9	190.0	189.7	149.0	176.5	216.4	237.3	190.0	199.0
Capital account: credit (PIP)	299.9	190.0	189.7	149.0	176.5	216.4	237.3	190.0	199.0
Capital account: debit	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net lending(+)/ net borrowing (-) (balance from current and capital accounts)	**-806.5**	**-1021.0**	**-438.3**	**-152.6**	**-107.9**	**-535.2**	**-715.3**	**-688.8**	**-601.7**
C. Financial Account: Net lending(+)/ net borrowing (-)	**-651.7**	**-958.6**	**-555.6**	**-350.2**	**-762.5**	**-636.6**	**-866.0**	**-791.8**	**-682.3**
Direct investment	**-219.9**	**-246.9**	**-245.1**	**-165.8**	**-175.0**	**-280.1**	**-357.0**	**-253.2**	**-257.6**
Direct investment: assets	**3.5**	**7.6**	**48.3**	**0.0**	**0.0**	**0.0**	**0.0**	**6.0**	**49.6**
Direct investment: liabilities (FDI)	223.3	254.5	293.4	165.8	175.0	280.1	357.0	259.2	307.2
Portfolio investment	-7.7	-3.2	71.8	-9.8	-12.0	-2.8	-2.3	-3.0	42.7
Portfolio investment: assets	0.0	0.0	74.8	0.0	0.0	0.0	0.0	0.0	46.0
Portfolio investment: liabilities	7.7	3.2	3.0	9.8	12.0	2.8	2.3	-3.0	3.3
Other investment	-424.1	-708.6	-382.3	-174.6	-575.5	-353.7	-506.8	-535.7	-467.5
Other investment: assets	-73.0	19.4	-36.8	83.3	-111.5	50.3	32.8	9.7	-51.3
of which NFA of Commercial banks	-105.8	52.3	-36.8	83.3	-111.5	50.3	32.8	49.4	-51.3
Other investment: liabilities	351.1	728.0	345.5	257.9	464.0	404.0	539.6	545.4	416.1
o/w public sector current loans	232.1	214.8	216.1	13.8	175.4	252.7	223.4	237.3	399.2
o/w public sector project loans	140.0	172.0	153.1	310.3	338.6	146.7	156.0	162.5	252.6
o/w public sector amortization (current+project)	21.3	27.3	27.3	15.9	17.6	21.1	24.3	27.6	28.7
o/w private sector loans	72.9	449.7	162.2	158.4	150.8	103.1	261.3	267.0	208.0
o/w private sector amortization	72.6	81.1	167.9	208.6	183.1	77.5	76.9	93.9	43.0
Net errors and ommissions	126.2	41.6	-24.7	-101.6	-441.0	34.5	-92.4	56.5	54.8
Overall balance	**-28.5**	**-20.8**	**92.6**	**96.0**	**213.6**	**136.0**	**58.4**	**159.5**	**135.4**
Reserve Assets	**-28.5**	**-20.8**	**92.6**	**96.0**	**213.6**	**136.0**	**58.4**	**159.5**	**135.4**
For the record									
Gross official reserves (Mil USD)	922.3	1001.5	1163.3	986.1	853.5	922.3	934.6	943.5	1132.05
Gross reserves in month of imports G&S	3.6	4.0	4.2	4.5	4.0	4.0	3.8	3.9	4.4
Gross reserves in months of CIF imports of goods	4.4	4.7	5.2	4.8	4.3	4.6	4.6	4.2	5.6
Gross reserves in months of FOB imports of goods	5.4	5.8	6.4	5.9	5.3	5.8	5.8	6.1	6.9
Trade balance (in percent of GDP)	-17.2	-18.0	-9.5	-15.9	-16.2	-16.5	-17.1	-13.2	-11.3
Current account balance in percent of GDP (including official transfers)	-13.4	-14.4	-6.9	-8.7	-9.9	-11.9	-13.3	-9.7	-8.6
Current account balance in percent of GDP (excluding official transfers)	-17.8	-18.5	-4.0	-15.4	-16.1	-16.6	-17.5	-13.5	-14.4
Overall balance (in percent of GDP)	-0.3	-0.2	1.0	1.3	2.7	1.7	0.7	1.8	1.4
GDP (millions $US, Current)	8276.9	8406.5	9126.7	7570.3	7785.7	8130.8	8432.4	8729.7	9345.6
GDP (billions in RFW, current)	5956.0	6618.0	7597.0	4762.0	5193.0	5670.0	6321.0	7126.0	7898.0
Exchange rate of 1 USD (RFW/1 USD), end period	747.4	819.8	845.0	642.7	682.5	719.5	783.3	830.2	859.8
Imports of goods and services	2949.2	3106.7	2949.7	2457.1	2550.0	2766.8	2978.5	2871.1	3109.9
Exchange rate average (RFW/1 USD)	719.6	787.3	832.4	629.04	667.12	697.35	749.61	816.29	845.10

Source: NBR

historical data especially on services have come about because of improved coverage as well as changes in source data, BMP6 recommends survey based data and in this case , some services line items have been updated with the survey data.
other sources of differences are different adjustments i.e adjustment for coverage, classification, and for timing as recommended by BPM6 and IMTS 2010.

RWANDA's EXPORTS

Appendix 18

(FOB value in USD million)

	2014	2015	2016	2017	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
I. Coffee										
Value	**59.68**	**62.04**	**58.49**	**64.12**	**69.09**	**47.49**	**64.03**	**60.45**	**58.53**	**69.36**
in % of Total exports, f.o.b.	8.25	9.07	7.85	6.10		6.71	9.02	8.78	6.96	0.06
% change of value	8.70	3.95	-5.72	9.62		-31.26	34.83	-5.58	-3.19	0.19
Volume (1,000 tons)	15973.38	18793.31	18641.04	18670.72	20526.14	17826.98	16529.69	19376.24	18502.44	20353.42
% change of volume	-20.09	17.65	-0.81	7.00		-13.15	-7.28	17.22	-4.51	0.10
Unit value (US$/kg)	3.74	3.30	3.14	3.14	3.37	2.66	3.87	3.13	3.16	3.41
% change of unit value	36.03	-11.64	-4.95	0.15		-20.86	45.41	-19.14	0.98	0.08
II. Tea										
Value	**51.76**	**72.46**	**63.42**	**84.27**	**63.89**	**52.26**	**61.68**	**70.27**	**74.64**	**87.91**
in % of Total exports, f.o.b.	7.16	10.60	8.51	8.02	9.03	7.39	8.69	10.21	8.88	0.08
% change of value	-6.71	39.99	-12.47	32.87		-18.20	18.02	13.93	6.22	0.18
Volume (1,000 tons)	22667.02	24677.08	24414.92	26242.71	22062.39	21598.56	24789.47	24632.43	25146.51	27784.00
% change of volume	7.89	8.87	-1.06	7.49		-2.10	14.77	-0.63	2.09	0.10
Unit value (US$/kg)	2.28	2.94	2.60	3.21	2.90	2.42	2.49	2.86	2.97	3.16
% change of unit value	-13.52	28.59	-11.53	23.61		-16.45	2.83	14.80	3.92	0.07
III. Minerals										
Value	**203.32**	**117.81**	**86.42**	**124.97**	**186.31**	**204.28**	**174.10**	**94.30**	**93.94**	**150.06**
in % of Total exports, f.o.b.	28.12	17.23	11.60	11.90	26.34	28.88	24.54	13.70	11.17	0.13
% change of value	-9.92	-42.06	-26.64	44.60		9.65	-14.77	-45.84	-0.37	0.60
Volume (1,000 tons)	10470.81	7281.77	6535.81	8008.48	8412.53	10230.45	9038.25	6623.16	6975.12	8661.30
% change of volume	9.31	-30.46	-10.24	3.21		21.61	-11.65	-26.72	5.31	0.24
Cassiterite										
Value	**71.95**	**34.26**	**34.81**	**50.15**	**57.12**	**68.43**	**53.34**	**29.62**	**43.34**	**53.46**
in % of Total exports, f.o.b.	9.95	5.01	4.67	5.32	8.08	9.68	7.52	4.30	5.16	0.05
% change of value	17.80	-52.38	1.59	56.53		19.80	-22.05	-44.48	46.34	0.23
Volume (1,000 tons)	5953.80	3845.66	3549.92	4759.62	4671.46	5650.06	4874.14	3492.63	4114.48	5063.15
% change of volume	21.62	-35.41	-7.69	34.08		20.95	-13.73	-28.34	17.80	0.23
Unit value (US$/kg)	12.08	8.91	9.81	10.54	12.23	12.11	10.94	8.49	10.53	10.56
% change of unit value	-3.14	-26.27	10.05	7.47		-0.95	-9.64	-22.46	24.13	0.00
Coltan										
Value	**104.78**	**66.20**	**39.74**	**62.21**	**102.22**	**106.38**	**97.09**	**52.44**	**39.48**	**79.63**
in % of Total exports, f.o.b.	14.49	9.68	5.33	5.92	14.45	15.04	13.69	7.62	4.70	0.07
% change of value	-22.14	-36.82	-39.97	56.53		4.07	-8.73	-45.99	-24.72	1.02
Volume (1,000 tons)	2302.52	1651.71	1269.94	1725.18	1752.52	2294.61	2085.81	1485.20	1327.49	1882.88
% change of volume	-6.63	-28.27	-23.11	35.85		30.93	-9.10	-28.80	-10.62	0.42
Unit value (US$/kg)	45.51	40.08	31.29	36.06	58.33	46.36	46.55	35.43	29.74	42.29
% change of unit value	-16.61	-11.93	-21.92	15.23		-20.51	0.40	-23.89	-16.07	0.42
Wolfram										
Value	**26.59**	**17.34**	**11.87**	**12.60**	**26.96**	**29.46**	**23.66**	**12.24**	**11.12**	**16.97**
in % of Total exports, f.o.b.	3.68	2.54	1.59	1.20	3.81	4.17	3.34	1.78	1.32	0.01
% change of value	-11.52	-34.78	-31.54	6.16		9.26	-19.68	-48.27	-9.12	0.53
Volume (1,000 tons)	2214.49	1784.40	1715.96	1523.68	1988.55	2285.78	2078.30	1645.33	1533.15	1715.27
% change of volume	-0.15	-19.42	-3.84	-11.21		14.95	-9.08	-20.83	-6.82	0.12
Unit value (US$/kg)	12.01	9.72	6.92	8.27	13.56	12.89	11.39	7.46	7.26	9.89
% change of unit value	-11.38	-19.06	-28.81	19.55		-4.95	-11.66	-34.45	-2.79	0.36
IV . Hides and skins										
Value	**14.22**	**10.38**	**7.44**	**7.51**	**16.68**	**17.09**	**12.15**	**7.45**	**8.16**	**6.16**
in % of Total exports, f.o.b.	1.97	1.52	1.00	0.80	2.36	2.42	1.71	1.08	0.97	0.01
% change of value	-11.24	-27.05	-28.26	0.92		2.48	-28.93	-38.63	9.50	-0.25
Volume (1,000 tons)	9616.59	8265.09	1715.96	5394.37	10913.87	10993.12	8955.11	6718.18	6462.48	3575.06
% change of volume	-6.62	-14.05	-79.24	-12.91		0.73	-18.54	-24.98	-3.81	-0.45
Unit value (US$/kg)	1.50	1.26	4.34	1.39	1.53	1.55	1.36	1.11	1.26	1.72
% change of unit value	-3.91	-15.12	245.56	15.88		1.74	-12.76	-18.19	13.83	0.36
V. Pyrethrum										
Value	**1.83**	**2.48**	**3.36**	**3.10**	**9.00**	**1.61**	**1.55**	**4.08**	**1.65**	**4.03**
in % of Total exports, f.o.b.	0.25	0.36	0.45	0.30	1.27	0.23	0.22	0.59	0.20	0.00
% change of value	-54.02	35.53	35.55	-7.68		-82.13	-3.84	163.68	-59.59	1.45
Volume (1,000 tons)	10.69	14.00	17.85	25.68	35.90	9.46	8.87	21.79	9.13	32.21
% change of volume	-35.85	30.98	27.50	43.86		-73.63	-6.33	145.81	-58.12	2.53
Unit value (US$/kg)	170.12	177.15	188.33	120.86	250.73	169.95	174.47	187.16	180.61	125.22
% change of unit value	-28.79	4.14	6.31	-35.83		-32.22	2.66	7.27	-3.50	-0.31
VI. Other products										
Value	**268.96**	**293.59**	**379.55**	**659.57**	**229.53**	**253.91**	**267.92**	**315.64**	**468.86**	**713.26**
in % of Total exports, f.o.b.	37.20	42.94	50.95	62.80	32.45	35.90	37.76	45.86	55.77	0.62
% change of value	23.97	9.16	29.28	73.78		10.62	5.52	17.81	48.54	0.52
Other ordinary products	**103.60**	**115.73**	**155.27**	**367.36**	**95.70**	**86.73**	**117.79**	**115.13**	**214.91**	**390.60**
Reexports	**165.35**	**177.87**	**224.28**	**292.20**	**133.83**	**167.18**	**150.14**	**200.51**	**253.95**	**322.66**
Sub-Total	***599.76***	***558.75***	***598.69***	***943.53***	***574.49***	***576.64***	***581.43***	***552.19***	***705.78***	***1030.78***
VII. Adjustments	**123.33**	**124.92**	**146.31**	**106.71**	**132.80**	**130.68**	**128.05**	**136.05**	**134.89**	**121.22**
Electricity	0.25	0.22	0.25	0.34	0.14	0.28	0.38	0.22	0.33	0.35
Postal colis	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Carnets 126	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Goods procured in ports by carriers	20.25	21.46	29.15	13.36	24.15	24.74	25.97	21.46	33.89	11.73
Reexports of minerals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ajustment in transport and insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ajustments on exports/surveys	107.49	108.32	121.93	98.41	108.51	105.67	106.66	119.33	105.85	114.85
Ajustment on transport &Tea assurance	-4.66	-5.08	-5.02	-6.23			-4.96	-4.96	-5.17	-5.72
Total fob	**723.09**	**683.67**	**745.01**	**1050.24**	**707.30**	**707.32**	**709.48**	**688.24**	**840.67**	**1152.00**
% change	**2.86**	**-5.45**	**8.97**	**41**		**0.00**	**0.30**	**-2.99**	**22.15**	**0.37**

Source : NBR

RWANDA'S IMPORTS

Appendix 19

(Value in USD million)

	2014	2015	2016	2017	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
I. Capital goods										
Value	**642.2**	**652.6**	**713.0**	**620.2**	**593.0**	**635.2**	**625.8**	**757.6**	**611.8**	**623.1**
in % of Total M CIF	26.9	28.2	28.6	28.0	25.9	26.6	26.9	31.4	26.4	0.3
% change of value	7.7	1.6	9.3	-12.4		7.1	-1.5	21.1	-19.3	0.0
Volume (tons)	**60,617**	**70,205**	**69,111**	**62,603**	**63,538**	**63,371**	**62,927**	**76,964**	**60,631**	**65,020**
% change of volume	2.7	15.8	-1.6	-9.4		-0.3	-0.7	22.3	-21.2	0.1
Unit value (US$/kg)	**10.60**	**9.30**	**10.32**	**9.91**	**9.33**	**10.02**	**9.94**	**9.84**	**10.09**	**9.58**
% change of unit value	4.8	-12.3	11.0	-3.3		7.4	-0.8	-1.0	2.5	-0.1
II. Intermediate goods										
Value	**720.00**	**682.45**	**569.45**	**596.19**	**637.49**	**710.41**	**690.83**	**631.50**	**551.53**	**628.82**
in % of Total M CIF	30.2	29.5	22.8	26.9	27.8	29.8	29.7	26.1	23.8	0.3
% change of value	13.8	-5.2	-16.6	5.3		11.4	-2.8	-8.6	-12.7	0.1
Volume (tons)	**914,693**	**992,182**	**821,857**	**902,604**	**888,896**	**873,710**	**987,431**	**912,666**	**834,470**	**981,870**
% change of volume	4.1	8.5	-17.2	9.8		-1.7	13.0	-7.6	-8.6	0.2
Unit value (US$/kg)	**0.79**	**0.69**	**0.69**	**0.66**	**0.72**	**0.81**	**0.70**	**0.69**	**0.66**	**0.64**
% change of unit value	9.3	-12.6	0.7	-4.1		13.4	-14.0	-1.1	-4.5	0.0
III . Energy products										
Value	**368.50**	**282.08**	**237.69**	**252.28**	**387.80**	**380.08**	**324.00**	**253.91**	**244.47**	**279.12**
in % of Total M CIF	15.4	12.2	9.5	11.4	16.9	15.9	13.9	10.5	10.5	0.1
% change of value	-4.2	-23.5	-15.7	11.4		-2.0	-14.8	-21.6	-3.7	0.1
Volume (tons)	**278,944**	**309,803**	**310,958**	**322,574**	**271,045**	**275,569**	**296,671**	**306,860**	**309,743**	**356,872**
% change of volume	3.4	11.1	0.4	3.7		1.7	7.7	3.4	0.9	0.2
Unit value (US$/kg)	**1.3**	**0.9**	**0.8**	**0.8**	**1.4**	**1.4**	**1.1**	**0.8**	**0.8**	**0.8**
% change of unit value	-7.4	-31.1	-16.0	7.4		-3.6	-20.8	-24.2	-4.6	0.0
IV. Consumer goods										
Value	**656.18**	**694.13**	**728.34**	**746.74**	**672.18**	**658.57**	**685.38**	**705.35**	**716.61**	**757.97**
in % of Total M CIF	27.5	30.0	29.2	33.7	29.3	27.6	29.5	29.2	30.9	0.3
% change of value	3.6	5.8	4.9	3.3		-2.0	4.1	2.9	1.6	0.1
Volume (tons)	**592,365**	**695,913**	**763,239**	**805,369**	**622,108**	**576,592**	**658,253**	**721,270**	**745,402**	**859,311**
% change of volume	3.1	17.5	9.7	5.5		-7.3	14.2	9.6	3.3	0.2
Unit value (US$/kg)	**1.11**	**1.00**	**0.95**	**0.93**	**1.08**	**1.14**	**1.04**	**0.96**	**0.96**	**0.88**
% change of unit value	0.42	-9.96	-4.33	-2.12		5.71	-8.84	-7.56	-0.11	-0.08
1. Food										
Value	**230.53**	**252.09**	**284.53**	**348.33**	**235.58**	**236.97**	**253.31**	**244.19**	**318.05**	**347.18**
in % of Total M CIF	9.66	10.91	11.40	15.72	10.3	9.9	10.9	10.1	13.7	0.1
% change of value	0.15	9.35	12.87	23.12		0.59	6.90	-3.60	30.25	0.09
Volume (tons)	**439,523**	**526,170**	**606,967**	**667,376**	**470,469**	**426,072**	**500,318**	**550,097**	**606,088**	**715,382**
% change of volume	0.69	19.71	15.36	9.95		-9.44	17.43	9.95	10.18	0.18
Unit value (US$/kg)	**0.52**	**0.48**	**0.47**	**0.52**	**0.50**	**0.56**	**0.51**	**0.44**	**0.52**	**0.49**
% change of unit value	-0.53	-8.66	-2.16	11.98		11.07	-8.96	-12.31	18.20	-0.08
2.Others consummer goods										
Value	**425.64**	**442.04**	**443.81**	**398.40**	**436.60**	**421.60**	**432.07**	**461.16**	**398.56**	**410.79**
in % of Total M CIF	17.83	19.13	17.78	17.98	19.1	17.7	18.6	19.1	17.2	0.2
% change of value	5.51	3.85	0.40	-9.47		-3.43	2.48	6.73	-13.57	0.03
Volume (tons)	**152,842**	**169,743**	**156,271**	**137,993**	**151,639**	**150,520**	**157,936**	**171,174**	**128,895**	**143,929**
% change of volume	10.88	11.06	-7.94	-11.70		-0.74	4.93	8.38	-24.70	0.12
Unit value (US$/kg)	**2.78**	**2.60**	**2.84**	**2.89**	**2.88**	**2.80**	**2.74**	**2.70**	**3.09**	**2.85**
% change of unit value	-4.85	-6.49	9.05	2.52		-2.72	-2.33	-1.48	14.72	-0.08
S/TOTAL	**2386.92**	**2311.24**	**2248.48**	**2215.37**	**2290.48**	**2384.24**	**2325.98**	**2348.39**	**2124.37**	**2289.03**
% change	6.21	-3.17	-2.72	-1.47		4.09	-2.44	0.96	-9.54	0.08
V. Ajustment										
Value	**81.38**	**69.13**	**247.00**	**150.10**	**71.16**	**50.67**	**69.83**	**67.08**	**195.27**	**146.92**
in % of Total M CIF	3.30	2.99	9.90	6.35	3.0	2.1	2.9	2.8	0.1	0.1
electricity	**5.94**	**3.42**	**2.87**	**3.46**	**4.42**	**1.48**	**3.70**	**3.42**	**3.16**	**3.76**
in % of Total M CIF	0.2	0.1	0.1	0.1	0.2	0.1	0.2	0.1	0.1	0.2
Parcel post										
Autres (dont)	**75.4**	**65.7**	**244.1**	**144.2**	**66.7**	**49.2**	**66.1**	**63.7**	**192.1**	**143.2**
126 BIS										
in % of Total M CIF	-8.84									
Goods procured in ports by carriers	46.8	44.0	40.7	121.0	52.9	45.5	45.2	37.9	80.1	119.6
Reexport non included										
Embassies' imports	-8.8				-6.6	-13.5				
ICBT	19.2	21.7	30.5	23.3	20.5	17.2	20.9	25.7	26.2	23.5
Imports of TIGO 55	18.2									
Big projcts			171.6						85.8	
Imports of bank notes and coins			1.3							
in % of Total M CIF	0.7				0.0	0.0	0.0			
VI. Import cif	**2,468**	**2,380**	**2,495**	**2,365**	**2,362**	**2,435**	**2,396**	**2,415**	**2,320**	**2,436**
% change	**7.2**	**-3.6**	**4.8**	**-5.2**		**3.1**	**-1.6**	**0.8**	**-4.0**	**0.1**
VII. Freight and insurance	**478.1**	**462.9**	**499.1**	**443.7**	**458.8**	**477.6**	**479.1**	**483.1**	**463.9**	**458.3**
In % of CIf	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
% change of ratio	**0.0**	**0.0**	**0.0**	**0.0**		**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
VIII.Total fob	**1,990**	**1,917**	**1,996**	**1,922**	**1,903**	**1,957**	**1,917**	**1,932**	**1,856**	**1,978**
% change	**7.494**	**-3.656**	**4.117**	**-3.739**		**2.86**	**-2.08**	**0.82**	**-3.97**	**6.57**

Source : NBR

SERVICES

(In USD million)

Appendix 20

	2014	2015	2016	2017	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Services net	**-77.35**	**-192.5**	**-211**	**-29.8**	**-8.78**	**-46.02**	**-134.923**	**-201.78**	**-140.2**	**-232.803**
Credit	592.23	838.03	850.53	998.24	545.49	583.73	715.13	844.28	875.20	899.48
Debit	669.58	1030.52	######	######	554.27	629.76	850.05	1046.06	1015.40	1132.29
Transport	**-331.5**	**-310.2**	**-312**	**-206**	**-287.12**	**-320.35**	**-320.872**	**-311.09**	**-320.916**	**-253.724**
Credit	78.08	96.83	91.10	194.43	67.57	76.66	87.45	93.96	93.26	171.70
Debit	409.58	407.07	403.04	400.13	354.69	397.01	408.32	405.05	414.18	425.42
Travel	**219.9**	**114.6**	**124**	**139.5**	**208.88**	**217.21**	**167.25**	**119.33**	**134.13**	**34.25**
Credit	303.7	367.7	389.8	438.1	287.7	298.7	335.7	378.8	414.0	355.0
Debit	83.8	253.1	265.8	298.6	78.8	81.4	168.5	259.4	279.8	320.7
Telecommunications, computer, and information services	**-4.322**	**15.31**	**14.06**	**4.084**	**2.66**	**2.69**	**5.49**	**14.69**	**13.70**	**3.46**
Credit	18.820	42.279	41.462	18.595	17.733	18.465	30.549	41.870	42.545	18.970
Debit	23.142	26.968	27.399	14.511	15.074	15.770	25.055	27.183	28.849	15.508
Government goods and services n	**38.6**	**106.2**	**150.8**	**145.4**	**66.80**	**54.43**	**72.42**	**128.55**	**145.29**	**121.64**
Credit	191.632	250.866	######	######	172.487	189.959	221.249	252.545	249.517	252.470
Debit	153.035	144.620	######	######	105.687	135.533	148.827	123.997	104.228	130.834
o/w cost of embassies	53.43	65.13	66.70	56.80	48.05	51.86	59.28	65.91	68.30	58.87
PKO	105.25	159.31	#####	#####	98.59	106.02	132.28	161.87	157.43	155.38
Other services	**0**	**-118.4**	**-188**	**-113**	**0**	**0**	**-59.22**	**-153.25**	**-112.4**	**-138.426**
Credit	0.0	80.3	74.0	77.6	0.0	0.0	40.2	77.1	75.9	101.4
Debit	0.0	198.8	262.0	190.6	0.0	0.0	99.4	230.4	188.3	239.8

Source: NBR

Primary and Secondary income

(In USD million)

Appendix 21

	2014	2015	2016	2017	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Primary income (net) = Income in BPM5	**-175.6**	**-214.9**	**-224.1**	**-323.2**	**-124.8**	**-152.1**	**-159.5**	**-183.7**	**-184.3**	**-348.9**
Primary income: credit	**16.3**	**11.5**	**9.4**	**20.0**	**13.8**	**10.4**	**17.5**	**10.4**	**11.1**	**20.46**
Primary income: debit	*191.9*	*226.4*	*233.5*	*348.1*	*138.7*	162.5	177.1	194.1	195.4	369.39
O/W: Public sector debt interest	*39.0*	*40.1*	*43.5*	*46.6*	*19.5*	37.6	46.2	42.0	45.2	48.9
Private sector debt interest	37.1	35.7	26.2	80.6	35.3	34.7	36.9	51.0	40.2	80.5
Compensation of employees	70.8	72.7	74.1	77.1	58.5	68.7	71.7	73.4	76.2	87.5
Dividends	21.9	22.5	32.9	40.2	25.3	21.4	22.2	27.7	33.8	42.9
Secondary income (net) = Transfers in BPM5	578.0	536.0	524.3	596.4	668.4	637.5	535.3	508.6	519.4	606.6
Secondary income: credit	662.2	614.6	612.5	695.1	745.8	717.7	616.7	591.9	580.9	725.4
Secondary income: debit	84.2	78.5	88.2	98.7	77.4	80.3	81.4	83.4	90.0	118.8
Private transfers net	**179.9**	**165.9**	**180.4**	**220.8**	**182.2**	**180.6**	**172.9**	**173.1**	**179.8**	**260.0**
o/w: Remittances from diaspora (net)	119.5	102.4	107.4	149.6	116.5	117.2	110.9	104.9	106.6	176.7
credit	174.9	153.2	167.3	207.6	168.5	168.3	164.0	160.3	168.2	232.17
debit	55.4	50.8	59.9	58.0	52.0	51.2	53.1	55.3	61.6	55.50
o/w: Private transfers for churches and associations	60.4	63.5	72.9	71.1	65.6	63.5	62.0	68.2	73.2	83.30
credit	67.1	69.9	79.4	78.0	72.9	70.5	68.5	74.7	79.9	90.5
debit	6.7	6.4	6.5	6.8	7.3	7.1	6.5	6.4	6.7	7.2
o/w: official transfers - credit	398.1	370.1	343.9	375.7	504.4	478.9	384.1	357.0	332.8	346.6
budgetary grants	276.9	218.6	234.6	253.3	406.1	372.9	247.8	226.6	222.8	231.3
nonbudgetary grants	143.3	172.8	131.1	156.2	116.5	128.1	158.1	152.0	131.8	171.4
- debit	22.0	21.4	21.8	33.9	18.2	22.0	21.7	21.6	21.8	56.1

Source: NBR

CAPITAL AND FINANCIAL ACCOUNT

(In USD million)

Appendix 22

	2014	2015	2016	2017	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
B. Capital Account	**337.05**	**299.90**	**190.00**	**189.71**	**148.98**	**176.48**	**216.44**	**237.31**	**189.95**	**199.01**
Capital account: credit (PIP)	337.1	299.9	190.0	189.7	149.0	176.5	216.4	237.3	190.0	199.0
Capital account: debit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending(+)/ net borrowing (-) (balance from current and capital accounts)	-606.4	-806.5	-1021.0	-547.4	-405.7	-346.2	-607.0	-930.4	-667.6	-601.7
C. Financial Account: Net lending(+)/ net borrowing (-)	-648.7	-651.7	-958.6	-555.7	-516.8	-539.5	-737.2	-931.6	-790.6	-682.3
Direct investment	-311.0	-219.9	-246.9	-245.1	-165.8	-175.0	-280.1	-357.0	-253.2	-257.6
Direct investment: assets	3.8	3.5	7.6	48.3	0.0	0.0	0.0	0.0	6.0	49.6
Direct investment: liabilities (FDI)	314.7	223.3	254.5	293.4	165.8	175.0	280.1	357.0	259.2	307.2
Portfolio investment	-1.0	-7.7	-3.2	71.7	-9.8	-12.0	-2.8	-2.3	-3.0	42.7
Portfolio investment: assets	3.5	0.0	0.0	74.8	0.0	0.0	0.0	0.0	0.0	46.0
Portfolio investment: liabilities	4.5	7.7	3.2	3.1	9.8	12.0	2.8	2.3	-3.0	3.3
Other investment	-336.8	-424.1	-708.6	-382.3	-174.6	-575.5	-353.7	-506.8	-535.7	-467.5
Other investment: assets	-0.2	-73.0	19.4	-36.8	83.3	-111.5	50.3	32.8	9.7	-51.3
of which NFA of Commercial banks	-12.9	-105.8	52.3	-36.8	83.3	-111.5	50.3	32.8	49.4	-51.3
Other investment: liabilities	336.6	351.1	728.0	335.6	257.9	464.0	404.0	539.6	545.4	416.1
o/w public sector current loans	154.4	232.1	214.8	216.1	13.8	175.4	252.7	223.4	237.3	252.6
o/w public sector project loans	153.5	140.0	172.0	153.1	310.3	338.6	146.7	156.0	162.5	252.6
o/w public sector amortization (current+project)	20.8	21.3	27.3	27.3	15.9	17.6	21.1	24.3	27.6	28.7
o/w private sector loans	133.2	72.9	449.7	162.2	158.4	150.8	103.1	261.3	267.0	208.0
o/w private sector amortization	82.3	72.6	81.1	167.9	208.6	183.1	77.5	76.9	93.9	43.0

Source: NBR

LIST OF ABBREVIATIONS

AACB: Association of African Central Banks
ACH: Automated Clearing House
AfDB: African Development Bank
AFI: Alliance for Financial Inclusion
AFRITAC: Africa Technical Assistance Center (of IMF)
AMCP: African Monetary Cooperation Programme
AML: Anti Money Laundering
ARC-IB: Internet Banking
ASSAR: Association des Assureurs du Rwanda
ATM: Automated Teller Machine
ATS: Automated Transfer System
BADEA: Arab Bank for Economic Development in Africa
BCM: Business Continuity Management
BI: Business Intelligence
BISMAT: NBR Information System for Management with Technology
BK: Bank of Kigali
BOP: Balance of Payments
BPR: Banque Populaire du Rwanda
BRD-C: Rwanda Development Bank -Commercial
BREXIT: Great Britain Exit from European Union
CAR: Capital Adequacy Ratio
CBA: Commercial Bank of Africa
CFT: Combatting Financing of Terrorism
CIC: Currency in Circulation
CIEA: Composite Index of Economic Activities
CIF: Cost, Insurance and Freight
CIMERWA: Rwanda Cement Manufacturing Company (Cimenterie du Rwanda)
CMA: Capital Market Authority
CMI: COMESA Monetary Institute
COMESA: Common Market for Eastern and Southern Africa
CPI: Consumer Price Index
CRB: Credit Reference Bureau
CSD: Central Securities Depository
CSR: Corporate Social Responsibility
CTS: Cheque Truncation System
DGF: Deposit Guarantee Fund
DRC: Democratic Republic of Congo
DvP: Delivery versus Payment
EAC: East African Community
EAMU: Eastern Africa Monetary Union
EAPS: East African Payment System
EBMs: Electronic Billing Machines
ECB: European Central Bank
EDPRS: Economic Development and Poverty Reduction Strategy
EDWH: Enterprise Data Warehouse
ELF: Emergency Liquidity Facility
ERM: Enterprise Risk Management
ERP: Enterprise Resource Planning
EUCL: Energy Utility Corporation Limited
EXIM: Export-Import Bank
FDI: Foreign Direct Investment
FED: Federal Reserve
FOB: Free on Board
FOREX: Foreign Exchange
FPAS: Forecasting and Policy Analysis Systems
FRW: Rwandan Franc
FSC: Financial Stability Committee
FSDP II: Financial Sector Development Program Phase II
FY: Financial Year
G&NFS: Good and Non-Factor Services
GBP: Great Britain Pound
GDP: Gross Domestic Product.
IAIS: International Association of Insurance Supervision
ICBT: Informal Cross Border Trade
ICT: Information and Communication Technology
IDA: International Development Association
IFC: International Finance Corporation
IFMIS: Integrated Financial Management Information System
IFRS: International Financial Reporting System
IIP: Index of Industrial Production
IMF: International Monetary Fund
IPO: Initial Public Offering
ISMS: Information Security Management System
ISO: International Organization Standardization
KCC: Kigali Convention Centre
KRR: Key Repo Rate
KSM: Kenya Institute of Monetary Studies
LCR: Liquidity Coverage Ratio
LTSS: Long Term Saving Scheme
MAC: Monetary Affairs Committee
MCI: Monetary Conditions Index
MCM: Management Committee Meeting
MFIs: Micro Finance Institutions
MFS: Mobile Financial Services
MINAGRI: Ministry of Agriculture
MINALOC: Ministry of Local Government
MINECOFIN: Ministry of Finance and Economic Planning
MMI: Military Medical Insurance
MNOs: Mobile Network Operators
MPC: Monetary Policy Committee
MPFSS: Monetary Policy and Financial Stability Statement
MPIC: Monetary Policy Implementation Committee
MT: Monetary Targeting
NBFIs: Non-Bank Financial Institutions
NBR: National Bank of Rwanda
NDA: Net Domestic Assets
NEER: Nominal Effective Exchange Rate
NFA: Net Foreign Assets
NISR: National Institute of Statistics, Rwanda
NPC: National Payment Council
NPLs: Non-Performing Loans
NPPA: National Public Prosecution Authority
NPS: National Payment System
NSFR: Net Stable Funding Ratio
NST: National Strategy for Transformation
OPEC: Organization of the Petroleum Exporting Countries
PAT: Portfolio Analytic Tool
PCMS: Private Capital Monitoring System
PKO: Peace Keeping Operations
POS: Point of sale
PPI: Producer Price Indices
PSF: Private Sector Federation
PSI: Policy Support Instrument
PSO: Payment Systems Operators
RAMP: Reserves and Advisory Management Program
REER: Real Effective Exchange Rate
REPO: Repurchase Agreement Operations
REPPS: Regional Payment Processing and Settlement System
RFBA: Rwanda Forex Bureau Association
RIPPS: Rwanda Integrated Payment Processing System
RMB: Renminbi-Chinese Currency
RMP: Risk Management Program
RNP: Rwanda National Police
RNPS: Rwanda National Payment Systems
RoA: Return on Assets
RoE: Return on Equity
RSE: Rwanda Stock Exchange
RSP: Remittance Services Providers
RSSB: Rwanda Social Security Board
RTGS: Real Time Gross Settlement System
RURA: Rwanda Utilities Regulatory Authority
SAA: Strategic Asset Allocation
SACCOs: Saving and Credit Cooperatives
SDR/DTS: Special Drawing Right/Droit de Tirage Speciaux
SMART: Specific, Measurable, Achievable, Relevant, Time
SSA: Strategic Asset Allocation
SWIFT: Society for Worldwide Interbank Financial Telecommunication
TA: Technical Assistance
TLTRO: Targeted Long Term Refinancing Operations
UK: United Kingdom
UN: United Nations
UPI: Union Pay International
USA: United States of America
U-SACCOs: Umurenge SACCOs
USD: United States Dollar
VAT: Value Added Taxes
WEO: World Economic Outlook
YoY: Year on Year

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