



NATIONAL BANK OF RWANDA
BANKI NKURU Y' U RWANDA

ANNUAL REPORT 2013 / 2014

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2013 / 2014

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NATIONAL BANK OF RWANDA



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ABBREVIATIONS

ACCA:	Association of Chartered Certified Accounts
ACH:	Automated Clearing House
ACII:	Associate ship of the Chartered Insurance Institute
Amex:	American express
ATM:	Automated Teller Machine
BISMAT:	BNR Information System for Management with Technology
BNR:	National Bank of Rwanda
BOP:	Balance of Payments
BSC:	Broadband Systems Corporation
CAR:	Capital Adequacy Ratio
CBKMS:	Central Banking Knowledge Management Solution
CCNA:	Cisco Certified Network Associate
CCNP:	Cisco Certified Network Profession
CEH:	Certified Ethical Hacking
CFA:	Chartered Financial Analyst
CFSA:	Certified Financial Services Auditor
CGEIT:	Certified in the Governance of Enterprise IT
CHFI:	Certified Forensic Investigator
CIA:	Certified Internal Auditor
CIEA:	Composite Index of Economic Activities
CIMERWA:	Rwanda Cement Manufacturing Company (Cimenterie du Rwanda)
CISM:	Certified Information Security Manager
CMI:	COMESA Monetary Institute
COMESA:	Common Market for Eastern and Southern Africa
CPI:	Consumption Price Index
CPIA:	Country Policy and Institutional Assessment
CPU:	China Union Pay
CRB:	Credit Reference Bureau
CSD:	Central Securities Depository
EAC:	East African Community
EAPS:	East African Payment System
ECB:	European Central Bank
EDPRS:	Economic Development and Poverty Reduction Strategy
ERP:	Enterprise Resource Planning
EWASA:	Rwanda Energy, Water and Sanitation
FCS:	Fiscal Consolidation Strategy
FDI:	Foreign Direct Investment
FSC:	Financial Stability Committee
FSDP II:	Financial Sector Development Program Phase II
G&NFS:	Good and Non Factor Services
GDP:	Gross Domestic Product.
IAIS:	International Association of Insurance Supervision
ICT:	Information and Communication Technology
IDA:	International Development Association
IIP:	Index of Industrial Production
IMF:	International Monetary Fund
ISACA:	Information Systems Audit and Control Association
ISMS:	Information Security Management System
JCB:	Japanese Credit Bureau



KRR: Key Repo Rate
MFIs: Micro Finance Institutions
MFS : Mobile Financial Services
MFSE: Multilateral Fiscal Surveillance Framework
MINAGRI: Ministry of Agriculture
MINECOFIN: Ministry of Finance and Economic Planning
MNOs: Mobile Network Operators
MPC: Monetary Policy Committee
MPIC: Monetary Policy Implementation Committee
Mvisa: Mobile visa
NDA: Net Domestic Assets
NFA: Net Foreign Assets
NISR: National Institute of Statistics, Rwanda
NPLs: Non Performing Loans
NPS: National Payment System
PAT: Portfolio Analytic Tool
PFMIs: Principles for Financial Market Infrastructures
POS: Point of sale
PPI: Producer Price Indices
PR: Public Relation
PSI: Policy Support Instrument
RAMP: Reserves and Advisory Management Program
REB: Rwanda Education Board
REER: Real Effective Exchange Rate
REPO: Repurchase Agreement Operations
REPSS: Regional Processing and Settlement System
RIPPS: Rwanda Integrated Payment Processing System
RMP: Risk Management Program
RoA: Return on Assets
RoE: Return on Equity
RRA: Rwanda Revenue Authority
RSP: Remittance Services Providers
RTGS: Real Time Gross Settlement System
RURA: Rwanda Utilities Regulatory Authority
SACCOs: Saving and Credit Cooperatives
SWIFT: Society for Worldwide Interbank Financial Telecommunication
TA: Technical Assistance
TOR: Terms of Reference
UK: United Kingdom
USA: United States of America
VUP: Vision Umurenge Program

GOVERNOR'S FOREWORD



The year 2013/14 marked a historic event in the life of the National Bank of Rwanda (BNR); that of celebrating the Golden Jubilee. The Bank had a lot to celebrate for its role in contributing to the stability of the Rwandan economy especially for the last two decades.

Particularly in its 50th anniversary celebrations, BNR took time to share its success stories with its main stakeholders across the country; an event that was combined with launching some of its modern branch offices. The climax of the series of the golden jubilee celebrations was marked by an international conference on Financial Inclusion for Inclusive Growth and Sustainable Development, co-organised in partnership with the World Bank, the African Development Bank and the Alliance for Financial Inclusion. The conference, which convened in Kigali on 18th July 2014, attracted policy makers, regulators, researchers and corporate personalities from the region and beyond.

The Jubilee financial year 2013/14 also registered another milestone in the modernisation agenda of the Bank, with the introduction of a twin core banking and enterprise resource planning systems and the implementation of a new organisational structure, which, in association with a new 5 years strategic plan (2014-2019), will propel the Bank to its vision of becoming a world-class central bank. These are solid efforts to build on as we continue securing Rwanda from uncertainties in the global economy, which will always be our motivational challenge to internally team up and keep the self-reliance spirit.

The Rwandan economy demonstrated signs of such resilience to shocks as it continued to recover as a result of combined efforts in government spending and accommodative monetary policy that created more room for increased credit to the private sector, all achieved in a low-inflation and stable-currency environment.

On behalf of the Board and Management of the Bank, I take this opportunity to express my sincere gratitude to our stakeholders including the staff, for making all that is highlighted in this report happen.



John Rwangombwa
Governor

EXECUTIVE SUMMARY

In the financial year 2013/14, the National Bank of Rwanda continued to operate in a dynamic and complex economic environment that consistently influenced the way it conducted its business.

According to IMF estimates of October 2014, the global economy is expected to stabilize at 3.3% by the end of 2014. Inflationary pressures remained contained owing notably to the declining commodity prices and weak domestic demand in the emerging markets. To support economic activity, monetary policy in many countries remained accommodative keeping interest rates at low levels in major developed countries.

In line with the global economic growth, the Rwandan economy grew by 5.1%, a slower pace compared to 6.8% growth registered in 2012/2013. This slight slow down in growth was due to poor performance registered in the first half of 2013/2014 which was on the account of the reduction in public spending owing to cuts and delays in budget support. The economic growth was supported mainly by the services sector which contributed 47.0% to real GDP followed by Agriculture and Industry sectors which contributed 15.0% and 33.0% to real GDP respectively.

Regarding the external sector performance, Rwanda recorded an overall balance of payments deficit of -74.29 USD million resulting principally from a decline in the capital and financial account balance, as well as the trade deficit which continued to widen due to increased imports compared to exports. However, the current account improved by 5.8% following higher current transfers which increased by 9.5%.

Trade with the EAC region recorded a significant expansion in exports and a contraction in imports. Exports increased by 16.9% while imports decreased by 0.4% narrowing the trade deficit to USD 374.96 million in 2013/2014 from USD 398.86 million in 2012/2013.

Following a loose monetary policy pursued by BNR coupled with favourable liquidity conditions and increasing competition among banks, money market rates, particularly deposit and lending rates, declined. Deposit interest rates declined to an average of 8.7% in June 2014 from 10.6% in June 2013 and the weighted average lending rate slightly dropped to 17.5% in June 2014 from 17.7% in June 2013.

Economic growth was achieved with relatively low inflation decelerating from 3.7% by end June 2013 to 1.4 % by end June 2014 due to sustained and well-coordinated monetary and fiscal policies, and limited inflationary pressures from trading partners including stable international oil prices.

With regard to exchange rate, the Rwandan Franc has been under some pressure resulting from high demand for hard currency for import financing, thus leading to a depreciation of 6.2% end June 2014 against the USD compared to 4.9% recorded at the end of the previous fiscal year (June 2013). The BNR kept the RWF exchange rate fundamentally market driven, while continuing to intervene on the domestic foreign exchange market by selling foreign exchange to banks to smoothen the RWF exchange rate volatility.

With regard to financial stability, the Bank continued to implement planned reforms to further strengthen the financial sector and reinforce the supervisory legal framework in line with the Financial Sector Development Program Phase II (FSDP II). A number of actions covering banking, microfinance and the non-banking financial subsector were accomplished. As a result, the Rwandan financial sector continued to be sound and stable in addition to continued financial expansion.

The banking sub-sector continued to be profitable, liquid and well capitalized to sustain growth but also resilient to external shocks. The solvency ratio stood at 23.6% by end June 2014, well above the minimum regulatory requirement of 15%, against 23.1% end June 2013. The non-performing loan (NPL) as a measure of quality upgraded from 6.9% to 6.6% in the same period.

The microfinance sub-sector, which includes SACCOs, also continued to grow after registering improvement in its balance sheet and prudential norms thus playing a significant role in expanding financial inclusion.

The insurance sub-sector performance also improved progressively reflecting the impact of the supervisory reforms undertaken in the insurance industry. Concerning the pension sub-sector, assets and benefits paid also increased. The total capital increased by 14%, from FRW 158 billion to FRW 180 billion. In addition, the solvency ratio improved by 9% from 270% to 279 % against the required benchmark of 100% while the liquidity position ratio stood at 368% against the prudential benchmark of 150%.

The pension sub-sector's performance increased by 19% in assets, 1% in contributions received from members, 18% in benefits paid and 27% in investment income from June 2013 to June 2014. Better performance is expected after the enactment of the new pension law currently in Parliament that will give rise to the establishment of private pension schemes.

In addition, coverage and usage of the credit information bureau has been enhanced which helped to build a robust database and improved the supervision of financial institutions. Furthermore, the Bank also participated in the implementation of the national financial education strategy as well as in the formulation and implementation of financial consumer protection guidelines.

With regard to the payment systems, a number of actions were implemented over the year aiming at consolidating steps already made. Among others, there has been remarkable improvement in the use of the Rwanda Integrated Payments Processing System (RIPPS) which now allows automatic gross settlements in the real time. Retail payment system has also improved; new international payment cards (MasterCard, China Union Pay, Dinners Club and Japanese Credit Bureau) joined the visa on the domestic market while mobile financial services (MFS) and internet banking services registered tremendous progress. The number of debit cards increased by 21% from 440 875 to 532,157 while the number of credit cards increased by 32% from 1,179 to 1,561; bringing the cards issuance rate at 27% in June 2014 from 17% of all bank accounts in June 2013. Concerning the ATM availability, it increased from 91% in June 2013 to 93% in June 2014 while ATM interoperability increased from 86% in June 2013 to 91% in June 2014.

In addition, the National Bank of Rwanda introduced two (2) new systems known as T24 Core Banking and Enterprise Resource Planning (ERP), which is part of the wider roadmap of the BNR ICT modernization program commenced in 2011. The two systems which went live in the same financial year are expected to tremendously improve on the bank's operations in terms of efficiency and effectiveness.

The smooth functioning of the Bank requires principally human and necessary logistic support and infrastructure development capable of achieving the Bank's mission. In 2013/14, the Bank continued to enhance its performance management systems by improving the quality of its staff as well as the working environment to make the staff more productive.



It is in this spirit that among others, a workload analysis and restructuring was conducted in order to attain an organizational effectiveness and efficiency. Thus, reviewed organizational structure and optimum staffing were achieved with a total of 344 staff from 435. This number was realized after job suppression and subsequent retrenchment, retirement and recruitment of staff in new positions.

Physical security infrastructure was also reinforced at BNR Head Quarter as well as in its branches. The Bank completed a construction project of modern four branch office buildings which will increase on the infrastructure capacity to accommodate more grown up operations of the Bank across the country as well as upgraded Rubavu counter into a full branch making a total of five branches of the Bank across the country.

The Bank's net profit stood at a record of RWF 31.4 billions end june 2014 compared to RWF 13.4 billions earned during the financial year 2012/2013 which represents 134% increase. This net profit was highly attributable to the forex revaluation gain of RWF 31.6 billions.

The Board meeting of 16th October 2014 decided not to distribute dividends to the shareholder based on the fact that a big component of the net profit is due to unrealized forex gain and distributing unrealized FX gain is weakening the bank's liquidity position as well as future financing capacity.

CHAPTER I

BNR CORPORATE GOVERNANCE



CHAPTER I: BNR CORPORATE GOVERNANCE

1.1. Mission, Vision and Values

Our vision is *to become a World-Class Central Bank.*

Our mission is *to ensure Price Stability and a Sound Financial System.*

The Bank's core values are:

Integrity –

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

Accountability –

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

Mutual-respect and Team-work –

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

Efficiency –

We are mindful of our risks and we optimise our resources to achieve more with less cost: time, money, environmental and otherwise.

Effectiveness –

We take more interest in the impact of our actions.

1.2. Board Affairs

The Board of Directors of the Bank is composed of the Governor who is its Chairman and Vice Governor who is Board's Vice Chairperson and both are executive Board members plus other four non-executive members appointed by the Prime Minister's order. Both Governor and Vice Governor are appointed by a Presidential order and approved by the senate for a term of office of 6 years renewable. The four non-executive members are chosen among personalities with competence and wide experience in the monetary, financial and economic fields.

The Board of Directors shall devise the Bank's general policy and supervise its implementation.

It shall also have the following special powers:

- 1° To formulate policies regarding the effective execution of the Bank's functions;
- 2° To adopt the general regulations and directives that the Bank may enact in accordance with the existing laws;
- 3° Under the existing laws, to take any decision pertaining to the supervision of financial institutions, particularly any decisions relating to the granting, suspension and withdrawal of accreditation of the banks and other financial institutions;
- 4° To deliberate and decide on the minting, issuing, withdrawal or exchange of bank notes and coins and their features and submitting them to Government for approval;
- 5° To approve any conventions before they are signed by the Bank;
- 6° To approve the Bank's Rules of procedures as well as the staff rules and staff salary payment conditions;

- 7° To approve the Bank's annual budget and to decide, where necessary on modifications thereof during the course of financial year;
- 8° To decide on receiving, giving away and selling of real estates and on the use of the Bank's own funds;
- 9° To approve the Bank's financial statements and decide on the distribution of the Bank's profits;
- 10° To approve the annual activity report that the Governor of the Bank submits to the President of the Republic;
- 11° To decide on any other issue that this Law or any other Law has not explicitly entrusted to any other organ of the Bank.

During the year 2013/2014, the Board held four ordinary meetings and one extra-ordinary meeting. Throughout the year the meeting attendance was 100% for each member of the Board for both Board meetings and Board committee meetings. Among other resolutions of overseeing the Bank, the Board adopted the following specific resolutions:

- Approval of the end year (2012/13) audited financial statements.
- Approval of the reports of Board Committees.
- Approval of the Board's Charter.
- Approval of the regulations on: a) Foreign exchange operations, b) Supervision of Forex Bureau.
- Approval of the draft Banking Law.
- Approval of the Bank's 2013/14 revised budget.
- Approval of the draft new BNR Law.
- Approval of the five years BNR Strategic Plan.
- Approval of the new BNR Organisational Structure.
- Review of the draft report on the implementation status of the recommendation from the BNR visit of His Excellency the President of the Republic in 2009.
- Approval of the strategic asset allocation review.
- Approval of the 2014/15 BNR Budget.
- Approval of the policy on oversight and payment systems.
- Approval of the interoperability of payment systems and oversight pool.

As of today the following are the Board members of BNR:

BOARD OF DIRECTORS



Mr. RWANGOMBWA John
Board Chairman



Dr. NSANZABAGANWA Monique
Board Vice chairperson



Dr. BIZOZA Alfred
Board member



Ms. HABİYAKARE Chantal
Board member



Ms. KYANTENGWA Lilian
Board member



Mr. RUGWABIZA Minega Leonard
Board member



1.2.1. Audit and Risk Board Committee

The Audit and Risk Committee, currently is composed of two members. In doing its role, the Board committee sits quarterly to oversee the Bank's internal controls and risk Management. During the year 2013/2014, the Audit and Risk Board Committee reviewed risk management activities and internal audit reports in order to assess the adequacy and appropriateness of internal control systems. It specifically reviewed reports including; the audits of quarterly financial statements, the activities in Financial Markets, Banking operations, Human Resources management and IT systems management.

1.2.2. Human Resources Management Committee

The Human Resources Management Board Committee is in existence for one year. The first focus of the Committee was to guide the Board on the work load analysis that was among key projects in Bank during 2013/14 financial year.

The committee further advised the Board on a number of decisions that the Board was intending to adopt regarding human resources management such as recruitment and placement of staff at senior positions.

The Board Committee worked with the Bank Management in ensuring the restructuring done in accordance with the guidelines that had been put in place aimed at improving the organisational effectiveness.

1.2.3. Planning and Projects Management Committee

The Planning and Projects Management Board Committee was put in place in order to ensure the Bank's key investments are done under high level guidance and line with the best practices. The Committee in its first year of existence reviewed and guided the formulation of the new 5 year BNR Strategic plan as a roadmap towards a new vision of becoming a World Class Central Bank.

Among other activities, the Board Committee closely monitored the implementation of the key projects across the Bank including IT systems automation and infrastructure modernisation. The main activities done by the Planning and Projects Management Board Committee also included validation of various investment costs in the framework of approving the 2014/15 budget.

1.3. Policy Committees

1.3.1. Monetary Policy Committee

The Bank's Monetary Policy Committee (MPC) is a policy making body of the National Bank of Rwanda responsible for the formulation of the monetary policy. The Committee meetings take place on quarterly basis but can also convene whenever deemed necessary and the decisions are formally announced and explained by the Governor to the public during a press conference.

The composition of the MPC is as follows:

1. The Governor, Chairperson;
2. The Vice Governor, Vice Chairperson;
3. The Chief Economist and Director General of the Monetary Policy Directorate, Member;
4. The Director General of the Financial Stability Directorate, Member;
5. The Director General of the Operations Directorate, Member;
6. One non-Executive Board Member appointed by the Board of Directors, Member;
7. The Director in charge of the Monetary Policy and Research, Secretary.

During the year under review, the MPC met four (4) times to decide on the monetary policy stance in line with developments in the international, regional and national economic environment. Consistent with the developments in inflation drivers and the banking system liquidity conditions, the MPC opted for a supportive monetary policy stance by keeping the Key Repo Rate at 7% for almost the whole fiscal year. On June 24, 2014, the MPC decided to loosen up even further by reducing the KRR to 6.5% to further stimulate the financing of the economy. The MPC also pledged its commitment to ensure that the exchange rate is market driven with minimal interventions aimed at smoothing out any volatility.

1.3.2. Financial Stability Committee

The Bank's Financial Stability Committee (FSC) was established in May 2012 following the BNR Board of Directors decision with a mission to promote and stabilise the Rwandan financial system by identifying, monitoring and publishing associated risks.

The FSC is composed of the following members:

1. The Governor, Chairperson;
2. The Vice-Governor, Vice Chairperson;
3. The Director General of the Financial Stability Directorate, Member;
4. The Director General of the Monetary Policy and Research Directorate, Member;
5. The Director General of the Operations Directorate, Member;
6. The Director of the Bank Supervision Department, Member;
7. The Director of the Microfinance Institutions Supervision Department, Member;
8. The Director of the Non-Bank Financial Institutions Department, Member;
9. The Director of the Financial Markets Department, Member;
10. The Manager, Financial Stability Monitoring and Policy, Secretary.

In the year under review, the Committee held quarterly meetings to review the financial sector performance and decided the way forward on the policy orientation in order to maintain a stable and sound financial system.

The Committee reviewed the financial indicators and stress testing results and noted that the entire financial sector remains stable, well performing and continues to be resilient to adverse changes due to adequate capitalization of financial institutions.

The analysis of risks and vulnerabilities from global and regional financial sector markets and overall performance to Rwanda's financial sector remained minimal as no observable threats recorded.

The Committee observed that the main contributing factors to the prevailing stability of the system are: the strong regulatory framework in place, regular supervisory oversight and prudential meetings with the supervised financial institutions.

1.4. Internal Management Committees

1.4.1. Management Committee

The Management Committee is an organ that is responsible for the smooth running of the day to day business and management of the Bank. During the year under review, the committee among other daily activities engaged with implementation and management of 2013/14 business plan, budget and procurement plan of the Bank. It further made regular follow-up with IT Modernisation projects implementation, workload analysis and restructuring of the Bank, and preparations of 50th Anniversary celebration series.

1.4.2. Reserves Management Committee

During the period under review, the Committee revised the bank's Strategic Assets Allocation which was approved by the Board from which 36% was invested in Bonds and 64% invested in cash and recommended increasing the proportion of Bonds to 55% and reducing that of the cash to 45%. The Committee also recommended the review of the Reserves Management Policy to the Board, mainly on the reduction of tranches from 3 to 2 for better management of the liquidity tranches and its lower and higher limits.

The Committee revised the Reserves Management Guidelines in order to accommodate the changes on the Policy. The Committee decided to purchase 10 of the Rwanda Eurobond for return purpose. The Committee also decided to hire a custodian in order to safeguard the Rwanda Eurobond purchased and to serve in a later stage as a single custodian.

1.4.3. ICT Committee

The Bank's IT Steering committee is in charge of overseeing the strategic planning and monitoring of all the IT Infrastructure, systems and applications by ensuring that its governance is aligned with the mission, vision and values of the organization.

The IT steering committee is chaired by the Vice Governor and the Director General ICT as the deputy chairperson. Other members that constitute the committee are: the Director General Financial Stability; Director General Operations; Director General Administration Directorate; Director IT Infrastructure and; the Director Managements Information System the secretary of the committee.

In 2013-2014, the committee convened on a quarterly basis, and some of the major key decisions were revolved on the major projects including Core Banking System, Enterprise Resource Planning, IT Governance, Electronic Document Management System, Data Center, IT Security Management and BNR IT Management Policy.

1.4.4. Monetary Policy Implementation Committee

The Monetary Policy Implementation Committee is responsible for the implementation of the Monetary Policy of the Bank as directed by the MPC.



The Committee is made up of 15 members:

1. The Governor, Chairperson;
2. The Vice Governor, Vice Chairperson;
3. The Chief Economist and Director General of the Monetary Policy Directorate;
4. The Director General of the Financial Stability Directorate;
5. The Director General of the Operations Directorate;
6. The Director of Monetary Policy and Research, Secretary;
7. The Director of the Statistics Department;
8. The Director of the Financial Markets Department;
9. The Director of the Currency and Banking Operations Department;
10. The Manager of the Currency Management Division;
11. The Manager of the Reserves Management Division;
12. The Manager of the Monetary Statistics Division;
13. The Manager of the Domestic Markets Operations;
14. The Manager of the Financial Stability Monitoring and Policy Division;
15. The Manager of the Monetary Policy Division.

The main mandate of the Committee is to closely monitor developments on international and domestic markets especially credit markets and banking system liquidity developments to ensure the attainment of quantitative set in the monetary program embedded in the Policy Support Instrument (PSI) as signed between the GOR and the IMF. In the fiscal year 2013/2014, all quantitative targets related to reserve money and Net foreign Assets (NFA) were met.

However, the MPIC faced some challenges in 2014 emanating from high demand of foreign exchange to finance imports putting the exchange rate under some pressure. To mitigate this, the MPIC continued to implement a flexible exchange rate regime intervening on the domestic foreign exchange market by selling foreign exchange to banks to smoothen the FRW exchange rate volatility.

Thus, the MPIC continued to closely monitor developments in the domestic, regional and international economic environment to advise on policy actions and measures to curb inflationary pressures. As a result, the reporting period ended with low inflation of 1.4% in June 2014 from 3.7% in June 2013 while the nominal exchange rate depreciated against USD by 6,2% between July 2013 and June 2014.

1.5 Corporate Social Responsibility

In series of celebrations of its Golden Jubilee and its corporate social responsibility, the National Bank of Rwanda constructed 4 twin houses in Mageragere Sector for 8 most poor families that were identified from survivors of the 1994 Genocide against Tutsis living in Nyarugenge district.

The selection process of these families was done by Nyarugenge District in collaboration with Genocide survivors organizations (CNLG).

These houses were launched by Her Excellency First Lady Jeannette KAGAME together with other houses constructed by Nyarugenge district while closing 100 days of mourning the 1994 Genocide against Tutsis on country level.



4 Twin houses constructed by BNR for survivors of the genocide against tutsi in Magerere, Nyarugenge district.

This year, while commemorating its 28 staff killed in 1994 Genocide against Tutsis, the Bank renewed its commitment to the families for sustainable support by funding their analyzed and approved income generating projects of 5 million each. These projects will be implemented during the financial year 2014-2015.

1.6. Communication Strategy

The National Bank of Rwanda continued to develop a comprehensive communication aiming at enhancing its monetary policy effectiveness and disclosing its actions to the general public for maintaining its accountability. In that regard, the meetings with economic agents and general public during bi-annual monetary policy statements conference continued to attract a large public including business community, decisions makers, economists, academicians as well as students met in specific sessions organized in collaboration with high learning institutions.

In fact, the monetary policy statements conferences were extended at the Province level in Huye District, at University of Rwanda and in Musanze District, at INES Ruhengeri.

Furthermore, on quarterly basis, the Monetary Policy and Financial Stability Committee immediately after their meetings met the press for media briefing in regard to the decisions taken.

After the first media competition organized in the financial year 2012/13 that was concluded by an awarding ceremony in August 2013, the Bank decided to contribute to the training of journalists with aim to upgrade their knowledge in reporting on central banking developments and related course was organized.

1.7. BNR Golden Jubilee celebrations

The year 2014 went down in the history of the Bank as it marked the 50 years of existence from its establishment on 24th April 1964. During that period the Bank mission of ensuring price and the sound financial system stability has been enduring and reinforced over the time.

The commemoration of this 50th anniversary was characterized by various events:

On 2nd May 2014, the launch of the commemoration of BNR's 50th anniversary was combined with the annual International Labour Day. Various categories of Bank staff were recognized and rewarded, among them an employee of the year and one staff who served the Bank for 38 years.

In a bid to celebrate one of its recent successes across the country, launching some of the new buildings for BNR Branches was done by Governors Northern & Southern Provinces in May and June 2014 respectively. As a key record in its history, the Bank issued a commemorative coin of FRW 5,000 and published a book titled "National Bank of Rwanda @50 and the recovery of a nation" for documenting key aspects of the evolution of the Bank and its contribution to the Rwandan economy in the last 50 years. This event was one of the closing ceremonies of the golden celebrations.

The climax of the 50th anniversary celebrations took place on 18th July 2014 where a high level International Conference was organized in partnership with World Bank, African Development Bank and Alliance for Financial Inclusion, around the theme "Financial Inclusion for Inclusive Growth and Sustainable Development". The Conference was opened by His Excellency President of the Republic of Rwanda and was attended by high profile guests including African Central Bank Governors and EAC Insurance Commissioners, International Experts in Financial Inclusion, Senior Government Officials among others.



H.E Paul Kagame, The President of Republic of Rwanda with high profile guests to international conference on financial inclusion.

1.8. Internal Control

As part of the Bank's governance strategies, to manage risks, internal control remains a crucial element to support the achievement of the Bank's objectives. In the financial year 2013/14, the bank pursued its commitment to strengthen controls through the implementation of new mitigation measures and enhancement of the existing ones. Decision makers at all levels were sensitized on risk management process in order to minimize probable risk impacts on various activities.

With the goal of identifying solutions that can contribute towards improving the internal control and using risk based audit approach, an oversight function through audit activities was carried out. Audit assignments were conducted in order to provide independent and objective assurance on the effectiveness and efficiency of processes in place. These assignments included reviews of activities in Financial Market, Currency and Banking Operations, Banking Supervision, Human Resources Management, assessment of IT systems management and Procurement processes.

CHAPTER II

ECONOMIC PERFORMANCE AND STABILITY



CHAPTER II: ECONOMIC PERFORMANCE AND STABILITY

2.1. GLOBAL ECONOMIC DEVELOPMENTS

The world economy continued to slow down in 2013, decelerating from 3.4% in 2012 to 3.3% in 2013 following economic slowdown in USA and China. In its estimates of October 2014, IMF revised down the 2014 global economic growth from 3.7% projected in July, 2014 to 3.3%. This slowdown review is the result of weaker than expected performances of the first half of the year 2014 particularly on account of events in USA, Euro Area, Japan and some big emerging economies.

However, driven by improving underlying fundamentals in developed countries and partly by a rebound in some emerging markets, the world economic growth is expected to improve by 3.8% end 2015. In line with these positive economic developments, the world trade growth is slightly recovering but remained well below the historical average growth. Due to persistent spare capacity of production and softening commodity prices, world inflationary pressures are expected to remain low over the near future.

Consistently, monetary policy in major economies remained accommodative to boost the economic activity and to shift inflation closer to policy targets.

2.1.1. Economic Growth and Outlook

For the third consecutive year, world economic growth slowed to 3.3% in 2013 from 3.4% in 2012. For the year 2014, the global GDP growth is revised down to 3.3% from 3.7% projected by IMF in July 2014. However, downside risks remain related to rising geopolitical woes in some emerging economies that may affect energy prices and to possible rising long-term interest rate. Nonetheless, helped by gradually improving underlying economic fundamentals in advanced economies, it is projected to slightly improve to 3.8% through 2015.

Table 1 : World Economic growth developments (annual real growth rate)

	2009	2010	2011	2012	2013	2014proj	2015proj
World	0.0	5.4	4.1	3.4	3.3	3.3	3.8
Advanced Economies	-3.4	3.1	1.7	1.2	1.4	1.8	2.3
- United-States	-2.8	2.5	1.6	2.3	2.2	2.2	3.1
- Japan	-5.5	4.7	-0.5	1.5	1.5	0.9	0.8
- Euro Zone	-4.5	1.9	1.6	-0.7	-0.4	0.8	1.3
- United Kingdom	-5.2	1.7	1.1	0.3	1.7	3.2	2.7
Emerging and Developing Countries	3.1	7.5	6.2	5.1	4.7	4.4	5.0
- Sub-Saharan Africa	4.1	6.9	5.1	4.4	5.1	5.1	5.8
- Asia	7.5	9.5	7.7	6.7	6.6	6.5	6.6

Source: IMF, World Economic Outlook, October 2014.

In advanced economies, despite the US contraction in the first quarter, real GDP growth is gaining momentum and projected to reach 1.8% in 2014 and 2.3% in 2015 supported by accommodative monetary policy stance and to some extent by less fiscal tightening from 1.4% in 2013.

In the United States of America, the economic growth forecast for 2014 is revised up by 0.5 percent point to 2.2% mainly due to the economic rebound by 4.6% in the second quarter 2014 after a contraction of 2.1% in the first quarter thanks to waning impact of hard winter and positive contribution from private consumption and private fixed investment and by stronger exports. By end 2015, US economy is foreseen to increase by 3.1% as evidenced by increasing business investment and consumers' confidence.

In the Euro area, the recovery remained moderate and unbalanced across member countries. The real GDP growth is expected to 0.8% by end 2014 lesser than 1.1% expected by IMF July forecasts and, to further broaden to 1.3% by end 2015 helped by structural reforms and fiscal consolidation, accommodative monetary policy and improving financing conditions.

In Japan, from 1.5% in 2013, the economic growth is projected to 0.9% by end 2014 against the previous forecast of 1.6% as result of a sharp decline in domestic demand after the sales tax hike from 5% to 8% in April 2014 and to further decline to 0.8% in 2015 as fiscal stimulus is planned to decrease.

In Asia, growth remained robust and expected to grow at 6.5% in 2014 after 6.6% in 2013 mainly driven by China and India despite some moderation in the Chinese economy. Indeed, due to the weak performance in real estate, heavy industry sector, in external demand and following tighter credit conditions, Chinese growth is projected to increase at a slowing pace in 2014 and 2015 growing by 7.4% and 7.1% respectively against 7.7% in 2013.

In Sub-Saharan Africa, economic activity remained dynamic and grew by 5.1% in 2013 from 4.4% in 2012 backed by improved economic policies and strong investment. It is projected to grow by 5.1% and 5.8% in 2014 and 2015 respectively supported by investments in infrastructure, expansion in the mining industry and robust consumption.

2.1.2. Inflation and Commodity Prices

Inflationary pressures remained contained during 2013/2014 owing to softening commodity prices, underutilized capacity of production in developed economies and weak domestic demand in emerging markets. In developed countries, inflation slid to 1.4% in 2013 from 2.0% in 2012 while it is projected to reach 1.6% in 2014 and 1.8% in 2015.

In the Euro area, the economic activity remained below the potential and deflationary worries continued. Inflation slid to 0.5% in June 2014 from 1.6% and 2.4% in June 2013 and June 2012 respectively and this is low compared to ECB target of 2.1%.

Table 2: Annual inflation developments in %

	2012	2013	2014						2014proj	2015proj
	Jun.	Jun.	Jan.	Feb.	Mar.	Apr.	May	Jun.		
USA	1.7	1.8	1.6	1.1	1.5	2.0	2.1	2.1	2.0	2.1
Euro Area	2.4	1.6	0.8	0.7	0.5	0.7	0.5	0.5	0.5	0.9
Japan	-0.1	0.2	1.4	1.5	1.6	3.4	3.7	3.6	2.7	2.0
UK	2.4	2.9	1.9	1.7	1.6	1.8	1.5	1.9	1.6	1.8
China	2.1	2.6	2.5	1.9	2.3	1.8	2.5	2.4	3.0	3.0

Source: IMF, World Economic Outlook, October 2014, Central Banks Websites.

In USA, inflation rose to 2.1% in June 2014 due to strengthening aggregate demand and following rising gasoline prices from 1.8% in June 2013 and 1.7% in June 2012. Similarly, following a sales tax hike in April 2014, annual inflation in Japan hiked to 3.7% in May 2014, the fastest since February 1991 and to 3.6% in June the same year from 0.2% and -0.1% respectively in June 2013 and June 2012. By end 2014, inflation is projected at 2.0%, 0.5% and 2.7% respectively in USA, Euro area and Japan.

In Sub-Saharan Africa, inflation slowed down in most countries as result of more stable global commodity prices, favorable weather conditions and tight monetary policy. From 9.3% in 2012, inflation slid to 6.6% in 2013 and is projected to increase to 6.7% and 7.0% in 2014 and 2015 respectively.

2.1.3. World trade

The world trade in volume slightly improved in 2013 growing on average by 3.0% from 2.9% in 2012 while expected to improve by 3.8% in 2014, lesser than 4.3% previously forecasted by IMF in July 2014 and by 5.0% through 2015. The global demand for imports of goods and services has been sluggish in both developed (1.4%) and emerging and developing countries (5.3%) while they are expected to increase by 3.7% and 4.4% in 2014 respectively. Exports are projected to go up by 3.6% in 2014 in advanced economies and by 3.9% in emerging and developing countries reflecting particularly the recovering euro area economy and rising demand from high income countries in general against respective growth rate of 2.4% and 4.4% in 2013. Therefore, terms of trade are expected to almost stabilize in both emerging and developing economies.

Table 3 : World trade developments (annual percent change)

	2009	2010	2011	2012	2013	2014proj	2015 proj
Trade in volume	-10.6	12.6	6.7	2.9	3.0	3.8	5.0
- Exports							
Advanced Economies	-11.6	12.2	6.2	2.0	2.4	3.6	4.5
Emerging markets and developing countries	-7.6	13.5	7.2	4.6	4.4	3.9	5.8
- Imports							
Advanced Economies	-12.2	11.7	5.3	1.2	1.4	3.7	4.3
Emerging markets and developing countries	-8.0	14.3	9.8	6.0	5.3	4.4	6.1
- Terms of trade							
Advanced Economies	2.5	-0.9	-1.8	-0.4	0.9	0.2	-0.2
Emerging markets and developing countries	-5.2	2.4	3.7	0.7	-0.2	0.0	-0.6
World price in dollars							
- Manufactured products	-6.4	2.3	6.0	0.4	-1.1	-0.2	-0.5
- Oil	-36.3	27.9	31.6	1.0	-0.9	-1.3	-3.3
- Non-petroleum products	-15.8	26.5	17.9	-10.0	-1.2	-3.0	-4.1
-Food	-14.8	11.9	19.9	-2.4	1.1	-4.1	-7.9
-Beverages	1.6	14.1	16.6	-18.6	-11.9	19.6	1.1
-Agricultural raw materials	-17.1	33.2	22.7	-12.7	1.6	2.4	0.6
-Metals	-19.2	48.2	13.5	-16.8	-4.3	-7.5	-1.8

Source:IMF, World Economic Outlook, October 2014

With regard to commodity price developments, compared to June 2013, oil prices rose by 8.7% in June 2014 particularly affected by rising tensions between Western countries and Russia over the Ukrainian conflict, by Iraq uprising and continuous supply outages in Libya after two quarters of contraction following weak global activity.

Non-energy prices remained almost stable during the first and the second quarter of 2014 (increase of 0.6% and 0.1% respectively) reflecting good performances in agriculture sector, low demand for industrial raw materials particularly by China. Compared to June 2013, non-energy prices declined by 2.8% end June 2014, led by decline in prices of agriculture products (-2.5%), fertilizers (-17.3%) and by metals and minerals (-1.2%) whose prices have been declining since early 2012. Food prices fell further contracted by 7.6% for June 2014 compared to June 2013 on ample supply following improved weather conditions.

Beverages prices rose by 27.9% for the year ending in June 2014, led by higher prices of Arabica coffee (+43.1%) owing to drought in Brazil and disease in Central America. Meanwhile, tea prices fell by 17.4% in the Mombasa auction on the account of relatively weak demand together with improved supply.

Globally, commodity prices are projected to decrease further in 2014 as aggregate demand in China is expected to decline. Moreover, there are signs of better agricultural production except for coffee whose production is expected to reduce particularly in Brazil, the biggest producer. Oil prices are projected to ease by 1.3% from a decline of 0.9% in 2013. Non-fuel commodity prices are expected to continue falling in 2014 (-3.0% in 2014 from a drop of 1.2% in 2013) whereas metals prices are projected to further drop in 2014 by 7.5% from declines of 4.3% and 16.8% in 2013 and 2012 respectively on new supplies together with weaker demand by China.

2.1.4. Financial Markets

Monetary policy in many countries remained accommodative to boost economic activities. In the Euro area, on June 5th 2014, the ECB further reduced its key policy rate from 0.25% to 0.15% and revised down to -0.1% its deposit facility to give a boost to the faltering European economic recovery and to shift inflation closer to the objective. Central bank rates remained at 0.25% in USA, 0.50% in UK and 0.10% in Japan.

The 10 year government bond interest rates have been declining since the beginning of this year in all the major economies following geopolitical tensions and due to mixed economic data releases especially in USA and Euro area. From 3.03% and 3.02% end 2013 respectively in USA and UK, 10-year government bond rate fell to 2.53% and 2.67% respectively end June 2014. It decelerated also to 1.25% and 0.57% in Euro area and Japan from 1.93% and 0.74% respectively end 2013. However, monetary policy in the US is expected to tighten as high employment and rising inflation are sufficient for the Fed to continue its tapering program.

On the foreign exchange market, compared to end June 2013, the dollar weakened end June 2014 versus the Pound (9.6%) and the Euro (5.2%) on the back of US mixed economic data releases while it strengthened by 3.1% versus the Yen. The GBP was supported mainly increasing retail sales, improving labor market together with rising private spending and therefore strengthening economic outlook. The Yen was dampened by aggressive quantitative easing policy aimed to inflate the Japanese economy and push inflation up closer to 2%, the BOJ target.

2.1.5. EAC Member Countries

In EAC, countries recorded mixed economic performances in 2013 with Ugandan and Rwandan economies slowing down compared to the previous year while the remaining countries kept on growing.

Looking ahead, all regional economies are expected to improve by end 2014.

Table 4 : Economic growth developments in EAC countries (in %)

	2012	2013	2014proj
Sub-Saharan Africa	5.1	5.4	5.4
Burundi	4.2	4.8	5.3
Kenya	4.6	4.7	5.8
Rwanda	8.0	4.6	6.0
Tanzania	6.9	7.0	7.0
Uganda	5.8	5.7	6.1

Source: EAC Central Banks.

Inflationary pressures remained moderate because of efficient monetary and fiscal policies and good agricultural performance, despite some seasonal shocks. In June 2014, headline inflation rose in Uganda to 4.9% and in Kenya to 7.4% from 3.4% and 4.9% respectively in June 2013. Inflation has been declining in Burundi, Tanzania and Rwanda reflecting mainly easing food prices.

Table 5: Annual Headline inflation in EAC countries, in %

	2012	2013	2014					
	June	June	Jan.	Feb.	Mar.	Apr.	May	June
Uganda	18.0	3.4	6.9	6.8	7.1	6.7	5.4	4.9
Kenya	10.1	4.9	7.2	6.9	6.3	6.4	7.3	7.4
Tanzania	17.4	7.6	6.0	6.0	6.1	6.3	6.5	6.4
Burundi	17.3	11.4	6.0	5.9	3.8	4.8	3.4	3.3
Rwanda	5.9	3.7	2.4	3.5	3.4	2.7	1.9	1.4

Source: EAC Central Banks Websites.

Box 1

- World Economic growth (2014 proj): 3.3 %
- World Annual inflation (2014 proj) : 1.6 % (Advanced Economies)
6.7 % (Sub- Saharan Africa)
- World Trade volume growth (Oct, 2014 proj.): 3.8 %

2.2 National Economic Performance

In the 2013/2014 fiscal year, the Rwandan economy grew by 5.1%, a slower pace compared to 6.9% growth registered in 2012/2013. This slight slowdown in growth was due to poor performance registered in the first half of 2013/2014 which was on the account of the reduction in public spending owing to cuts and delays in budget support. Inflation has been kept low and stable around 3.4% on average along with relatively stable FRW exchange rate albeit global uncertainties. While imports value increased by 1.9%, Rwanda's exports slightly rose by 0.4% due to the decline in the international commodity prices and consequently the trade balance shrunk. However, there was an overall improvement in the current account following the increase in current transfers.

2.2.1. Economic growth

During the period under review, the economic growth of 5.1% was supported mainly by the services sector which contributed 47.0% to real GDP followed by Agriculture and Industry sectors which contributed 15.0% and 33.0% to real GDP respectively.

Table 6: Real GDP Growth Rates at Constant 2011 Prices, in %

ACTIVITY DESCRIPTION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
GROSS DOMESTIC PRODUCT (GDP)	8.0	8.3	4.3	5.8	9.5	6.9	5.1
AGRICULTURE, FORESTRY & FISHING	4.0	5.0	5.0	2.5	8.0	6.0	3.0
Food crops	4.0	6.0	7.0	3.0	10.0	6.0	3.0
Export crops	-1.0	-1.0	-1.0	-6.0	14.0	19.0	-9.0
Livestock & livestock products	2.0	3.0	4.0	4.0	5.0	6.0	7.0
Forestry	4.0	3.0	3.0	3.0	3.0	4.0	2.0
Fishing	3.0	3.0	3.0	5.0	-4.0	3.0	5.0
INDUSTRY	9.0	5.0	0.0	13.0	13.0	12.0	6.0
Mining & quarrying	4.0	-22.0	-16.0	23.0	19.0	4.0	15.0
TOTAL MANUFACTURING	4.0	1.0	6.0	6.0	9.0	5.0	5.0
Of which: Food	3.0	4.0	6.0	1.0	11.0	4.0	9.0
Beverages & tobacco	1.0	-1.0	3.0	8.0	4.0	3.0	3.0
Textiles, clothing & leather goods	10.0	-7.0	2.0	1.0	5.0	-1.0	10.0
Wood & paper; printing	21.0	5.0	8.0	-4.0	-2.0	19.0	7.0
Chemicals, rubber & plastic products	-1.0	7.0	-4.0	17.0	7.0	-4.0	-5.0
Non-metallic mineral products	6.0	-7.0	10.0	9.0	18.0	13.0	6.0
Metal products, machinery & equipment	8.0	6.0	34.0	3.0	62.0	1.0	-2.0
Furniture & other manufacturing	8.0	6.0	34.0	18.0	26.0	8.0	11.0
Electricity	9.0	15.0	19.0	10.0	22.0	10.0	8.0
Water & waste management	9.0	15.0	19.0	13.0	12.0	7.0	4.0
Construction	18.0	22.0	-2.0	18.0	15.0	20.0	5.0
SERVICES	12.0	11.0	4.0	7.0	10.0	7.0	7.0
TRADE & TRANSPORT	15.0	18.0	1.0	9.0	14.0	9.0	8.0
Maintenance & repair of motor vehicles	14.0	18.0	0.0	13.0	6.0	8.0	4.0
Wholesale & retail trade	14.0	18.0	0.0	9.0	15.0	8.0	9.0
Transport	19.0	21.0	6.0	5.0	12.0	15.0	8.0
OTHER SERVICES	11.0	8.0	6.0	6.0	8.0	6.0	6.0
Hotels & restaurants	7.0	-5.0	4.0	6.0	5.0	4.0	4.0
Information & communication	19.0	20.0	6.0	2.0	25.0	12.0	5.0
Financial services	14.0	-3.0	0.0	34.0	10.0	15.0	5.0
Real estate activities	14.0	13.0	6.0	1.0	-1.0	-3.0	5.0
Professional, scientific & technical activities	14.0	13.0	6.0	0.0	2.0	3.0	5.0
Administrative & support service activities	14.0	13.0	6.0	-1.0	3.0	5.0	5.0
Public administration & defense; compulsory social security	1.0	9.0	8.0	9.0	31.0	13.0	6.0
Education	11.0	11.0	12.0	13.0	12.0	6.0	6.0
Human health & social work activities	13.0	12.0	17.0	5.0	25.0	3.0	8.0
Cultural, domestic & other services	8.0	-2.0	1.0	3.0	2.0	15.0	14.0
Taxes less subsidies on products	3.0	12.0	9.0	2.0	3.0	-3.0	0.0

Source: NISR

The services sector expanded by 7.0% in 2013/14 mainly bolstered by wholesale and trade as well as real estates growing by 9.0% and 5.0%, accounting for 26.1% and 12.3% of the sector respectively. This good performance of the services sector counteracted the slowdown in industry and agriculture sectors. In fact, the industry sector decelerated by 6.0 percentage points as the construction sector, accounting for 48.3% of the sector, rose by 5.0% from 20.0% of the previous fiscal year.

The Agriculture sector slowed down to 3.0% from 6.0% in 2012/13 following declines in food and export crops that contributed 77.1% to the sector. Indeed, food crops accounting for 72% performed poorly in the first half of 2013/14 as a result of adverse weather conditions in season B 2013.

2.2.2. External Sector

2.2.2.1. Balance of Payments

Rwanda's current account improved by 5.8% in 2013/2014 to a deficit of USD 522.83 million from a deficit of USD 554.64 million recorded during 2012/2013. The improvement is mainly attributable to higher current transfers, which increased by 9.5% to USD 877.15 million from USD 800.71 million during 2012/2013. However, the trade, services and income deficit declined to USD 1,399.98 million from 1,355.26 million, while only trade balance worsened to USD 1,212.93 million in 2013/2014 from USD 1,195.56 million in the last fiscal year due to the increase of imports compared to exports.

A. Trade Balance

For the fiscal year 2013/2014, the trade balance stood at USD 1,212.93 million, the total exports value amounted to USD 707.32 million and the total imports FOB to USD 1,920.25 million. Compared to 2012/2013, exports value remains almost unchanged, while imports value slightly increased by 0.9%. Following these trends, trade deficit deteriorated by 1.5%. Thus, imports cover declined to 36.8% in 2013/14 from 37.2% registered in 2012/13.

Table 7: Major Balance of Payment components Developments (in USD million)

	2008	2009	2010	2011	2012	FY 2012/2013	FY 2013/2014
A. Trade balance	-625.20	-764.25	-786.70	-1,101.58	-1,268.26	-1,195.56	-1,212.93
Exports of which	264.82	234.97	297.28	464.24	590.75	707.30	707.32
coffee	46.91	37.29	56.08	74.60	60.89	69.09	47.49
tea	41.59	48.27	55.71	63.90	65.72	63.89	52.26
Imports FOB	-890.02	-999.22	-1,083.97	-1,565.82	-1,859.01	-1,902.86	-1,920.25
B. Services (net)	-100.60	-181.62	-246.22	-186.97	-93.24	-83.49	-86.95
C. Income (net)	-35.06	-36.79	-42.52	-51.80	-73.81	-76.30	-99.93
Trade, services and income balance	-760.87	-982.66	-1,075.44	-1,340.36	-1,435.31	-1,355.35	-1,399.98
D. Current transfers net	518.57	604.02	657.36	880.52	722.46	800.71	877.15
Private	72.61	79.71	90.68	133.32	182.95	178.36	197.53
Public	445.96	524.31	566.68	747.20	539.51	622.35	679.62
E. Current account	-242.30	-378.64	-418.08	-459.84	-712.84	-554.64	-522.65
F. Capital and Financial account balance	316.12	426.80	499.36	682.50	511.47	780.70	428.06
Errors and Omissions	-19.52	5.33	-9.21	11.88	-11.06	-15.10	20.29
G. Overall balance	54.31	53.49	72.07	234.54	-212.44	210.96	-74.29

Source: BNR

1. Formal Exports

During the fiscal year 2013/2014, total receipts from exports were valued to USD 576.65 million mostly dominated by traditional products which represented 56% of the total exports receipts while other exports together with re-exports represented 44% of the total export earnings for the fiscal year 2013/2014. Other export products comprise of a set of products, foodstuffs and other minerals, live animals among others while re-exports were mostly composed of petroleum products, machines & engines, vehicles and minerals.

Table 8: Formal export developments (Value FOB in millions of USD, Volume in thousands of tons)

	2012		2013		July 11 - June 12		July 12 - June 13		July 13 - June 14		% change	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Coffee	16.99	60.89	19.99	54.90	16.73	78.41	20.53	69.09	17.83	47.49	-13.1	-31.3
Tea	22.45	65.72	21.01	55.48	22.31	61.09	22.06	63.89	21.60	52.26	-2.1	-18.2
Minerals	7.53	136.07	9.58	225.70	8.83	148.36	8.41	186.31	10.23	204.28	21.6	9.6
Other products	174.59	88.00	149.89	81.91	166.20	141.21	181.15	95.70	122.84	116.24	-32.2	21.5
Total exports	288.67	482.75	308.37	573.03	214.06	429.07	321.39	574.49	305.68	576.64	-4.9	0.4

Source: BNR

Tea and Coffee

Tea exports performed poorly during the fiscal year 2013/2014 in both value and volume, declining by 18.2% and 2.1% respectively, due to the decline of 4.5% in production and 16.4% in unit price from USD 2.90/Kg in 2012/2013 to USD 2.42/Kg in 2013/2014. In addition, the decline resulted from high increase in tea supply at the Mombasa auction, where 71% of Rwanda's tea was traded, following the high production of tea in most of the tea growing countries while the demand remained unchanged.

Table 9: Major formal exports Developments (Value FOB in USD million and volume in thousands of tons)

		2012	2013	July 11 - June 12	July 12 - June 13	July 13 - June 14	% change
Coffee	Value	60.89	54.9	78.41	69.09	47.49	-31.3
	Volume	16.99	19.99	16.73	20.53	17.83	-13.2
Tea	Value	65.72	55.48	61.09	63.89	52.26	-18.2
	Volume	22.45	21.01	22.31	22.06	21.6	-2.1
Cassiterite	Value	52.9	61.07	77.3	57.12	68.43	19.8
	Volume	4.64	4.9	6.32	4.67	5.65	21
Coltan	Value	56.91	134.57	45.29	102.22	106.38	4.1
	Volume	1.14	2.47	0.98	1.75	2.29	31.1
Wolfram	Value	26.26	30.05	25.76	26.96	29.46	9.3
	Volume	1.75	2.22	1.53	1.99	2.29	14.9
Hides and Skins	Value	14.37	16.02	9.37	16.68	17.09	2.5
	Volume	10.03	10.3	7.21	10.91	10.99	0.8
Pyrethrum	Value	9.71	3.98	5.76	9	1.61	-82.1
	Volume	0.04	0.02	0.02	0.04	0.01	-76.3
Re-exports	Value	107.99	81.91	63.05	133.83	137.68	2.9
	Volume	57.05	149.89	37.12	78.29	122.18	56.1
Other export	Value	88	135.04	63.03	95.7	116.24	21.5
	Volume	174.59	97.59	121.85	181.15	122.84	-32.2
TOTAL EXPORTS	Value	482.75	573.03	429.07	574.49	576.64	0.4
	Volume	288.67	308.37	214.06	321.39	305.68	-4.9

Source: BNR

Coffee exports also recorded a poor performance decreasing by 31.3% in value and 13.2% in volume due to bad weather especially lack of rainfall in the fourth quarter of 2013. The decline in value is explained both low production as a result of unfavourable weather condition and the fall in the international commodity prices. In addition, the level of stocks end 2013 was low (2,560 tons) compared to the stock of end 2012 (3,262 tons). Coffee exports remained dominated by ordinary coffee which represent 50% of total production and dropped by 23.3% to 8,912 tons in 2013/2014 from 11,615 tons in 2012/2013.

Fully washed coffee also decreased by 13.7% from 7,169 tons to 6,186 tons in 2013/2014.

Minerals

Mineral exports showed a good performance in 2013/2014. During the period under review, Rwanda's mineral exports rose by 9.6% in value increasing from USD 186.31 million in 2012/2013 to USD 204.28 million in 2013/2014, and significantly increased by 21.6% in volume, despite the decrease in unit price recorded by cassiterite (-0.9%), coltan (-20.5%) and wolfram (-4.9%). Due to increased investments in mining sector, the increase in volume offsets the decline in the unit prices.

With regard to volume, mineral exports remained dominated by cassiterite which represented 55.2% of the total exports of minerals followed by coltan and wolfram with a share of 22.4% and 22.3% respectively. In terms of value, cassiterite exports earnings highly increased by 19.8% to USD 68.43 million from USD 57.12 million, wolfram rose by 9.3% to USD 29.46 million from USD 26.96 million; and coltan increased by 4.1% to USD 106.38 million from USD 102.22 million in 2012/2013.

Hides and Skins

Compared to the last year hides and skins exports in 2013/2014 recorded good performance with an increase of 2.5% in value driven by an increase of 0.8% in volume and increase of 1.7% in unit prices. In total, 10,993.12 tons of skins and hides were exported at USD 1.55/Kg comparing to 10,913.87 tons exported at USD 1.53/Kg in 2012/2013.

Pyrethrum

During 2013/2014, pyrethrum exports performed poorly with a significant decrease of 82.1% in value from USD 9.00 million in 2012/2013 to USD 1.61 million in 2013/2014, following a decline of unit prices (-32.2%) decreasing from USD 250.73/Kg to USD 169.95/Kg. The volume of pyrethrum exports also fell by 73.6% from 35.90 tons to 9.46 tons in 2013/2014.

Non-traditional exports

Non-traditional exports, such as other exports recorded an increase of 21.5% in value, but decreased by 32.2% in volume. Among non-traditional exports, textiles exports value rose by 231.9% followed by cement, iron and steel by 50.5% and 35.8% respectively. Regarding the re-export products including other minerals, petroleum products, machines and engines, vehicles mainly exported to the neighboring countries incredibly performed better in both value and volume by 2.9% and 56.1%, respectively.

Table 10: Evolution of some non-traditional exports (Value FOB in USD million and volume in thousands of tons)

	2012		2013		July 11 - June 12		July 12 - June 13		July 13 - June 14		% change	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Livestock	5.05	7.68	7.82	7.92	4.93	7.02	4.85	7.50	8.43	8.04	73.8	7.2
Edible Vegetables, roots and tubers	24.03	3.52	26.04	4.34	19.15	2.77	28.30	4.82	15.01	2.43	-47.0	-49.6
Cereals	6.21	2.00	7.94	2.66	1.86	0.24	9.83	3.20	5.34	1.58	-45.7	-50.6
Products of the milling industry	45.36	19.83	43.67	20.77	36.98	17.80	49.62	23.49	43.38	19.37	-12.6	-17.5
Mineral Water and Beer	13.04	13.03	12.94	7.01	10.94	7.42	14.94	12.71	8.26	4.94	-44.7	-61.1
Cement	39.38	3.07	21.27	3.74	20.29	1.80	35.51	3.11	20.56	4.68	-42.1	50.5
Cosmetic products	0.48	1.60	0.70	1.76	0.36	1.21	0.67	1.91	0.73	1.71	9.0	-10.5
Plastics and articles thereof	1.57	3.32	1.45	3.51	0.73	1.66	1.57	3.64	2.17	3.59	38.2	-1.4
Textiles and textile articles	0.07	0.32	0.17	0.75	0.20	0.42	0.10	0.47	0.35	1.56	250.0	231.9
Footwear	0.67	1.22	0.28	0.15	0.47	1.53	0.57	0.63	0.40	0.24	-29.8	-61.9
Handcrafts	0.04	0.46	0.02	0.32	0.03	0.39	0.03	0.38	0.03	0.37	0.0	-2.6
Scraps Iron	12.25	2.06	10.01	0.62	9.16	0.72	12.27	1.92	9.82	0.98	-20.0	-49.0
Iron and steel	7.42	5.69	5.18	5.65	3.15	2.92	7.73	6.40	9.02	8.69	16.7	35.8

Source: BNR

The external trade was also boosted by informal cross border trade which amounted to USD 105.67 millions of exports from USD 106.85 million in 2012/2013 representing around 18.3% of formal exports.

During the same period, the informal imports declined by 19.8% from USD 21.45 in 2012/2013 to USD 17.21 million in 2013/2014 because of Visa requirement for entry into DRC, leading to improvement in Rwanda's informal trade balance with neighbouring countries (+USD 88.46 million). This informal cross border trade is dominated by crop products and live animals whereas main trade partners are DRC and Uganda.

Table 11: Rwanda informal cross border trade (in USD million)

	2010	2011	2012	2011/2012	2012/2013	2013/2014	% change
Exports	48.85	71.51	101.77	92.04	106.85	105.67	-1.1
Imports	35.22	23.51	22.63	21.1	21.45	17.21	-19.8
Trade balance	13.63	48	79.13	70.94	85.40	88.46	3.6

Source: BNR

2. Formal imports

During the fiscal year 2013/2014, imports CIF increased by 7.8% in value to USD 2,381.64 million from USD 2,210.14 million in 2012/2013 and have been mostly dominated by intermediary goods With a share of 29.8% of the total imports value, followed by consumer goods with 27.7%, capital goods with 26.6%, while energy products represented 16.0% of the total imports value. The increase in imports value was mainly driven by the increase in imports of 1.4% in consumer goods, 15.3% in intermediary goods, 10.4% in capital goods and 2.3% in energy and lubricants. In terms of volume, total imports increased by 0.8% during the period under review pushed up by the increase of 2.2%, 3.1% and 6.2% in intermediary goods, capital goods and energy and lubricants respectively, despite the decrease of 3.8% of consumer goods.

Table 12: Evolution of imports CIF adjusted (Value CIF in USD million, Volume in thousands of tons)

	2012		2013		2011/2012		2012/2013		2013/2014		% change	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Total imports	1,708.54	2,111.73	1,782.13	2,245.24	1,481.02	2,078.26	1,774.82	2,210.14	1,789.41	2,381.64	0.82	7.76
Consumer goods	576.96	601.17	574.33	633.71	499.53	569.34	599.01	649.26	576.55	658.66	-3.8	1.4
Capital goods	68.09	565.82	59.04	594.34	58.96	552.52	61.49	573.12	63.39	632.76	3.1	10.4
Intermediates goods	810.27	597.69	879.05	632.64	687.32	583.49	854.80	616.11	873.90	710.17	2.2	15.3
Energy and lubricants	253.24	347.05	269.71	384.56	235.22	372.91	259.52	371.65	275.57	380.05	6.2	2.3

Source: BNR

Final consumer goods

Imports value of final consumer goods increased by 1.4% value from USD 649.26 million in 2012/2013 to USD 658.66 million in 2013/2014, but decreased in volume by 3.8% from 633,705.82 tons to 649,259.65 tons in 2013/2014, dragged down by the decrease in volume of food products (-5.8%), health and care (-1.9%), and domestic use (-29.4%); despite the increase in beverage and tobacco (+36.0%).

Food products take a lion's share with 36.0% of the total value of consumer goods and they increased by 4.9% in value, but decreased in volume by 5.8%. The decline was mainly attributed to fats and oil of animal or plant origin (-18.6%) and cereals, flour and seeds (-20.8%).

Domestic production of sugars and sweets decreased by 9.2% in the first half of 2014 following the closure of KABUYE SUGAR WORKS during the second quarter of 2014 for maintenance of machinery, consequently, imports of sugars and sweets increased by 24.8% representing 10.3% of the total imports of consumer goods and 28.7% of food products.

Health care which accounted for 22.7% share of total value of the consumer goods decreased in both value and volume by 9.3% and 1.9% respectively as a result of the decrease in imports volume of pharmaceutical by 41.7%. Imports of goods for domestic use fell by 14.9% in value and 29.4% in volume, mainly due to the decrease of imports volume of dishes and other kitchen articles by 7.3%.

Capital goods

Capital goods imports were rising in both value and volume in line with dynamic activities which occasioned higher demand for capital goods. In 2013/2014, capital goods imports rose by 10.4% in value to USD 632.76 million from USD 573.12 million in 2012/2013. In terms of volume, they increased by 3.1% due to imports of machinery which represented 67.1% in total imports of capital goods, which were dominated by imports of phones and material for network as well as imports of different companies including former EWASA, CIMERWA and RWANDAIR.

Intermediary goods

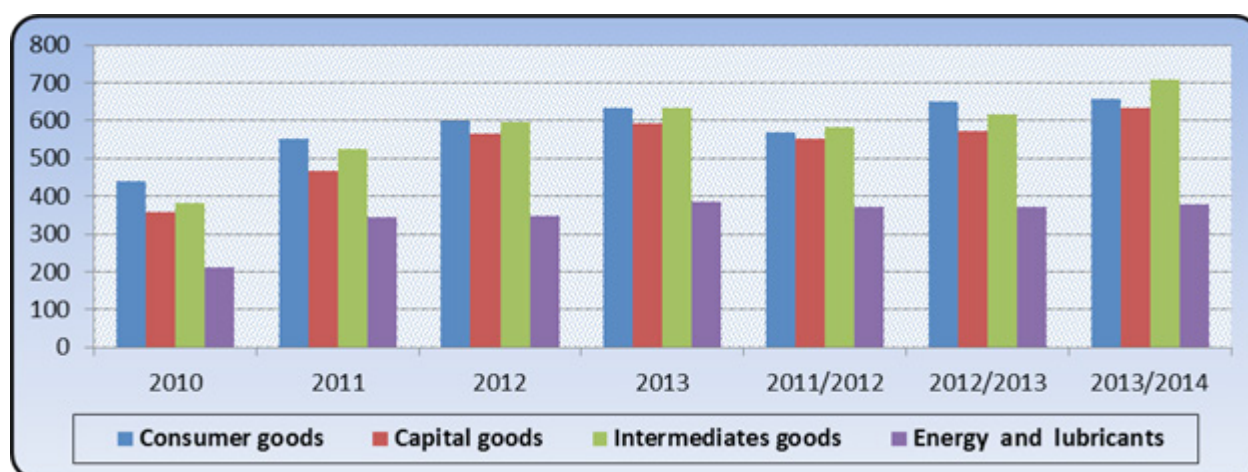
Driven by higher domestic demand of their main components such as construction materials and industrial products; the imports of intermediary goods in 2013/2014 increased by 15.3% in value and by 2.2% in volume. Industrial products which represented 45.3% of the total value imports of intermediary goods increased by 8.3% in value and 3.5% in volume, largely attributed to the increase in imports of textiles, woods and chemical industries. Construction materials which accounted for 33.8% of the total value of imports of intermediary goods increased by 16.9% in value and 2.5% in volume of which a big part is attributed to the imports of low quantity of cement and other similar products which slightly increased by 0.4% due to the good performance (+0.9%) recorded in domestic production during the first half of 2014 compared to the same period of last year.

Importation of Fertilizers in 2014 declined by 46.4% in volume mainly due to the fact that since May 2013 the government left the importation of fertilizers to the private sector and between July and December 2013, the private sector imported more fertilizers building important stocks for the year 2014.

Energy and lubricants

The imports of energy and lubricants (of which 95% are petroleum products) increased by 2.3% in value to USD 380.05 million from USD 371.65 million, and increased 6.2% in volume due to increasing domestic demand.

Figure 1: Structure of imports developments (value in US million)



Source: BNR

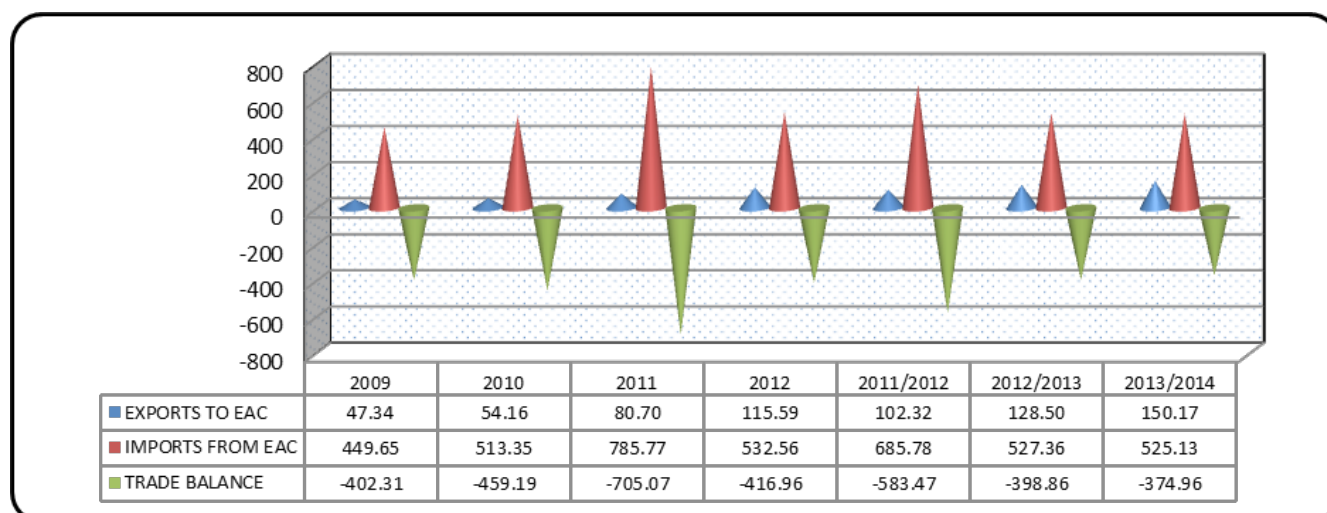
3. Trade With EAC countries

Rwanda's total trade with EAC partner states recorded a significant expansion in exports, while decreasing in imports. Total trade volume with EAC declined by 6.5% in 2013/2014 to USD 675.30 million from USD 634.12 million the previous fiscal year.

Rwanda's exports to EAC amounted to USD 150.17 million in 2013/2014 from USD 128.50 million in 2012/2013 with an increase of 16.9%. However, imports from EAC member countries have been much higher than exports, despite a decrease of 0.4%, amounting to USD 525.13 million from USD 527.36 million the previous fiscal year. These developments have narrowed the trade deficit to USD 374.96 million from USD 398.86 million in 2012/2013.

Rwanda's main exports to EAC countries in 2013/2014 were tea (Mombasa auction), raw hides and skins of bovine, coffee, bars and rods of iron or non-alloy steel, leguminous vegetables, and beer made from Malt. On the other hand, major imports from EAC countries were cement, refined and non-refined palm oil, animals or vegetable fats and oils, mineral or chemical fertilizers, second hand clothing and other second hand articles, cane or beet sugar and chemically pure sucrose, among others.

Figure 2: Evolution of Rwanda's trade with EAC in USD million (2009 – 2013/2014)



Source: BNR

B. Balance of Services and Income

Regarding the balance of services and income, both income and services accounts continued to record a deficit totalling USD 186.87 million for the fiscal year 2013/2014 while the deficit was USD 159.79 million for fiscal year 2012/2013 and USD 236.81 by end December 2013. The services and income deficit was mainly attributed to the income account which came negative to USD 99.93 million while the services deficit stood at USD 86.95 million representing respectively 53% and 47% the overall income and services account (net).

With regard to the services account, inflows came mostly from tourism receipts (USD 292.50 million), and other services income (USD 106.56 million) including operating costs of embassies, posts and telecommunication and ICT receipts.

On the debit side, freight & insurance and other transportation cost amounted to USD 292.75 million and USD 66.43 million respectively while travel and technical assistance came for USD 80.00 million and USD 72.21 million respectively, with respective shares in the total services outflows standing at 53%, 14% and 13%.

Table 13: Evolution of Services and Incomes (in USD million)

	2008	2009	2010	2011	2012	FY 2012/2013	FY 2013/2014
Services (net)	-100.60	-181.62	-246.22	-186.98	-93.23	-83.49	-86.95
Credit/Inflows	419.86	341.05	310.36	431.43	425.36	448.34	468.68
Freight and insurance	5.15	4.61	4.77	4.26	4.03	4.74	3.77
Other transportation	37.74	49.04	21.68	45.64	54.81	51.74	65.85
Travel	186.00	174.46	201.65	251.80	281.80	296.50	292.50
Others services	190.97	112.94	82.26	129.73	84.72	95.37	106.56
Debit/Outflows	-520.46	-522.66	-556.57	-618.41	-518.59	-531.83	-555.63
Freight and insurance	-208.21	-246.05	-293.68	-352.25	-270.12	-297.68	-292.75
Other transportation	-75.75	-76.03	-43.19	-52.96	-53.72	-44.61	-66.43
Travel	-69.99	-71.83	-77.01	-39.00	-78.57	-62.04	-80.00
Operating cost of embassies	-17.90	-15.45	-17.80	-17.80	-20.51	-22.22	-26.99
Technical assistance	-106.69	-78.96	-96.54	-71.17	-72.83	-81.60	-72.21
Others services	-41.91	-34.35	-28.36	-85.23	-22.83	-23.67	-17.24
Income (net)	-35.06	-36.79	-42.52	-51.80	-73.82	-76.30	-99.93
Credit/Receipts	28.27	14.91	16.13	20.06	10.70	13.81	10.40
Investment income	23.72	10.42	7.86	12.01	3.57	2.37	1.40
Labour services income	4.49	4.49	8.26	8.03	7.14	11.44	9.00
Property income	0.05	0.00	0.01	0.02	0.00	0.00	
Debit/Payments	-63.33	-51.71	-58.65	-71.86	-84.52	-90.11	-110.33
Income paid on directs investments	-16.42	-4.66	-3.74	-12.10	0.00	0.98	-1.00
Income paid on others investments	-7.74	-9.41	-11.97	-13.07	-33.47	-54.86	-72.13
Labour services Income	-37.95	-36.40	-42.92	-46.69	-50.19	-35.73	-37.20
Property income	-1.23	-1.23	-0.02	0.00	-0.86	-0.50	0.00
Services and Revenues (nets)	-135.67	-218.41	-288.74	-238.78	-167.04	-159.79	-186.87

Source: BNR

The income deficit for the 2013/2014 fiscal year was mainly due to high payments of labour services (USD 99.93 million) and non direct investments (USD 72.13 million) of which USD 32.33 million were interest payments on external public debt. The income inflows of USD 9.00 million were recorded as remuneration of national labour force.

C. Current Transfers

Net current transfers' inflows amounted to USD 877.15 million for the fiscal year 2013/14 against USD 800.71 million registered during the previous fiscal year. Current transfers were dominated by official transfers with a share of 77% of the total by the end fiscal year 2013/2014 while private transfers accounted for 22%. A share of 65% of the private transfers were taken by remittances from Diaspora amounting to USD 128.60 million out of USD 197.53 million of total private transfers against USD 68.93 million received from churches and other associations.

Table 14: Net Current Transfers (in USD million)

	2008	2009	2010	2011	Prov. 2012	FY 2012/2013	FY 2013/2014
Current transfers (net)	518.57	604.02	657.36	880.52	722.46	800.71	877.15
Current private transfers (net)	72.61	79.71	90.68	133.32	182.95	178.36	197.53
Remittances from Diaspora (net)	31.07	53.09	65.07	110.18	118.25	114.67	128.60
Private transfers for churches and associations	41.54	26.62	25.61	23.14	64.70	63.68	68.93
Current officials transfers (net)	445.96	524.31	566.68	747.20	539.51	622.35	679.62
Current support net	339.76	415.84	479.52	628.39	433.70	510.70	590.31
of which HIPC Initiative	5.60	5.21	4.53	4.53	4.79	5.08	0.00
Social security benefits	0.00	0.00	0.00	22.19	0.00	0.20	-
Humanitarian aid	110.32	115.84	100.52	107.03	120.11	122.95	112.37

Source: BNR

Official current transfers which remained predominant in net current transfers amounted to USD 679.62 million of which USD 590.31 million of budget support and USD 112.37 million related to humanitarian aid.

D. Capital and Financial Operations Account

By the end of the fiscal year 2013/2014, the capital and financial account totalled USD 428.06 million against USD 780.70 million for the fiscal year 2012/2013 and USD 762.53 million for the calendar year 2013. This amount was insufficient to cover the current account deficit which stood at USD 522.64 million. Therefore the overall balance of payments stood at a deficit of USD 74.29 million after a surplus of USD 210.96 million in 2012/2013.

Coming to capital transfers, they amounted to USD 176.48 million representing 41% of the total capital and financial account balance. They were mostly allocated to projects support (USD 175.89 million) against USD 111.74 million received by the end of fiscal year 2012/2013.

For the fiscal year 2013/2014, financial inflows stood at USD 251.58 million after USD 631.72 million registered by the end 2012/2013. Estimates show that long term capital stood at USD 283.11 million while short term capital was in a deficit of USD 31.53 million. Long term private sector capital (net) took a lion's share of net long term capital coming to USD 223.91 million while the public capital (net) stood at USD 59.20 million. Foreign direct investment which is a part of private long term capital came for USD 175.00 million, representing around 78% of the total private long term capital.

Table 15: Evolution of capital and financial account (in USD million)

	2008	2009	2010	2011	2012	FY 2012/2013	FY 2013/2014
Capital and Financial account balance	316.12	433.55	499.36	682.50	582.47	780.70	428.06
Capital Account	210.06	200.00	285.64	196.66	171.23	148.98	176.48
<i>Capital transfers</i>	210.06	200.00	285.64	196.66	171.23	148.98	176.48
Financial transactions account	106.06	226.80	213.72	485.84	411.24	631.72	251.58
<i>Long Term capital</i>	194.69	235.29	232.35	438.33	326.15	548.42	283.11
Public sector capital (LT) (net)	104.75	81.35	51.90	207.21	92.98	329.60	59.20
Disbursement	112.20	88.80	61.71	222.20	110.32	532.69	74.12
Amortization	-7.45	-7.45	-9.81	-14.99	-17.34	-203.09	-14.92
Private (net)	89.94	153.94	180.45	231.12	233.16	218.81	223.91
Disbursement	9.48	42.72	129.02	148.78	123.56	113.07	97.51
Amortization	-4.10	-7.45	-12.29	-55.16	-56.99	-69.86	-60.60
Investments	84.56	118.67	63.71	137.50	166.59	175.61	187.00
Other capital	-88.63	-8.49	-18.63	47.51	85.10	83.30	-31.53

Source: BNR

2.2.2.2. External debt

a. Public external debt

The public external debt situation of Rwanda in the fiscal year 2013/2014 was mostly composed of loans from Multilateral Institutions, such as the World Bank, African Development Bank, IDA and IMF and represented 62.4% of total public external debt, while Euro bonds accounted for 23.9% of total public external debt. The remaining 13.7% were from bilateral partners like EXIM-INDIA, EXIM-CHINA and KUWAIT.

Table 16: Stock of External Public debt (in USD million)

CREDITOR	2008	2009	2010	2011	End June 2012	End June 2013	End June 2014
1. MULTILATERAL	580.53	628.26	651.14	832.99	841.66	895.28	1,041.83
AfDB-ADF	135.49	157.88	172.59	210.62	213.33	234.61	278.92
BADEA	25.77	26.49	29.33	34.03	33.56	32.67	34.99
EIB	11.39	8.9	6.39	5.03	3.66	2.57	1.38
EU	18.78	17.82	15.25	13.89	12.9	12.44	11.99
IFAD	92.61	99.74	103.05	107.07	107.58	106.38	112.62
IMF	11.47	15.19	14.82	14.13	13.59	12.03	11.31
IDA	240.38	253.3	258.25	391.55	401.11	435.54	541.25
NDF	12.71	16.54	16.4	16.08	15.33	16.28	0
OPEC	31.92	32.4	35.08	40.57	40.38	42.76	49.36
2. BILATERAL	85.2	108.34	115.45	151.66	163.02	206.23	228.39
AFD	4.74	4.79	3.66	2.12	1.36	0	0
CHINA	0	0	0	0	0	0	0
EXIMCHINA	0	6.17	10.36	28.6	30.7	56.02	63.5
EXIMINDIA	0	16.00	18.5	28.65	39.55	59.44	73.18
Abu Dhabi	1.85	1.85	1.85	2.99	2.99	2.96	2.96
Kuwait Fund	34.22	34.63	35.52	44.68	44.48	45.51	47.7
Saudi Fund	44.04	44.54	45.22	44.28	44.59	41.96	41.04
LIBYA	0.35	0.36	0.35	0.35	0.34	0.34	0
EURO BONDS						400	400
TOTAL	665.73	736.6	766.59	984.65	1004.68	1501.51	1670.21
% of GDP	14.4	14	14	15.6			

N.B: Government guaranteed debt not included

Source: BNR

1. External public debt disbursements

Total disbursements stood at USD 172.9 million by the end of the fiscal year 2013/2014 against USD 506.4 million at end of last fiscal year. The share of disbursements on multilateral creditors was the most important representing 85.9% of the total disbursements observed in 2013/2014 followed by bilateral creditors' with 14.1% of the total disbursements. The former was mainly from IDA and FAD-FSN with respective shares of 68.1% and 17.8% of multilateral disbursements. During the same period, the share of Euro bonds was around 0.0% of the total disbursements.

Table 17: Development of disbursements (in USD million)

DESCRIPTION	2008	2009	2010	2011	July 2011 -June 2012	July 2012 - June 2013	July 2013 - June 2014
MULTILATERAL CREDITORS	110.6	51.2	43.34	197.5	146.9	84.3	148.5
Of which : IDA	40.5	10.49	10.1	138.2	94.7	44.6	101.2
FAD-FSN	32.08	22.6	16.03	39	35.8	30.7	26.4
BILATERAL CREDITORS	1.7	24.7	7.3	24.8	24.9	22.1	24.4
EURO BONDS						400	0
TOTAL	112.3	75.9	50.7	222.2	171.8	506.4	172.9
Of Which :							
Drawings for projects	106.5	71.8	50.7	186.7	83.2	493.6	99.8
Drawings for budget support	2.07	0.5	0	35.5	88.6	12.9	72.7
Drawings for BOP support (IMF)	3.72	3.6	0	0	0	0	

Source: BNR

2. Public external debt servicing

External debt services were largely dominated by multilateral debt with a share of 48.6% by the end of the fiscal year 2013/2014 against 67.9 percent by the end of previous fiscal year. The bilateral debt service represented 10.8% of the total external debt services by the end of the fiscal year 2013/2014 after 14.9% at end of 2012/2013. While Euro bonds represent 40.5% of the total external debt services by the end of 2013/2014

Table 18: Developments of external debt service (in USD million)

DESCRIPTION	2008	2009	2010	2011	July 2011-June 2012	July 2012 - June 2013	July 2013 - June 2014
MULTILATERAL DONORS	12.9	12.7	14.9	19.3	20.4	30.9	48.4
Principal	7.2	7.3	8.8	13.3	14.3	16.1	33.3
Of which : IDA	0.0	0.0	0.5	2.4	2.8	3.6	8.3
FAD-FSN	0.7	1.1	1.2	1.7	1.7	1.8	3.1
BADEA	0.0	0.0	0.0	1.0	1.1	1.0	2.0
Interests	5.7	5.4	6.2	4.4	6.1	14.9	15.1
Of which : IDA	1.7	1.6	1.9	2.3	2.5	3.2	6.8
FAD-FSN	1.6	1.5	1.6	1.6	1.7	2.0	4.5
BADEA	0.9	0.4	0.9	0.0	0.0	0.0	0.0
BILATERAL DONORS	1.4	1.8	2.9	4.4	4.9	6.8	10.8
Principal	0.3	0.3	1.2	2.3	2.5	2.7	3.2
Interests	1.2	1.6	1.7	2.2	2.4	4.2	7.5
SUPPLIERS' CREDITS	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
Interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Euro bonds						7.8	40.4
TOTAL	14.3	14.5	17.8	23.7	25.3	45.5	99.5
Principal	7.5	7.5	10.0	15.6	16.7	18.7	36.5
Interests	6.9	7.0	7.9	8.1	8.6	26.8	63.0

Source: BNR

B. Private external debt

Private external debt is the debt contracted with the non-resident private sector by private residents of Rwanda with or without Government guarantees. Compared to public external debt, private debt remains low. Nevertheless, it started to grow with the liberalization of the capital account allowing the private sector to borrow from foreign creditors. For the recent years, private external debt is dominated by non-guaranteed debt.

At the end of June 2014, the total stock of private external debt reached an amount of USD 471.26 million and remained dominated by non-guaranteed external private debt (USD 336.28 million) with a big share of 71.4% against 75.1% at the end of June 2013. The remaining 28.6 percent concern guaranteed external private debt (USD 134.97 million).

Table 19: Outstanding external private debt as at 30 June 2014

BORROWERS	Stock June 13	Disbursements	Principal	Interest	Stock March 14	Disbursements	Principal	Interest	Stock June 14
Guaranteed debt	93.20	50.70	4.07	2.80	137.80	0.00	2.83	2.54	134.97
Non-Guaranteed debt	280.44	0.00	27.47	11.90	302.61	46.80	13.13	8.35	336.28
Total	373.64	50.70	31.54	14.70	440.42	46.80	15.96	10.89	471.26

Source: BNR

Box 2

- Real GDP growth 2013/2014: 5.1 %
- Exports value increase (end June 2014): 0.4 %
- Imports CIF value increase (end June 2014): 7.8 %
- Imports cover (end June 2014): 36.8 % (informal trade included)
- BOP (end June 2014): -74.29 USD million

2.2.3. Public Finance and Domestic Debt

2.2.3.1. Public Finance Developments

In the fiscal year under review, the Government finances were marked by an increase of 21.3% in total revenues and grants compared to 5.0% registered in 2012/13 while its ratio to nominal GDP rose to 29.5 % in 2013/2014 from 25.6% in the preceding fiscal year.

Government spending and net lending increased by 15.2 % against 21.6% of the previous fiscal year, driven by the sharp increase of 26.1% in capital spending and 22.5% in current spending whereas its ratio to nominal GDP stood at 34.0 % in 2013/14 from 31.0% of the previous fiscal year. As a result, the overall deficit including grants on cash basis slightly decreased to 4.8% of nominal GDP against 5.7 % registered in 2012/13.

Government domestic revenues, representing 19.1% of the 2013/14 nominal GDP, rose by 17.1% in 2013/14 compared to 24.5% of the previous fiscal year, largely driven by 16.7 % increase in tax revenues, accounting for 16.8% of GDP in 2013/2014 from 15.1% in the previous fiscal year.

Table 20 : Summary of key Central Government Operations (% of GDP)

Descriptor	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue and grants	23.0	23.5	26.1	25.6	29.5
Domestic revenue	11.3	13.2	14.7	17.1	19.1
Tax revenue	10.8	12.6	13.8	15.1	16.8
Non-tax revenue	0.4	0.6	0.9	2.0	2.25
Grants	11.8	10.3	11.4	8.5	10.5
Expenditure and net lending	23.1	26.8	27.3	31.0	34.0
Current expenditure	13.2	14.3	15.2	14.7	17.2
Capital expenditure	9.1	11.9	12.0	13.1	15.7
Net lending	0.8	0.5	0.0	3.2	1.1
Primary balance	-6.1	-6.7	-5.9	-2.5	-4.3
Overall deficit (cash basis) including grants	-0.4	-3.6	-1.6	-5.7	-4.8
Overall deficit (cash basis) excluding grants	-12.2	-13.9	-12.9	-14.1	-15.7
Financing	0.4	3.6	1.4	5.7	4.8
Foreign financing (net)	0.8	1.9	2.4	7.9	2.3
Domestic financing	-0.3	1.7	-0.9	-2.2	2.5
Nominal GDP	3477	3678	4027	4303	4524

Source: MINECOFIN

Regarding deficit financing on cash basis, the foreign financing comprising both project and budgetary loans draw-downs accounted for 2.3% of nominal GDP in 2013/2014 against 7.9% the previous fiscal year while net domestic finance contributed the remaining 2.5% of nominal GDP in 2013/2014.

2.2.3.2 . Domestic Debt Developments

The domestic debt stock at the end of the fiscal year 2013/2014 was 6.0% of nominal GDP, increasing by 6.3% compared to the previous fiscal year. The rise in domestic debt stock was due to the increase of 42.8% in banking sector debt stock mainly driven by high issuance of T-bills for fiscal issues which went up by 29.4% despite non-banking sector debt stock declining by 37.1%, brought down by the 79.8 % decline in the purchase of government T-bills for treasury issues.

2.2.3.3. Debt Sustainability

The debt sustainability as of December 2013(calendar year basis) reveals that Rwanda's total debt stock remains sustainable with low risk rating associated to its external debt distress with a strong Country Policy and Institutional Assessment (CPIA) score of 3.81 from 3.76.

This was due to improved prospects for exports, prudent debt and macroeconomic management.

The table below depicts external debt thresholds for 2014 which indicate that Rwanda's debt stock will remain sustainable as evidenced by the various solvency indicators. The net Present Value (PV) ratio of debt to exports, among other indicators, is projected to stand at 93.6%, well below the new threshold of 200%.

Table 21: Rwanda Thresholds for external debt (%)

Indicators	Thresholds	2014
PV of Debt to GDP	50	14.6
PV of Debt to exports	200	93.6
Debt service-to-exports	25.0	5.8
Debt service-to-revenue	22.0	5.3

Source: BNR

2.3. Monetary Sector Developments

During the fiscal year 2013/2014, the National Bank of Rwanda continued to implement an accommodative monetary policy adopted since June 2013 to support the country's economic recovery. This has led to an increase in total liquidity as measured by the broad monetary aggregates (M3). In line with this policy orientation, credit to the private sector grew by 13.4% compared to 18.3% recorded in 2012/2013.

In the fiscal year 2013/2014, the Bank has continued to use the monetary targeting framework and reserve money as its operating target and to set intermediate targets for growth in broad money.

Furthermore, the official foreign exchange reserves as well as exchange rate policy have been prudently managed in line with the overall mission of the Bank which is ensuring the price stability and sound financial system in accordance with general macroeconomic conditions.

In addition to the quarterly analysis on economic and financial developments for the MPC, the Bank has started to publish its Inflation Report every quarter. This report gives a brief analysis of the Rwandan economy and the factors underlying inflation developments and outlook. The Inflation Report also includes the MPC's latest views on inflation since monetary policy operates with a time lag, it is necessary for the MPC to form judgments about the outlook for inflation. Given all the uncertainties, the MPC's views guide the judgment about future economic developments. Also, coordination between monetary and fiscal policy was strengthened to increase the effectiveness of macroeconomic policies.

In a bid to take decisions based on facts, the focus was put on providing policy oriented analytical information for the formulation of a proactive monetary policy aiming at keeping inflation low and stable while further stimulating economic growth. In particular, studies were conducted on key economic issues underlying the Rwandan economy with strong emphasis on monetary, international, financial, real, and public economic sectors. The above mentioned studies were also useful inputs to the development of small macromodels.

Furthermore, the bank closely followed up the implementation of the Monetary Program through daily Reserve Money monitoring and designed the new monetary program which was conducted, hand in hand, with close monitoring of the developments of the FRW exchange rate vis-a-vis the currencies of the major trading partners to limit the volatility of the real effective exchange rate.

To further build and shape market expectations while enhancing the transmission mechanism of monetary policy, the Bank continued to exchange information with all stakeholders on economic and financial developments of Rwanda.

In line with the improvement of the quality of statistics required for macroeconomic and financial analysis, monetary and external sector statistics continued to be improved integrating progressively data from micro finance institutions and services. In addition, collaboration with the National Institute of Statistics to collect data on prices continued to be regularly enhanced. Data for some sectors which were traditionally processed manually with heavy logistics and high costs will soon be processed electronically.

So far, inflation has been kept at moderate levels over the year below the annual forecasts of 6% despite some seasonal volatility mainly associated with domestic food production. In addition, the Bank's accommodative monetary policy stance currently implemented significantly contributed to increasing the financing to private sector observed on monthly basis.

Furthermore, the management of the official foreign exchange reserves as well as exchange rate policy has been prudent in line with the overall mission of the Bank which is ensuring the price stability and sound financial system.

2.3.1. Monetary and Exchange Rate Policy

There have been signs of recovery in the global economic and financial environment during the fiscal year 2013/2014 whereas in the EAC region, economic activities were dynamic amid moderate inflation. The monetary and exchange rate policy was implemented in an environment characterized by the slowdown in economic activities, lower financing to the private sector and moderate inflation especially in the first half of the period under review.

In response to this, BNR has maintained an accommodative monetary policy stance implemented since June 2013 and this was further enhanced by the cut in policy rate in June 2014 from 7% to 6.5%. Eased monetary conditions have bolstered the financing of the economy and to the recovery in economic activities in the first half of 2014 while inflation has remained subdued at low levels thus ensuring the general macroeconomic stability. Regarding the exchange rate policy, BNR maintained a flexible exchange rate regime, intervening only on the domestic foreign exchange market to smoothen the FRW exchange rate volatility. Consequently Rwandan franc depreciated by only 6.2% against the US dollar in the fiscal year 2013/14.

2.3.2. Monetary Supply and Demand

Broad money (M3) recorded significant growth (+27.5%) compared to the previous fiscal year (+9.2%) driven mostly by net domestic assets (+54.4%) while accumulation of Net Foreign Assets were less vibrant (+14.1%) compared to the previous fiscal year (+25.1%). However, it is important to mention that in the fiscal year 2012/2013, Net foreign Assets (NFA) had been significantly boosted by the Eurobond proceeds.

The increase in Net Domestic Assets (NDA) was mainly due to high net credit to government following a decline in government deposits caused by higher government expenditures. Meanwhile, credit to private sector grew by 13.4% lower than 18.3% in 2012/2013 as only 60.6% of total new authorized loans had been disbursed by the end of the fiscal year 2013/2014.

Table 22: Monetary aggregates developments (end period, in FRW billion, unless otherwise indicated)

	2012	2013			2014		% Change	
	June	June	Sep	Dec	Mar	June	Jun-12/ 13-Jun	Jun-13/ Jun-14
Net foreign assets	513.7	642.8	683.5	744	669.6	733.5	25.1	14.1
Net domestic assets	367.1	319.1	292.3	284.7	375.6	492.8	-13.1	54.4
Domestic credit	554.2	551	540.8	567.1	679.2	794	-0.6	44.1
Central government (net)	-52.2	-164	-192.2	-187.3	-105.1	-16.5	-213.8	89.9
Autonomous Agencies	-2.2	-3	-4.7	-4.8	-5.7	-4.7	-37.2	-57.3
Public enterprises	2.6	1	1	1.3	1.8	2	-61.3	95.9
Private sector	606.1	717	736.6	758	788.3	813.3	18.3	13.4
Other items net (Assets: +)	-187.1	-231.9	-248.5	-282.5	-303.6	-301.2	-23.9	-29.9
Broad money M3	880.8	961.9	975.8	1028.7	1045.3	1226.3	9.2	27.5
Currency in circulation	111.6	116.3	106.4	116.6	109.4	120.2	4.2	3.3
Deposits	769.3	845.6	869.3	912.1	935.8	1106.1	9.9	30.8
<i>of which: Demand deposits</i>	331	389.8	385.8	378.7	384.7	449.5	17.8	15.3
<i>Other deposits</i>	306	295.2	322.4	339.2	348.9	391.6	-3.5	32.7
<i>Foreign currency deposits</i>	132.3	160.6	161.2	194.2	202.2	265	21.4	65

Source: BNR

The recovery of new authorized loans to the private sector was strong as they reached FRW 577.7 billion in the fiscal year 2013/2014 from FRW 467.6 billion in 2012/2013, thereby recording an increase of 24% from 2% in the previous financial year. This upturn was more evident since December 2013 amid an accommodative monetary policy aimed at boosting the financing of the economy. The most financed sectors in terms of amount of new authorized loans in 2013/2014 are Commerce & Hotel, Mortgage industry and Manufacturing industries with a share in the total new authorized loans of 41.7%, 20.5% and 12.7% respectively.

The same sectors have also contributed significantly to the economic growth during the same period.

With regards to money demand, the slowdown in currency in circulation continued as it increased by 3.3% compared to 4.2% in 2012/2013. This downward trend is a result of the contraction in demand for cash especially due to the on-going modernization in payment systems which progressively reduced the use of cash. Meanwhile, total deposits within the banking system expanded by 30.8% higher than 9.9% recorded in 2012/2013.

This increase was mostly driven by foreign currency deposits and time deposits which expanded by 65% and 32.7% respectively, higher than 21.4% and -3.5% recorded in 2012/2013. Besides, demand deposits (+15.3%) were slightly less dynamic than in the previous financial year (+17.8%).

2.3.3. Banking System Liquidity Conditions and Interests Rates Developments

In addition to the good performance of the domestic economy, price stability has been achieved with sufficient liquidity and strong dynamism in the financial system.

In fact, the banking system liquidity has been comfortable as the most liquid assets of banks stood at FRW 297.3 billion in June 2014 from FRW 232.0 billion in June 2013 that is an increase of 28.1%.

This improvement is highly attributed to the accommodative monetary policy stance and the hike in government spending especially in the second half of the fiscal year. Fiscal injection stood at FRW 165.1 billion in 2013/2014 compared to FRW 77.0 billion in the previous fiscal year 2012/2013.

Table 23: Outstanding of Liquid Assets of Commercial Banks (in FRW billion)

	2013				2014				
	Jun	Sept	Dec	Jan	Feb	Mar	Apr	May	Jun
<i>T-bills</i>	103	118.7	156.2	155.6	154.9	158.5	158.8	158.8	160.2
<i>Repo</i>	90.2	53.5	29.5	13.5	20.1	28	12	44	86
<i>Excess reserves</i>	17.4	20.3	19	30.8	25.8	25.3	27.6	23	25.5
<i>Cash in vault</i>	21.4	25	24.3	21.4	23.5	23.9	22.6	21.7	25.6
Total	232	217.6	229	221.3	224.3	235.7	221	247.5	297.3

Source: BNR

Regarding interest rates developments, short-term interest rates have been decreasing but becoming relatively stable in the second half of the fiscal year under review. This decline was due to sound liquidity conditions as earlier highlighted and the accommodative monetary policy stance as evidenced by the reduction of the Key Repo Rate in June 2014, standing at 6.5% from 7.0% after being revised to 7.0% from 7.5% in June 2013.

Additionally, the lack of pressure in the control of reserve money as result of the effective use of the reserve money band contributed to the low short-term interest rates.

Consequently, Repo, Treasury bills and interbank interest rates dropped respectively to 3.7%, 5.7% and 5.7% in June 2014 from 6.7%, 10.8% and 9.6% in June 2013.

Table 24: Interest rates (percent)

	2013				2014					
	Mar	Jun	Sep	Dec	Jan	Feb	Mar	Apr	May	Jun
BNR Policy Rates										
Key Repo Rate	7.5	7	7	7	7	7	7	7	7	6.5
Discount Rate	11.5	11	11	11	11	11	11	11	11	10.5
Money Market Rates										
Repo rate	7	6.7	5.5	4	4.3	3.7	3.3	3.1	3.6	3.7
T-Bills Rate	12.2	10.8	7.1	5.6	6.36	6.1	6	6	5.9	5.7
Commercial Banks Rates										
Interbank Rate	10	9.6	7	5.6	5.6	5.8	5.8	5.7	5.7	5.7
Deposit Rate	10.4	10.6	9	8.6	8.9	8	8.3	8.1	9.3	8.7
Lending Rate	17.2	17.7	17.8	16.9	17.45	17.1	16.8	17.4	17.2	17.5

Source: BNR

Regarding market interest rates, deposit and lending rates followed a downward trend in line with the monetary policy stance over the period under review. Indeed, the weighted average deposit rate fell to 8.7% in June 2014 from 10.6% in June 2013 and the weighted average lending rate reached 17.5% in June 2014 from 17.7% in June 2013. This was also due to the competition within the banking sector as it continued to improve in terms of size with new market players recently licensed.

However, the spread between lending and deposit rates remained relatively high, standing at 8.9% in June 2014 from 7.0% in June 2013. This is due to the fact that the lending rate has been declining at lower pace than the deposit rate since the sector is still facing high operating costs over time and relatively high non-performing loans ratio though the former consistently declined to 6.6% in June 2014 from 6.7%, 6.9% and 7.2% in March 2014, December 2013 and September 2013 respectively, but still above the target of 5%.

2.3.4. Inflation

In its May 2014 CPI release, the National Institute of Statistics (NISR) re-based the CPI basket based on the results of the recent household conditions survey (EICV III), changing both the reference period from February 2009 to February 2014 as well as the weights of the respective CPI items.

Notable changes were in the revision of the weight for food from 35.38% to 28% and that for transport from 11.89% to 18%.

However, as in the previous CPI basket, the three key CPI components remain food and non-alcoholic beverages, housing, water, electricity, gas and other fuels as well as transport which altogether retained their 69% share of the CPI basket.

Since June 2013, Rwanda continued to register low and stable inflation owing to sustained and well-coordinated monetary and fiscal policies, good performance of the economy, easing inflationary pressures from trading partners and deceleration in international oil prices. Headline inflation eased from 3.7% in June 2013 to 1.4% in June 2014 mainly due to the slowdown in food inflation from 4.4% to 1.9% as well as in transport costs from 0.9% to -3.4% during the same period. Since February 2014, headline inflation was consistently trending downwards partly reflecting weak aggregate demand though this is likely to be reversed by the current supportive monetary and fiscal policies.

Core inflation declined to 2.0% end June 2014 from 3.4% in the same period of 2013 while domestic inflation slowed from 4.1% to 2.1% during the same period. Similarly, imported inflation decelerated to -0.4% from 1.9%, energy prices contracted by 0.2% from 0.9% while prices for fresh products fell to -0.5% from 6.3% during the same period.

Recently, inflation developments have been dominated by prices for food and non-alcoholic beverages as well as transport costs which altogether account for 46% of the CPI basket (28% and 18% respectively).

Table 25: Inflation developments (annual % change)

	Weight	Dec-14	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Food and non-alcoholic beverages	2.819	11.20%	7.90%	1.90%	4.40%	7.80%	3.90%	5.20%	1.90%
Alcoholic beverages and tobacco	276	3.00%	3.60%	10.00%	1.70%	3.70%	6.70%	6.90%	6.10%
Clothing and footwear	422	8.70%	1.90%	1.20%	1.50%	-0.90%	0.70%	4.40%	4.50%
Housing, water, electricity, gas and other fuels	2.296	6.80%	1.80%	1.40%	0.20%	0.60%	0.00%	0.20%	0.80%
Furnishing, household equipment and routine household maintenance	408	4.90%	5.60%	4.80%	4.30%	0.90%	-0.20%	0.80%	0.10%
Health	91	1.90%	1.40%	-0.50%	0.50%	0.60%	1.20%	11.40%	10.00%
Transport	1.774	9.10%	0.50%	2.20%	0.90%	1.40%	0.90%	0.40%	-3.40%
Communication	278	-6.30%	0.00%	-1.80%	-1.90%	-1.20%	-0.30%	-1.50%	-0.90%
Recreation and culture	213	5.20%	-1.10%	1.40%	1.20%	1.80%	0.60%	-1.30%	1.70%
Education	587	20.70%	1.00%	35.20%	35.20%	35.20%	35.20%	7.10%	7.10%
Restaurants and hotels	430	4.50%	-0.40%	1.00%	3.80%	5.70%	9.20%	10.30%	7.80%
Miscellaneous goods and services	408	5.60%	3.20%	3.50%	3.30%	3.30%	2.80%	1.70%	4.10%
Headline Inflation	10.000	8.30%	3.90%	3.20%	3.70%	5.10%	3.60%	3.40%	1.40%
Fresh	1.739	8.30%	10.00%	-3.80%	6.30%	13.60%	4.90%	8.30%	-0.50%
Energy	775	9.30%	5.70%	4.60%	0.90%	2.80%	0.00%	0.70%	0.20%
Core	7.485	8.30%	2.50%	4.80%	3.40%	3.30%	3.80%	2.60%	2.00%
Domestic inflation	7.429	8.30%	4.10%	3.20%	4.10%	5.70%	4.10%	3.80%	2.10%
Imported	2.571	8.60%	3.20%	3.40%	1.90%	2.50%	1.60%	1.70%	-0.40%

Source: BNR

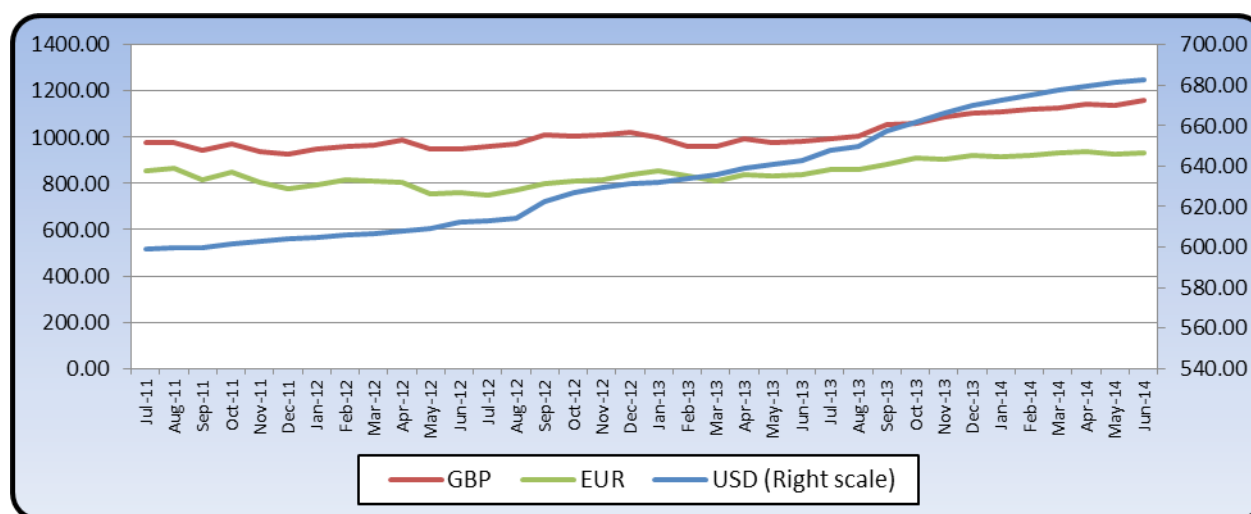
2.3.5. Exchange Rate and Forex Market Developments

The Rwandan Franc has been under relatively small pressure in 2013/2014 resulting from high forex demand to finance imports and this led to a depreciation of 6.2% against the USD. The BNR kept the exchange rate fundamentally market driven, while continuing to intervene on the domestic foreign exchange market by selling foreign exchange to banks to smoothen the FRW exchange rate volatility.

2.3.5.1 Exchange rate developments

In the fiscal year 2013/2014, the FRW depreciated against USD by 6.2%, trading between 642.67 end June 2013 and 682.54 end June 2014 against a depreciation of 5.8% recorded for the last fiscal year 2012/2013. In the same period, FRW depreciated by 18.3% and 11.3% against the GBP and EURO respectively.

Figure 3: Evolution of nominal exchange, leading currencies against US dollar

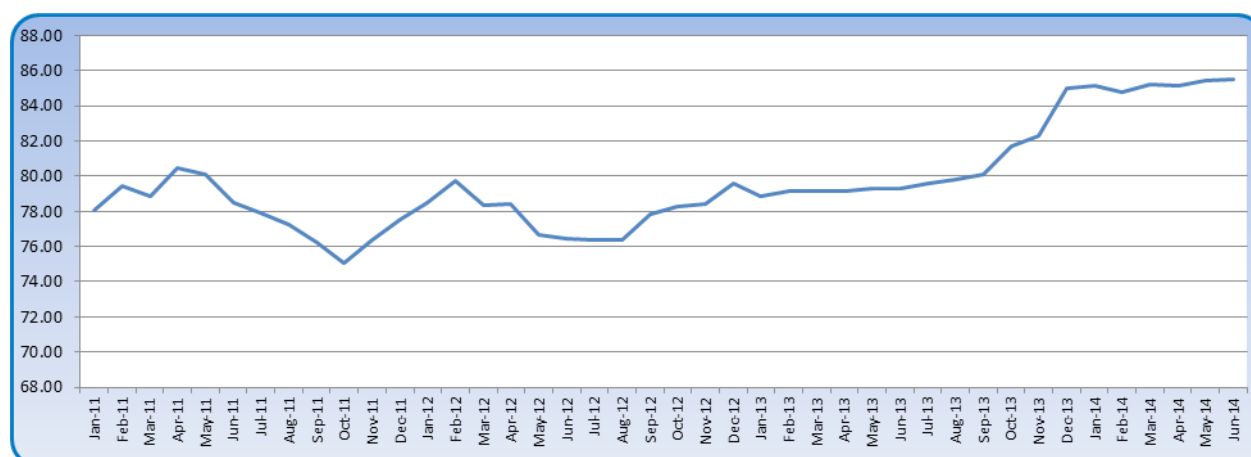


Source: BNR

Similarly, the FRW depreciated against all regional currencies. It depreciated by 2.6% versus the KES, and by 0.2%, 4.5% and 5.5% against TZS, UGS and BIF respectively.

The Real Effective Exchange Rate (REER) depreciated during the first half of the fiscal year 2013/2014 before almost stabilizing in the second half of 2013/2014. Indeed, the moderate bilateral depreciation against USD, EURO and GBP recorded during the period has been offset by a moderate inflation differential with most of trading partners.

Figure 4: Real effective exchange rate with ten major trading partner countries



Source: BNR

2.3.5.2. Foreign Exchange Market Developments

To improve the domestic foreign exchange market the Bank has spearheaded the establishment of the Dealers' Association in order to ensure an organized domestic foreign exchange market. This has not only enforced rules of the game, but also provided the platform for information sharing and capacity building.

In the fiscal year 2013/2014, the banking system recorded an increase of 8.4% and 9.5% respectively in forex resources and expenditures compared to the last fiscal year, leading to a cash surplus of USD 38.3 million at the level of commercial banks.

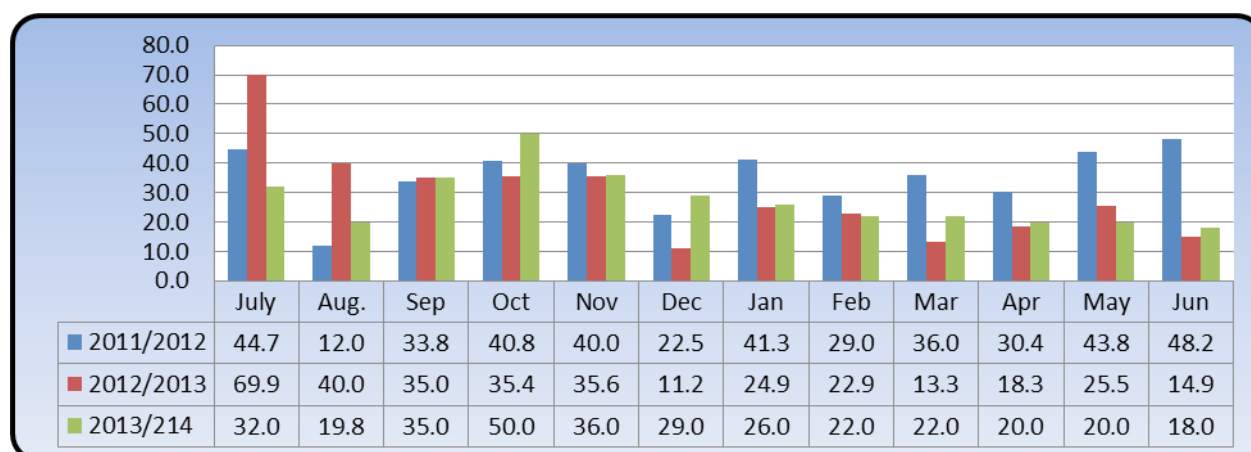
Table 26: Commercial banks forex resources and expenditures (USD million)

	2010/2011	2011/2012	2012/2013	2013/2014	%change
Resources	2,599.45	3,086.89	3,217.58	3,487.01	8.4
Exports receipts	293.17	352.91	469.05	545.65	16.3
Receipts on services	255.90	329.06	338.05	412.19	21.9
Private transfers received	1,785.73	1,982.71	2,064.69	2,199.42	6.5
Enterprises	1,009.32	1,109.63	1,209.38	1,427.64	18.0
NGOs	278.65	274.21	263.10	230.46	-12.4
Individuals	380.92	480.59	487.92	438.41	-10.1
Government projects	23.92	29.62	20.84	21.20	1.8
Churches	55.50	58.52	56.74	59.48	4.8
Associations	20.69	16.94	14.62	14.51	-0.7
Banks	16.72	13.18	12.10	6.13	-49.4
Purchases forex from NBR	264.65	422.22	345.79	329.75	-4.6
Expenditure	2,664.94	2,948.03	3,149.08	3,448.70	9.5
Imports of goods	1,520.51	1,834.82	2,112.35	2,400.58	13.6
Imports of services	421.21	453.75	430.40	419.32	-2.6
Private transfers paid	552.18	490.01	545.84	577.67	5.8
Sales to Forex Bureaus	171.03	169.45	60.49	51.13	-15.5
Excess (- : deficit)	-65.5	138.9	68.5	38.3	-44.1

Source: BNR

The increase in resources was mainly attributed to private transfers which increased by 6.5% from USD 2,064.69 million to USD 2,199.42 million, exports' receipts by 16.3% from USD 469.05 million to USD 545.65 million and services' receipts by 21.9% from USD 338.05 million to USD 412.19 million. As a result, BNR sales to commercial banks decreased by 4.9%, that is, from USD 346.8 million sold to market in 2012/2013 to USD 329.8 million sold in 2013/2014.

Figure 5: BNR Sales to banks in USD million



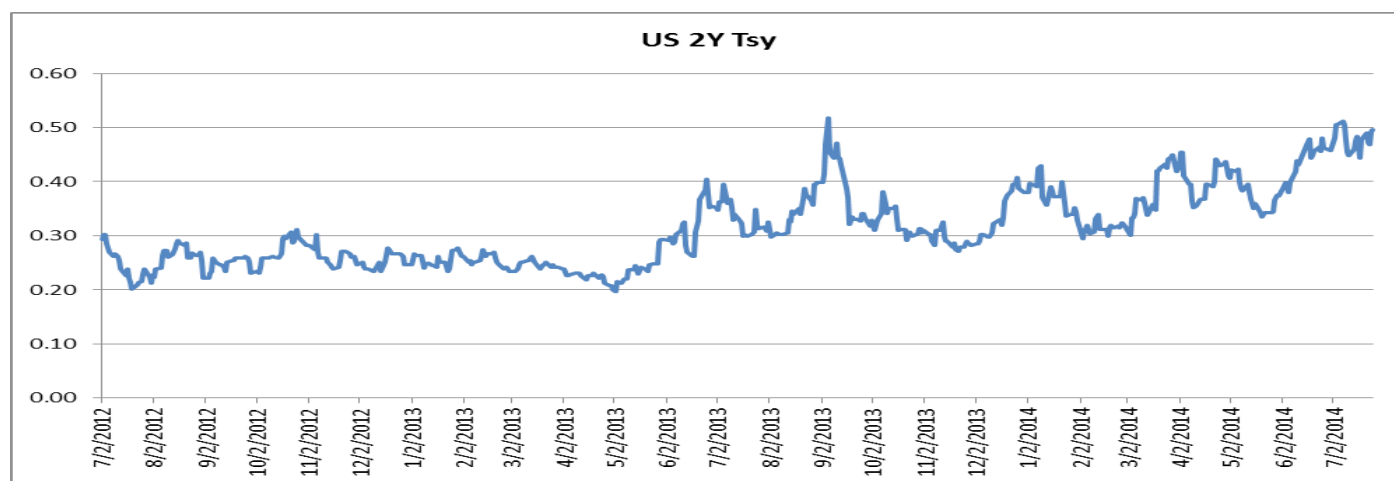
Source: BNR

2.3.6. Reserves Management

2.3.6.1. International Market Background

During the period going from end June 2013 to end June 2014, the international market continued to experience unprecedented low interest rates but also a consolidation of economic recovery in major economies like USA and Great Britain, and signs of stabilization in Eurozone and China. The recovery led to a decision by the USA Central Bank to withdraw gradually their economic stimulus, opening speculations that lower interest rates stretching from 2008 were to come to an end sooner than previously predicted and opening upward pressure and volatility on interest rates compared to the similar previous period; see the below two years US Treasury graph.

Figure 6: 2 years US Treasury yield (June 2012-July 2014)



Source: Bloomberg

2.3.6.2. Reserves Management Performance

Despite the challenging low yield environment, the Bank succeeded in preserving the capital and providing liquidity, while earning a reasonable but better return than the previous period. In US dollar terms, the foreign reserves return was 0.54 % in 2013-2014 compared 0.39 % earned in 2012-2013. The Bank achieved that return also thanks to an average level of reserves of USD 992.72 million compared to the average level of USD 781.64 million in 2012-2013; and to the introduction of Dual Currency Deposit which is a structured deposit which pays better interest rate than the ordinary fixed deposit.

Box 3

- Annual headline inflation rate (end June 2014): 1.4%
- BNR Central Bank Policy rate (end June 2014):6.5 %
- Annual increase of Broad Money (end June 2014):27.5 %
- Annual increase of Credit to private sector (end June 2014): 13.4 %
- Annual FRW depreciation vs USD(as of June 2014): 6.2 %



CHAPTER III

FINANCIAL SECTOR STABILITY AND INCLUSION



CHAPTER III: FINANCIAL SECTOR STABILITY AND INCLUSION

Rwanda's financial system remains dominated by banking sector which represents 67.6% of the system's total assets. The microfinance has 5.6% and the non-banking financial institutions account for 26.7% (insurance 9.4% and pension 17.3%).

In 2013/14, the Bank continued to implement planned reforms to further strengthen the financial stability and reinforce the supervisory legal framework to accommodate new market developments aiming to widen financial access and financial stability in line with the Financial Sector Development Program Phase II (FSDP II). A number of actions were planned accordingly over the year in regard with banking, the microfinance and the non-banking financial sub-sectors as well as building through credit information bureau. Off-site and on-site surveillance/supervision were regularly conducted, partnership with relevant and international organizations strengthened as well as regulatory and supervisory legal framework.

As result, the Rwandan financial sector continued to be sound and stable in addition to continued financial expansion.

In fact, the banking sub-sector continued to be profitable, liquid and well capitalized to sustain growth but also resilient to external shocks as a result of strengthened legal, regulatory and supervisory framework. In fact, almost all performance indicators remained above the regulatory requirements.

The microfinance sub-sector, combining SACCOs, also continued to grow its balance sheet improving prudential norms and playing a significant role in expanding financial inclusion.

The insurance sub-sector performance continues to grow and remains sound and viable. This good performance resulted from a conducive legal and regulatory framework in place. The Bank conducted a number of on and off-site inspections and prudential meetings were held with the supervised entities to discuss key findings and take necessary actions.. Concerning the pension sub-sector, assets and benefits paid also increased. Better prospects are expected after the enactment of the new pension law currently in Parliament that will give rise to the establishment of private pension schemes.

In addition, coverage and usage of credit information bureau has been enhanced which helped to build robust database improving supervision of financial institutions. Furthermore, the Bank participated in the implementation of the national financial education strategy as well as in the formulation and implementation of financial consumer protection guidelines.

3.1. Banking sub-sector Performance

The Rwandan banking sector continued to register new market entrants during the year 2013/2014 as one commercial bank and one microfinance bank were licensed. The sector is now composed of ten (10) commercial banks, four (4) microfinance banks, one (1) development bank and one (1) cooperative bank. The commercial banks dominated the sector controlling 81.2% of the sector's total assets.

During the period under review, the sector's performance remained healthy and strong as demonstrated by increasing balance sheet and favourable financial soundness indicators, such as, capital adequacy ratios, asset quality, and profitability and liquidity ratios, discussed in the succeeding paragraph. The good performance is a reflection of the positive impact of the legal and supervisory reforms done in the last 7 years. Adoption of the Risk Based Supervision, revision and introduction of the regulations all made a positive impact on the sector's expansion and financial performance.

In terms of total assets the sector recorded an amount of FRW 1,767.6 billion end June 2014 compared to FRW 1,381.2 billion at the end June 2013. The total asset growth is mainly attributable to loans (on-balance sheet) growth that registered an increase of 14.3% from FRW 822.4 billion end June 2013 to FRW 940.1 billion end June 2014.

The growth in lending was achieved mainly using deposits resources which also increased significantly from FRW 940.7 billion end June 2013 to FRW 1,230.8 billion end June 2014 i.e 30.8% growth.

Table 27: Performance achievement (in billions of FRW)

	Jun-13	Jun-14	% change
Total assets	1,381.2	1,767.6	28.0%
Total deposits	940.7	1,230.8	30.8%
Total loans	822.4	940.1	14.3%
NPLs	62.5	71.3	14.2%
Profit after tax	14.0	17.3	23.3%

Source: BNR

As far as soundness indicators are concerned, the banking sector remained well capitalized. The solvency ratio was 23.6% (end June 2014), well above the minimum regulatory requirement of 15% against 23.1% end June 2013. This ratio indicates that the sector has relatively sufficient capital buffers to cope up with unforeseen vulnerabilities. BNR will continue to engage banks in order to build up strong buffers as the implementation of Basel II&III gets underway. The NPL as a measure of the asset quality upgraded from 6.9% end June 2013 to 6.6% end June 2014. The improvement is mainly due to the effort deployed by banks in loan recovery and cleaning up of the balance sheet through write offs of impaired loans.

The profitability and liquidity levels indicate that the banking sector remains liquid and profitable. The sector's profitability as measured by ROA and ROE stood at 2.1% and 12.1% respectively by end June 2014 while the recorded ratios were respectively 2.1% and 9.9% end June 2013. Liquidity ratio (liquid assets to total deposits) stood at 54.2% end June 2014 against 46.2% end June 2013. However, the liquidity of the banking sector remains strong compared to the prudential minimum limit of 20%.

Table 28: Key soundness indicators (in percent)

Indicator	2013			2014	
	June	September	December	March	June
Solvency ratio (total capital)	23.1	22.9	23.1	22.6	23.6
NPLs to Gross Loans	6.9	7.2	6.9	6.7	6.6
NPLS net to Gross loans	3.2	6.5	6.0	5.7	5.5
Provisions to NPLs	54.8	50.3	53.3	56.4	50.0
Earning Assets to Total Assets	80.8	79.1	78.6	82.1	80.6
Large Exposures to Gross Loans	8.0	9.9	11.6	15.1	15.8
Return on Average Assets	2.1	1.7	1.5	2.3	2.1
Return on Average Equity	9.9	8.3	7.4	11.9	12.1
Cost of deposits	3.5	3.8	3.8	4.1	3.4
Liquid assets to total deposits	46.2	48.8	49.4	46.3	54.2
Forex exposure to core capital	-3.1	-3.0	-2.2	-12.6	-1.5

Source: BNR

Box 4

Financial soundness indicators (Banking system):

. Solvancy (June): 23.6%

. NPL (June) 6.6%

. Profitability (June) : 2.1%

. Liquidity (June): 54.2%



3.2. Microfinance sub-sector performance

The microfinance sector recorded a drastic increase in terms of asset size and outreach following the establishment of UMURENGE SACCOs.

By end June 2014, the sector had 493 players including 13 limited MFIs, 416 UMURENGE SACCOs and 64 Non- UMURENGE SACCOs. Similarly, the MFIs outreach, i.e., in terms of number of branches stood at 770 of which 87% are located in rural areas.

The increase of the geographical outreach of MFIs was mainly due to the introduction of UMURENGE SACCO Program of having at least one SACCO per sector out of 416 sectors. It is worth to notice that before the implementation of UMURENGE SACCO Program 215 administrative sectors, representing 51.6% were without any financial institution.

The introduction of the UMURENGE SACCO program has been the main catalyst to increase financial access and the MFIs remain instrumental to channel government social economic programs aimed to eradicate poverty. For instance, the financial pillar of Vision Umurenge Program (VUP) has been taken to UMURENGE SACCOs.

UMURENGE SACCOs continued to become subsidy independent as 376 SACCOs (90.4%) are able to cover their operating costs without Government financial support compared to 334 SACCOs in June 2013. The profitability trend of SACCOs shows a good step towards their self-sustainability.

Microfinance sector soundness

MFIs' assets size registered an increase of 20.7% from July 2013 to June 2014, rising from FRW122.1 to FRW 147.4 billion. The increase was mainly driven by the liquid assets and gross loans which increased from FRW 47.5 to FRW 53.4 billion and from FRW 63.9 to FRW 81.2 billion, respectively.

Table 29: MFIs performance indicators (UMURENGE SACCOs included, in billions of FRW unless otherwise stated)

MFIs+UMURENGE SACCOs	30-Jun-13	31-Dec-13	30-Jun-14	Jun.14/Jun.13
Total Assets	122.1	128.7	147.4	20.7%
Cash & Cash Equivalent	47.5	42.1	53.4	12.3%
Cash in Vaults	2.8	2.2	3.3	16.1%
Cash in Banks	42.9	37.5	50.0	16.6%
Treasury Bills & Placements	1.8	2.4	0.1	-92.9%
Loan Portfolio (Net of Provisions)	60.9	71.2	77.9	28.0%
Gross Loans	63.9	73.5	81.2	27.1%
Non-Performing Loans	5.7	5.0	6.2	8.7%
Provisions	3.2	2.5	3.2	0.4%
Other Assets	13.6	15.4	15.9	17.5%
Liabilities	83.6	85.8	100.4	20.2%
Total Deposits	68.9	69.5	82.2	19.2%
Current Accounts	53.3	52.3	62.0	16.4%
Saving Accounts	10.9	11.9	14.1	28.3%
Short Term Deposits	3.9	4.0	2.6	-33.3%
Long Term Deposits	0.8	1.3	3.5	326.7%
Borrowings & Short Term Liabilities	8.7	10.0	11.7	34.3%
Other Liabilities	5.9	6.2	6.5	10.6%
Equity	38.5	43.0	47.0	22.0%
Earnings	6.5	8.9	9.1	40.1%
Retained Earnings/Accumulated Losses	2.9	2.9	6.5	125.8%
Net Profit/Loss of Period +/- (From January)	3.6	5.9	2.6	-27.3%
Paid up Capital	17.2	18.7	20.7	20.3%
Other Equity	14.8	15.4	17.1	16.1%
Total Liabilities & Equity	122.1	128.7	147.4	20.7%
NPL Max 5%	8.9%	6.8%	7.6%	
Liquidity Ratio Min 30%	89.3%	80.5%	86.2%	
CAR Min 15%	31.5%	33.4%	31.9%	

Source: BNR

The Microfinance Sector continues to grow while remaining liquid and well capitalized. As at end June 2014, prudential norms show that the Capital Adequacy Ratio (CAR) stands at 31.9% well above the minimum regulatory requirement of 15%; the liquidity ratio stands at 86.2% against the minimum required of 30% and the Non-Performing Loans Ratio stood at 7.6% in June 2014 from 8.9% in June 2013.

UMURENGE SACCOs alone recorded a growth of 20% in deposits, reaching FRW 44.4 billion end June 2014 from FRW 37 billion end June 2013 and loans granted increased to FRW 24.2 billion in June 2014 from FRW 16.4 billion in June 2013.

As result, total assets increased from FRW 54.7 to FRW 68.8 billion, that is an increase of 25.7% for the period under review. The NPLs ratio for UMURENGE SACCOs knew a slight deterioration increasing from 6.1% in June 2013 to 7% in June 2014. This deterioration is mainly due to some SACCOs which experienced a weak portfolio management.

Table 30: UMURENGE SACCO performance indicators (in FRW billion unless otherwise stated)

UMURENGE SACCOs	30-Jun-13	31-Dec-13	30-Jun-14	Jun.14/Jun.13
Total Assets	54.7	57.4	68.8	25.7%
Cash and Cash Equivalent	30.6	26.8	35.0	14.4%
Loan Portfolio (Net of Provisions)	15.9	20.8	23.4	46.4%
Gross Loans	16.4	21.5	24.2	47.9%
Non-Performing Loans	1.0	1.6	1.7	68.1%
Provisions	0.4	0.7	0.8	100%
Other Assets	8.3	9.8	10.4	28.0%
Liabilities	39.9	39.6	48.2	20.6%
Total Deposits	37.0	36.9	44.4	20.0%
Current Accounts	33.8	32.7	39.5	16.8%
Borrowings& Short Term Liabilities	0.7	0.6	0.6	-5.3%
Other Liabilities	2.2	2.1	3.1	38.1%
Equity	14.8	17.7	20.6	39.8%
Earnings	7.1	9.2	11.2	57.8%
Retained Earnings/Accumulated Losses	4.1	4.2	9.1	121.5%
Net Profit/Loss of Period +/- (From January)	3.0	5.0	2.1	-29.9%
Paid up Capital	5.8	6.4	6.9	20.0%
Other Equity	1.8	2.2	2.4	32.2%
Total Liabilities& Equity	54.7	57.4	68.8	25.7%
NPL Max 5%	6.1%	7.3%	7.0%	
Liquidity Ratio Min 30%	82.6%	82.0%	88.6%	
CAR Min 15%	27.0%	30.9%	30.0%	

Source: BNR

As at end June 2014, UMURENGE SACCOs were well capitalized and liquid. The capital adequacy and liquidity ratios stood at 30% and 88.6 % above the minimum required of 15% and 30% respectively.

3.3. Non-Bank Financial Institutions Performance

The non-bank financial institutions are comprised of insurance and pension sectors, regulated by the National Bank of Rwanda to protect interests of policyholders and pensioners by ensuring that these institutions are financially sound and stable.

Insurance sector

As at end June 2014, the insurance sector was composed of 12 private insurers (8 non-life and 4 life insurers) and 2 public medical insurers. In addition, insurance intermediation was mainly composed of ten (10) insurance brokers, two hundred fifty six (256) agents and eleven (11) loss adjusters.

Between July 2013 and June 2014, the insurance sector performance improved well. The total assets of the insurance sector reached FRW 247 billion from FRW 219 billion, that is a growth of 13%. The twelve (12) private insurers had total assets of FRW 103 billion representing 42% of the sector's assets while the public insurers' total assets accounted for FRW 144 billion, that is 58% of the sector's total assets.

The insurance sector remains well capitalized. During the period under review, the total capital increased by 14% from FRW 158 billion to FRW 180 billion. The solvency ratio (admitted assets over admitted liabilities) improved by 9% from 270% to 279 % against the required benchmark of 100%.

Table 31: Financial soundness indicators for the insurance sector (in FRW billion unless otherwise indicated)

Performance indicators in value					
	Dec-12	June-13	Dec-13	June-14	% Changes June 2014/June 2013
Total assets	199	219	231	247	13
Total capital	136	158	162	180	15
Total gross premiums	68	39	76	45	14
Underwriting profit	8	8	16	6	(25)
Total net profit	37	16	32	14.6	(11)
Performance indicators (%)					
Claims ratio (%)	52	44	39	49	5
Combined ratio (%)	75	74	68	78	5
Current ratio (%)	329	308	363	368	60
Return on equity ratio – ROE (%)	27	10	20	8	(2)
Return on assets ratio - ROA (%)	18	8	14	6	(2)
Solvency margin	220	270	310	279	9
Insurance risk ratio -GP/CAP (%) 55.2% 14% 23%	50	25	47	25	(0.12)

Source: BNR

The liquidity position of the insurers is considered strong as the current ratio stood at 368% against the prudential benchmark of 150%. This reflects the sector's ability to honor its short and medium obligations as and when they fall due.

The gross premiums increased by 15% from FRW 39 billion to FRW 45 billion. The private insurers recorded a larger share of FRW 25 billion compared with FRW 20 billion of public insurers. This increase is mainly attributed to new businesses underwritten by new insurance companies.

Despite the increase in gross premiums, the underwriting profit declined by 25%, from FRW 8 billion to FRW 6 billion the profit after tax decreased by 11% from FRW 16 billion to FRW 14.6 billion and similarly, the Return on Assets (ROA) and Return on Equity (ROE) decreased by 2% particularly due to:

- New market players that entered in the mid 2013 with more injection of equity and assets but had not yet generated significant revenues from their operations compared to their higher operating cost
- Private insurers continued to make underwriting losses due to persistent price undercutting especially on short term insurance products such as motor insurance business, fire insurance and medical insurance.

Pension sector

The Pension Sector is made up of one public social security fund, the Rwanda Social Security Board (RSSB) and at least 57 private pension schemes managed by insurers. The sector's performance increased by 19% in assets, 1% in contributions received from members, and 18% in benefits paid and 27% in investment income from June 2013 to June 2014 as illustrated below.

Table 32: Public pension sector financial indicators (in FRW billion unless otherwise indicated)

Indicator	Jun-2013	Mar-2014	Jun-2014	% Change Jun-14/Jun-13
Total assets	383.5	435.7	455.9	19%
Total Contributions Received	55.2	40.3	55.5	1%
Total benefits paid	9.9	8.5	11.7	18%
Total investment income	15.8	11.1	20	27%

Source: BNR

3.4. Regulatory and Supervision Framework

Banking sector

Aiming to strengthen the regulatory framework, the banking law is under review so as to accommodate the market dynamism and allow the implementation of the recommendations as stipulated in the Financial Sector Development Program (FSDP-II). Subsequently, the regulations implementing the banking law will be developed. Similarly, the Deposit insurance law was finalized and submitted to parliament. Also, two new banks namely: AB BANK RWANDA LTD (Microfinance bank) and CRANE BANK RWANDA LTD (Commercial Bank) got licenses to operate in Rwanda.

Microfinance sector

During the period under review, off-site and on-site inspections were performed on regular basis. From July 2013 to June 2014, 70 On-site inspections (6 full scope and 64 targeted) were conducted countrywide by inspectors from BNR headquarters jointly with inspectors appointed at District level. Regarding the licensing, 3 SACCOs and 1 Limited Company were licensed while 1 SACCO was transformed into Limited Company.

Non-Bank Financial institutions

In regard with Non-Bank Financial institutions, activities accomplished include implementation of modernization of the reporting system (FinA software) by supervised institutions, conducting motor insurance study, follow up of the pension law currently under examination in Parliament, sensitization of the insurers to be innovative and to look for ways to increase their customer base and consequently increasing the penetration and coverage.

The Bank continued to participate in EAC projects which include the harmonization of the cross border supervision framework in the region, surveys on compliance with IAIS Insurance Core principles, Study on EAC insurance markets aiming at putting in place a model insurance law applicable to EAC states.

The good performance and stability of financial sector was also achieved as a result of the improved efficiency of financial institutions that continue to increase their network countrywide.

3.5. Access to Finance

The Government of Rwanda has set a target of formal financial inclusion at 80% of adult population by 2017 and 90% by 2020. BNR continues to support initiatives towards achieving these targets on financial inclusion through the development of microfinance institutions, the extension of the bank network and branchless banking solutions, and the use of information technology, particularly mobile financial services.

Banking sector's performance on access to finance: as at end June 2014, the total number of bank branches, sub-branches and outlets increased by 9.8% from 448 end June 2013 to 492 end June 2014 while number of Agent banking increased by 83.7% from 1,161 in June 2013 to 2,133 end June 2014. The number of client accounts in banking sector decreased by 22.5% from 2.57 million at the end June 2013 to 1.99 million end June 2014. The decrease in number of accounts is due to suspended inactive accounts. The table below shows banking sector geographical accessibility as of end June 2014:

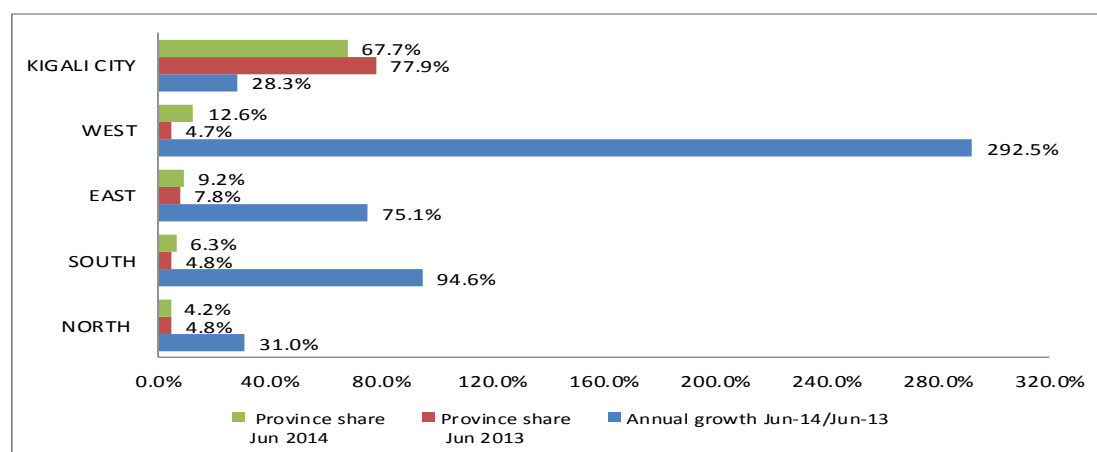
Table 33: Geographical banking financial services access end June 2014

	CITY OF KIGALI	NORTHERN PROVINCE	EASTERN PROVINCE	WESTERN PROVINCE	SOUTHERN PROVINCE	TOTAL
NUMBER OF BRANCHES	59	19	26	28	28	160
NUMBER OF SUB BRANCHES	47	30	43	46	44	210
NUMBER OF COUNTERS/ OUTLETS	49	12	25	11	25	122
Total branch & sub branch network	155	61	94	85	97	492
NUMBER OF CLIENTS ACCOUNTS	857,054	297,254	327,042	261,367	250,838	1,993,555
BANKS' AGENTS	571	467	413	381	301	2,133

Source: BNR

In addition, geographical access and usage of banking services, such as, loan issuance showed the percent share of total new loans in Kigali City (largest share) decreased from 77.9% (end June 2013) to 67.7% (end June 2014). In addition, on annual growth comparison for authorized loans, the Western Province recorded the highest increase of 293% followed by Southern and Northern Provinces with 95% and 31% respectively. This improvement shows the increase of financed activities across the provinces as result of banks' expansion and bridging the accessibility gaps.

Figure 7: New loans issuance by province (in percent)



Source: BNR

Microfinance sector's performance on access to finance: In the microfinance sector, the number of accounts opened increased by 8.3% between June 2013 and June 2014; accounts belonging to women represent 38%. In the same period the number of outstanding loans increased 8.2%; loans granted to women representing 31%.

Table 34: Outreach in Microfinance Sector (in thousands)

Denomination	30-Jun-13	30-Sep-13	30-Jun-14	%Jun13-Jun14
Number of Accounts Owned by:	2.213.4	2.348.7	2.397.0	8.3%
Females	857.1	913.0	919.4	7.3%
Males	1.190.4	1.258.3	1.286.0	8.0%
Groups/entities	165.9	177.5	191.6	15.5%
Number of loans outstanding	156.9	158.6	169.8	8.2%
Females	49.7	46.4	52.5	5.7%
Males	101.6	105.3	110.8	9.0%
Groups entities	5.7	6.9	6.3	11.2%

Source: BNR

Payment system the enabler to access to finance: The payment system as is the core infrastructure to enhance financial intermediation is considered the main enabler of financial inclusion. Here innovation in technology, e.g., mobile technology has enabled linking the rural population with limited access to financial institutions to access finance.

To streamline the operations of mobile payments, BNR is driving the interoperability across all telecom companies with mobile money and the draft policy is in place.

At the end of June 2014, the number of ATMs increased by 6% from 323 ATMs recorded end June 2013 to 343 ATMs while the number of POS devices increased by 33% from 797 in June 2013 to 1,057 in June 2014. The volume of transactions via ATM has significantly increased by 60% from 3.9 million in June 2013 to 6.3 million at the end June 2014 while their values increased by 94% from FRW 122.4 billion in June 2013 to FRW 237.2 billion end June 2014.

3.6. Credit Information System/Credit to the Economy

Following the establishment of the private credit reference Bureau- the CRBAfrica, BNR continues to develop the appropriate supervisory framework aimed to ensure increased participants and/or usage and accurate credit related information. Credit reference bureau is considered as an important financial infrastructure to enhance financial intermediation through providing client historical information to financial institutions for decision making and pricing.

Over the three years since its establishment, the number of participants (mandatory and voluntary) and number of searches made on CRBAfrica database continue to increase. For example, all banks, microfinance institutions and SACCOs including UMURENGE SACCOs and Insurers are mandatory participants while voluntary participants include the telecom companies.

During the period under review, usage in terms of data searches (data counts) made on the CRBAfrica database increased by 87.0% (June 2014/December 2013) and this increase is mainly driven by microfinance institutions that represented 207.0% increase of data counts and U-SACCOs alone constituted 185% increase, following by telecom companies (at 67.8%) and banks (at 61.4%). Insurers recorded a drop of 70.0%, hence, indicating that insurers do not often use CRBAfrica database in search of client/ policyholders' information for risk management.

On the other side, not all client information searches (data counts) by participants made are successful as detailed in the table below, partly due to missing client information in the database.

Table 35: CRBAfrica Usage report December 2013 to June 2014

	December 2013			March (2014)			June 2014		
Sector	Data Counts	Data Hits	Successful rate (%)	Data Counts	Data Hits	Successful rate (%)	Data Counts	Data Hits	Successful rate (%)
Banks	16.001	14.547	90.91	23.720	22.011	92.8	25.820	23.567	91.27
MFIs	2.571	2.326	90.47	4.865	4.479	92.07	7.893	6.899	87.4
Insurance companies	30	29	96.6	35	32	91.43	9	9	100
UMURENGE SACCOs	1.100	914	83.09	2.111	1.839	87.12	3.140	2.489	79.26
Telecoms Companies	87	58	66.66	95	54	56.84	146	75	53.36
Total (all sectors)	19.789	17.874	90.32	30.826	28.415	92.17	37.008	33.039	89.27

Source: BNR

The above performance indicators support the previous Doing Business global ranking report on the “getting credit” rank. Rwanda performance on this rank of getting credit continued to improve from the 24th global position in 2013 to 13th position in 2014. The country's ranking is likely to perform better following the BNR's set coverage target of 30% adult population using financial services against the 21% of adult population currently covered. To achieve the above target, BNR has set the following strategies:

- Sensitize and bring on board other voluntary participants such as the National Post Office, organization offering credit facilities, supermarkets and others merchants traders.
- Encourage telecoms to report information on airtime sold on credit.
- Encourage the Rwanda Education Board (REB) to submit the students' credit information to CRBAfrica.
- Continue to sensitize and work with SACCOs to improve data and information accuracy.

CHAPTER IV

PAYMENT SYSTEMS MODERNISATION & CURRENCY MANAGEMENT



CHAPTER IV: PAYMENT SYSTEMS MODERNISATION & CURRENCY MANAGEMENT

Safe and efficient payment systems are fundamentally important to any modern financial infrastructure which mainly will promote financial stability, facilitating BNR in the conduct of its monetary policy to achieve its objectives, while enhancing the efficiency of the financial system and the economy as a whole. The innovative payment system also promotes the financial inclusion as it gives facilities to access financial services. During the period July 2013-June 2014, much progress was achieved in both value and retail payment systems.

During the period under review, the new payment system platforms introduced in the last two years have been made stable. Innovative products have contributed significantly on financial inclusion Other than payment system facilitating financial intermediation and monetary policy, also promoted financial inclusion. The new innovation in mobile technology has registered significant impact on promoting financial access through electronic usage.

4.1. Payment Systems Modernisation

Payment systems are a vital part of the financial infrastructure of a country. Safe and efficient payment systems are fundamental to promote financial stability, facilitating the conduct of monetary policy to achieve its objectives, while enhancing the efficiency of the financial system and the economy as a whole. The innovative payment system also promotes financial inclusion as it gives facilities to access financial services.

In the recent past, Rwanda financial sector has experienced rapid innovations specifically in e-banking, electronic clearinghouse, digital certification, e-commerce, and mobile payments. Important programs have been launched aiming particularly to oversee payment systems to ensure that they operate with minimum risk, are secure, reliable, rapid, cost effective, meet the needs of the national economy and uphold confidence of financial players and end-users.

Specifically in the financial year 2013/14, a number of actions have been implemented over the year aiming at consolidating steps already made and undertaking new progress. Among others, there has been remarkable improvement in the use of Rwanda Integrated Payments Processing System (RIPPS) which allows automatic gross settlements in real time. Retail payment system has also improved; new international payment card namely PULSE joined MasterCard, China Union Pay, Dinners Club and Japanese Credit Bureau and Visa on the domestic market while mobile financial services (MFS) and internet banking services registered tremendous development.

In addition, the Bank introduced two (2) new systems known as T24 Core Banking and Enterprise Resource Planning (ERP), a part of the roadmap of the BNR ICT modernization program that commenced in 2011.

4.1.1. Rwanda Integrated Payments Processing System (RIPPS)

RIPPS is an integrated system comprising of Real Time Gross Settlement System (RTGS), Automated Clearing House (ACH) and Central Securities Depository (CSD).

Following the introduction of RPPs, customer and interbank transactions in RTGS in both value and volumes increased significantly as reflected in the table below.

Table 36: RTGS transactions

	Customers transactions			Interbank		
	July 12-June 13	July 13-June 14	Change	July 12-June 13	July 13-June 14	Change
Volume of Instructions	188.377	212.245	13%	13.414	15.443	15%
Transactions value (FRW million)	1.453.143	2.214.093	52%	2.890.485	4.133.696	43%

Source: BNR

The table below on transactions in ACH indicates that credit transfers increased at the expense of cheques which decreased during the period under review.

Table 37: ACH transactions

	Cheques		Change	Credit transfers		Change
	July 12-June 13	July 13-June 14		July 12-June 13	July 13-June 14	
Instructions	337.415	301.876	-11%	1.820.860	1.944.050	7%
Value (Frw million)	795.503	677.660	-15%	984.259	1.136.463	15%

Source: BNR

The CSD-Rwanda is integrated with the RTGS to provide Delivery versus Payment (DVP) on real time and operates a settlement cycle of T+2. Currently, the CSD holds both debt securities and equities. On the debt side, the CSD handles Treasury Bills and Treasury Bonds. On the equity side, the CSD holds locally listed companies' shares and cross listed securities. Other cross listed securities are in the process of dematerialization.

Table 38: CSD transactions

	July 2012-June 2013			July 2013-June 2014		
	Number of trades	Number of securities traded	Turnover (Frw million)	Number of trades	Number of securities traded	Turnover (Frw million)
Equities	3.510	132.092.500	41.458	2.449	85.685.446	42.721
Debt Securities	250	0	2.575.456	238	57.000.000	2.570.837
TOTAL	3.760	132.092.500	2.616.914	2.686	142.685.446	2.613.558

Source: BNR

The decrease of 30% and 35% in terms of number of transactions and securities traded respectively on equities market is attributed to lack of products on Rwanda Stock Exchange. The shareholders are not interested in selling their assets because there are no other opportunities on the market.

On debt instruments side, the small decrease recorded is the result of decrease in repurchase agreement operations (REPO's) within the monetary policy conduct framework.

4.1.2 Retail payment system

In regard with card based payment system and E-commerce, much progress has also been achieved. The number of debit cards increased by 21% from 440 875 to 532,157 while the number of credit cards increased by 32% from 1,179 to 1,561; bringing the cards issuance rate at 27% in June 2014 from 17% of all bank accounts in June 2013.

Despite the significant development registered in card based payment system, the number of cards and POS machines is still low to boost the usage of electronic payments. In addition, the amount of cash withdrawal from ATMs is very high compared to transactions on POS.

Concerning the ATM availability, it increased from 91% in June 2013 to 93% in June 2014 while ATM interoperability increased from 86% in June 2013 to 91% in June 2014.

Table 39: Cards payment infrastructure and performance

Period	ATM			Number of POS		Number of cards		ATM Transactions		POS Transactions	
	Number	Up time %	Interoperability	Merchant	Agent	Debit	Credit	Volume	Value (million FRW)	Volume	Value (million FRW)
Jul12-June 2013	323	91%	86%	797	390	440.875	1179	3.943.981	122.354	82.542	6.262
Jul13-June 2014	343	93%	91%	1.057	663	532.157	1.561	6.316.274	237.209	403.630	20.133
Change	6%	2%	6%	33%	70%	21%	32%	60%	94%	389%	222%

Source: BNR

With regard to electronic financial services developments, all the three Telecom companies have been licensed to offer mobile payment services by the Central Bank and twelve banks are offering mobile banking services and eight are offering internet banking. The transaction figures have registered tremendous growth during the period under review.

Table 40: Mobile financial services and internet banking developments

Period	Number of subscribers	Number of transactions	Value in FRW million
Mobile Payment			
Jul 12-June 13	2.048.260	21.052.075	134.119
Jul 13-June 14	3.826.997	79.577.837	456.961
Mobile Banking			
Jul 12-June 13	425.815	1.047.004	9.032
Jul 13-June 14	552.027	3.579.084	32.817
Internet banking			
Jul 12-June 13	8.229	9.207	7.547
Jul 13-June 14	32.460	222.867	260.711

Source: BNR

The number of agents for mobile payments was 13,671 at the end of June 2014. In addition, up to the end of June 2014 nine commercial banks and one development bank were offering e-tax payment service. Furthermore, 8 licensed remittance companies are offering remittances services over the country.



4.1.3. Oversight of Payment and Securities Systems

The Bank is a payment system operator, regulator, overseer and catalyst for changes. To ensure that payment, clearing and securities settlement systems are safe and efficient, the Bank put efforts on monitoring existing and planned systems, assessing them and inducing change where necessary.

Thus, the systems promote financial stability, the smooth implementation of monetary policy and maintenance of public confidence in financial sector. In this regard, to enforce the oversight function, in June 2014 the Board of Directors (BoD) approved the Oversight Policy Framework for Financial Market Infrastructures in Rwanda. The policy sets forth the policy framework that governs oversight of the payments and securities settlement systems operated by the Bank.

Besides that, in accordance to international principles, the Central Bank underwent a restructuring of the payment system to ensure effective segregation of Central Bank functions as operator and overseer of payment systems. It is in that regards that the oversight function was separated from the operations activities.

During the year, the Bank carried out off and on-site oversight activities involving both large value and retail payment systems.

The Central Securities Depository assessment was conducted against Principle 38 using the 'Principles for financial market infrastructures' (PFMIs). Onsite inspections were conducted on CSD custodian and brokers to assess the compliance with rules and regulation of the CSD. This oversight is jointly carried out by BNR and Capital Market Authority in the framework of cooperative oversight.

Regarding oversight of the retail payment system, onsite oversight was conducted to one payment switch against the PFMIs as well. All remittance companies have been assessed against the principles for remittances and mobile payment providers assessed against the regulation governing payment service provider in Rwanda. Furthermore, offsite activities were carried out whereby data are collected from overseen institutions, analysed and reported on a quarterly basis. The data covered the performance of ATMs, POS, trust accounts for mobile payment which are held with commercial banks and fraud cases.

In the framework of cooperative oversight of the payment systems, BNR and RURA signed a Memorandum of Understanding (MoU). The MoU aims at establishing a partnership arrangement between the two (2) institutions in creating a required technical capacity for implementing the oversight functionality over the Mobile Network Operators (MNOs) who are involved in provision of mobile money services. The MoU shall enable to carry out joint oversight for those MNOs and sharing the information.

4.1.4. Regulatory and infrastructure reform and projects

The Bank along with the commercial banks embarked on the project of implementing cheque truncation system to improve the efficiency in cheques payment process. With this reform, Cheques will be settled the same day as opposed to the current payment lag of 2 days. In addition, the standardization of cheque will improve security and trusted method of processing as more security features added to the standardized cheques. In addition, a regulation on cheque truncation was published in the official gazette in August 2013. The regulation aimed at facilitating the implementation of an efficient and effective payment system by establishing rules and principles for the management of cheque truncation in Rwanda.

In order to facilitate cross border transfer of cross listed securities between Central Securities Depository in the regional, the Bank has signed an agreement with CDSC Kenya. This mechanism will facilitate further growth and development of the Securities Markets of the two Countries, Rwanda and Kenya. Furthermore, the Bank is participating in the initiative of linking all CSDs at the regional level as well.

Concerning interoperability of payment systems, the Bank and the industry have established a policy on interoperability concerning both cards based payment system and mobile financial service. Currently, all stakeholders are engaged in its implementation. Visa Rwanda Ltd has developed mVisa product to allow interoperability of mobile banking services and 3 banks are currently live on that platform. Two Mobile Network Operators are linked to two banks to enable fund transfer between bank account and mobile money account and cash out of mobile money through banks' ATMs.

Besides the acceptance of Visa cards on POS, banks and RSwitch are working together to allow acceptability of RSwitch proprietary card on POS. Currently, the three acquirers accept 60% of RSwitch cards on POS. This will help to reduce cash out of the banking system as more card holders will be able to pay goods and services on POS.

In the process of regional integration BNR along with commercial banks participant in RIPPS are carrying out tests on the linkage on EAPS (East African Payment System).

To facilitate remittance at regional level, two mobile network operators got the approval to provide cross boarder mobile money service within the EAC region.

Payment systems innovations come with complex challenges notably fraud which can cause harm to the reputation of Rwanda National Payment System.

In this regard, a Fraud Forum was established on 21st February 2014 and related terms of reference developed. It is in that context that statistics are compiled, shared and discussed in the fraud forum. During the period under review, 108 fraud cases involving an amount of Frw 520,343,276 and USD224, 676 were reported; among which 21 did not succeed.

The key recommendations from the fraud forum meetings include educating staff and customers on frauds process and their prevention, enforcement of the banks internal control function.

Despite the above achievement, for years ahead it will remain a big task to keep track of the payment systems developments by ensuring timely oversight measures. It is in this context that BNR is currently doing a study to investigate some barriers existing today for a proper wayforward.

4.2. Currency Management

4.2.1. Currency issuance in terms of face value

The currency issuance for Banknotes increased up to 32.7% against a decrease of 18% recorded the previous year, increase mainly explained by the development of the credit to the private sector. The dominant denominations issued are FRW 500 and 1000 reaching 117.5% and 44.5% respectively.

Subsequent to the adoption of BNR Act number 55/2007 of 30 September 2007 changing "BANKI NASIONAL I to BANKI NKURU Y'U RWANDA which coincided with the design of new Banknotes of FRW 500, the banknote wording has been adjusted accordingly.

Table 41: Banknotes issued (face value FRW billion)

DENOMINATION	July 2011 /June 2012	July 2012/ June 2013	July 2013/ June 2014	% change (2011-12/ 2012- 13)	% change (2012- 13/ 2013-14)
5000	25.9	21.4	26.1	-17.4%	22.3%
2000	21.9	13.2	13.3	-39.7	0.7%
1000	10.9	11.9	17.2	9.2%	44.5%
500	4.46	6.07	13.2	36.1%	117.5%
Total	64.16	52,61	69,84	-18%	32.7%

Source: BNR

Concerning coins issuance, the trend remains the same in these last three financial years but with divergence tendency mainly for the coins of FRW 50, 10 and 5 which decreased by 7.8%, 21.4%, and 59% from July 2013 to June 2014 against the increase of 5.3%, 4.2% and 45.2% respectively for the previous financial year. The reported decrease is explained by the predominance of the reissuance of circulating coins.

Table 42: Coins Issued (Face value FRW million)

Denomination	July 2011 /June 2012	July 2012/ June 2013	July 2013/ June 2014	% change 2011-12/2012-13	% change 2012-13/2013-14)
100	513.0	428.0	365.0	-16.5	-14.7
50	103.0	108.5	100.0	5.3	-7.8
20	15.0	12.64	9.52	-15.7	-24.7
10	4.7	4.9	3.85	4.2	-21.4
5	2.1	3.05	1.25	45.2	-59
1	0	0	0	0	0
Total	637.8	557.09	479.62	-12.6	-13.9

Source: BNR

4.2.2. Currency in circulation aggregate

The table below shows the trend of the currency in circulation globally and by denomination and highlights the share of each denomination in terms of number of banknotes and coins in circulation.

Currency in circulation stood at FRW 145 billion by end June 2014 against 137 billion by end June 2013 and FRW 129.9 billion by end June 2012; recording a continuous increase of 6% and 5.9% by end June 2013 and end June 2014 respectively.

In terms of volume, by end June 2014 the number of banknotes and coins in circulation totalled 182.3 million; the FRW 5000 banknote representing the big share in face value of 49.4%.

Table 43: Currency in circulation out of BNR

Denomination	End June 2012			End June 2013			End June 2014		
	Number of banknotes/coins (In million)	Face value (In FRW billion)	Share in %	Number of banknotes/coins (In million)	Face value (In FRW billion)	Share in %	Number of banknotes/coins (In million)	Face value(in billions of FRW)	Share in %
1	2.9	0.0029	0.002	2.9	0.0029	0.002	2.9	0.0029	0.002
5	14.5	0.072	0.056	15.0	0.075	0.055	15.3	0.076	0.052
10	21.7	0.217	0.167	22.3	0.223	0.162	22.5	0.225	0.154
20	20.6	0.413	0.318	21.4	0.427	0.311	21.5	0.429	0.295
50	12.19	0.609	0.469	14.1	0.708	0.514	16.0	0.801	0.550
100	26.7	2.67	2.054	30.3	3.03	2.201	32.5	3.25	2.23
500	10.16	5.08	3.910	7.9	3.98	3.895	16.9	8.5	5.8
1000	10.17	10.17	7.829	13.7	13.7	9.989	20.4	20.4	14.02
2000	22.96	45.91	35.353	24.02	48.04	34.899	19.9	39.9	27.4
5000	12.95	64.73	49.841	13.48	67.4	48.972	14.4	72.1	49.4
TOTAL	154.78	129.9	100	165.1	137.7	100	182.3	145.8	100

Source: BNR

CHAPTER V

INSTITUTIONAL DEVELOPMENT



CHAPTER V. INSTITUTIONAL DEVELOPMENT

5.1. ICT Modernisation

The national Bank of Rwanda continued its IT modernization started from 2009 with the recommendation from the visit of his Excellency Paul Kagame, President of the Republic of Rwanda. This modernization is aligned with BNR vision to become a World class Central Bank, BNR strategy, National ICT strategy and EAC Central Banks ICT enterprise architecture.

For last financial year, emphasize was on core banking and ERP systems which went live respectively in April and February 2014. Emphasize was also put on strengthening IT infrastructure for more availability, reliability and security.

5.1.1. Core Banking and Enterprise Management Systems

The implementation of Enterprise Resource Planning (ERP) and Core Banking systems that were started in December 2012 in one project called BISMAT which went live on 28th February, 2014 for the ERP while the Core Banking went live on 21st April, 2014. The Core Banking platform is based on the deployment of Temenos T24 R12 Central Banking knowledge Management System (CBKMS) solution and the ERP platform is based on Oracle e-business suite R12.

The T24 Core Banking system was implemented and comprised of six modules: Banking operations, Vault and currency management, foreign exchange management and treasury, Public debt, REPO and securities management, Loan and lending management. The system is integrated with Rwanda integrated payment processing system (RIPPS) for interbank payments, IPPS for public servants salary payment, SWIFT for secure international transactions and other internal system.

The expectation is that, the system will ease banking operations and improving customer care. The next phase will see the implementation of Internet banking; reporting tools and business intelligence system (INSIGHT) that intend to further ensure the integration with the Ministry of Finance and Rwanda Revenue Authority's systems.

The Oracle e-business suite known as Enterprise Resource planning / ERP includes four main modules: Oracle financials, Hyperion (Budget and reporting), Oracle Human resources management and Supply chain. The system is integrated with the core banking system and includes a self-service system which allows BNR staffs to upgrade and consult their HR files online. It is expected that the system will increase staff productivity and efficiency.

5.1.2. IT infrastructure

During the period under review, emphasize was also put on improving availability, efficiency and security of IT infrastructure. The following activities were therefore completed successfully:

Implementation of a Unified communication system: In collaboration with Broad Band System Corporation (BSC) Ltd, the Bank migrated from its old PABX using analogue technology to digital technology. With the new infrastructure, the Bank uses the same network for data, voice and video. The system enables to call for free within the Bank and respective branches and any other government institution which uses BSC infrastructure. This resulted in reduction of communication budget and increased collaboration between all stakeholders.



Network redesign: The Bank re-designed IT network to support the more traffic as results IT modernization. The network redesign put accent on redundancy, scalability and security for more availability and efficiency.

Installation of a Second VPN fiber optic link for RIPPS back: A second VPN using BSC fiber optic linking all commercial banks were put in place. It has enhanced the availability of Rwanda integrated payment processing system. It is also used for other secured communication with commercial banks.

Installation of Network for BNR new branch buildings: Data network was implemented in all completed four branch buildings and connected to BNR HQ through BSC and MTN fiber optics.

Data center: To increase the security of equipment in the data center, an implementation of a fingerprint access control system and automatic fire suppression system was done.

5.1.3. IT security

The Bank continued the implementation of Information security management system (ISMS) based on ISO 27001. A penetration testing and vulnerability assessment was also done to ensure that systems are secure and available.

5.2. Human Resources Management and Development .

The year 2013/14 was an interesting, exciting and challenging time in human resource management of the Bank that was certainly an eventful year mainly marked by the modernisation of human resources operations and overhaul organisational restructuring. The main achievements therefore were registered by acquiring a new HR operations management Technology/Oracle e-Business Suite known as Enterprise Resource Planning (ERP) system that runs Core Human Resource management including Payroll, Performance Management, i-recruitment, HR self-service and Oracle Learning Management.

Through the Organizational review project that was known as Work Load Analysis and restructuring which was mainly to attain an organisational effectiveness and efficiency, a reviewed organisational structure and optimum staffing were achieved, currently with a total of 344 staff down from 435 (21% reduction in number). This number was realised after job suppression and subsequent retrenchment, retirement, and recruitment of staff in new positions in the structure.

Capacity building

In an effort to ensure that, the Bank workforce has the right skills and abilities, it was essential to plan for long-term success of the Bank's human capital through both credit and non-credit learning opportunities. Thus, 174 employees were trained in professional courses and various field studies conducted either from within or outside the country. The courses included the East African Community Central Banking Course, MEFMI, IMF, World Bank, COMESA and other several trainings from various training service providers. Professional courses that were supported during the year included ACCA, CFA, CISM, CIA, CFSA, CFSA, CBCM, CGEIT, ISACA, and ACIL.

Going forward, guided by the new 5 year strategic plan of the Bank with new vision of becoming a World Class Central Bank, the Bank will continue developing its workforce by introducing an internal learning center to keep its staff on regular sharpening of their skills and competencies. Continuing to implement changes as per the deliverables of the workload analysis that was conducted in the course of the year, in the near future, the Bank will introduce a new salary structure and career path framework aimed at enhanced staff attraction, motivation, retention and development. Policy development will also continue to be a focus through initiating a consolidated Human Resources Manual that will govern the Banks' workforce.

5.3. Infrastructure Development

During the year under review, the Bank continued the modernization of its infrastructure through transformation of BNR headquarters and branch buildings construction. This year in particular, the Bank realized completion of the four branch buildings construction. The following is the current look of the four branch buildings which are currently hosting the bank's operations in the four provinces of Rwanda.



HUYE BRANCH



RUSIZI BRANCH



RWAMAGANA BRANCH



MUSANZE BRANCH



CHAPTER VI

FINANCIAL
PERFORMANCE



CHAPTER VI. FINANCIAL PERFORMANCE

6.1. Financial Management Overview

During the reported financial year, the Bank collected 93% of expected revenues; that is FRW 26.1 billion against FRW 28.2 billion initially budgeted. This includes FRW 7.2 billion collected from Rwanda Revenue Authority (RRA) as arrears. The recurrent spending reached FRW 17.3 billion; that is 93% of projections of FRW 18.6 billion.

Table 44: Budget Performance overview (FRW million)

Item line	Budget	Actual	% execut.
Revenue	28.180	26.128	93%
Recurrent expenditures	18.666	17.286	93%
Operating results	9.515	8.841	93%
Capital Expenditures	13.595	8.489	62%
Reserves/Surplus	-4.080	352	109%

Source: BNR

From the above results, the Bank achieved an operating surplus of FRW 8.8 billion and Actual spending on capital projects reached FRW 8.5 billion. Therefore, the amount of FRW 4.1 billion expected to draw from Reserves was not drawn, instead the financial year realised a surplus amounted to FRW 352 million. This result is due mainly to the amount budgeted for capital expenditures for which the execution reached 62.4%.

6.1.1 Interest income

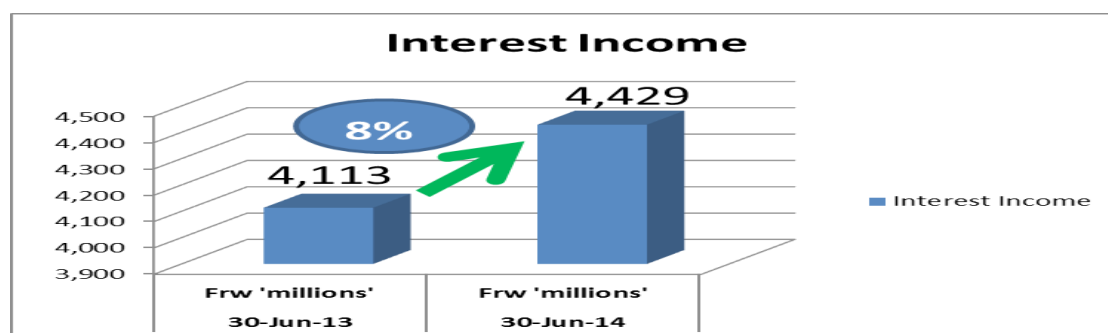
The interest income grew at 8% to FRW 4.4 billion at the end June 2014 from FRW 4.1 billion earned, the previous year. This is attributable to 33% increase in interest revenue from foreign investment like CAIML, BIS, RAMP and the interest earned from a diversified portfolio in the category of Dual currency deposits (DCDS).

Table 45: Interest Income (FRW million)

Item description	Jun-14	Jun-13	Change	%
Interest Income on FRW operations	1.573	1.965	-392	-20%
Interest Income on Foreign currency transactions	2.855	2.148	707	33%
INTEREST INCOME	4.428	4.113	315	8%

Source: BNR

Figure 8 : Interest Income



Source: BNR

6.1.2. Interest Expenses

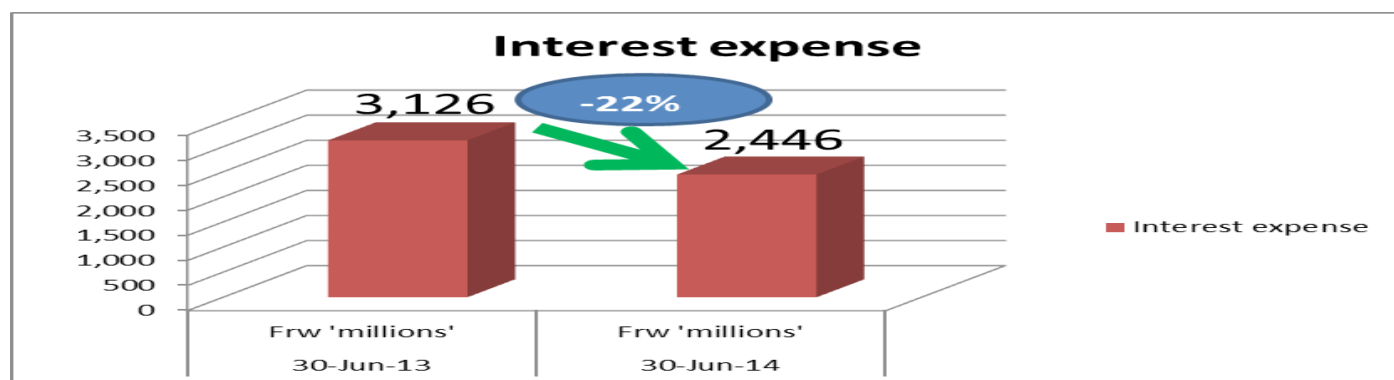
The interest expenses have reduced favorably by 22% to FRW 2.4 billion in the reporting period from FRW 3.1 billion incurred end June 2013; this was as a result of 31% reduction of interest expenses paid on monetary policy issues like on instruments such as Treasury bills & REPO driven by a fall in REPO & Treasury bill rates. For instance, REPO rate reduced from 6.6% the previous year to 3.6% end June 2014, where as Treasury bills' WAR fell from 10.8% end June 2013 to 5.6% end June 2014.

Table 46: Interest Expenses (FRW million)

item decription	14-Jun	13-Jun	Change	%
Interest on IMF fund	107	60	47	79%
Other interest and similar expenses	333	155	178	115%
Interest paid on monetary policy issues	2.006	2.912	-906	-31%
	2.446	3.126	-680	-22%

Source: BNR

Figure 9 : Interest Expense



Source: BNR

6.1.3 Foreign Exchange Gain

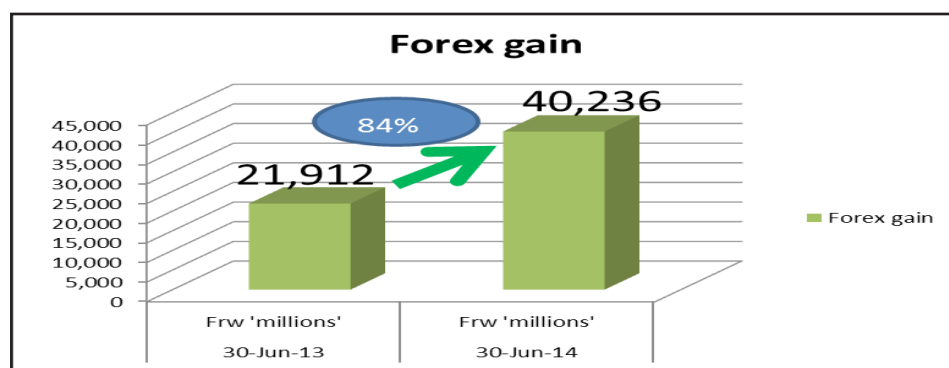
The Forex gain income grew steadily at the growth rate of 84% to a record of FRW 40 billion during the period under review from FRW 22 billion earned end June 2013; this was at a large extent due to an increase in forex revaluation gain of FRW 16 billion, caused by the translation of BNR's foreign assets denominated in foreign currency and forex trading with foreign and local financial institutions that increased to the tune of 31% by FRW 1.9 billion.

Table 47: Foreign Exchange Gain (FRW, million)

item decription	14-Jun	13-Jun	Change	%
Foreign exchange dealing profit on local financial MKT	274	319	-45	-14%
Foreign assets (exchange) revaluation gain	31.650	15.231	16.418	108%
Net gain on forex Market dealings	8.312	6.361	1.951	31%
	40.236	21.912	18.324	84%

Source: BNR

Figure 10 : Forex Gain



Source: BNR

6.1.4. Other Operating Income

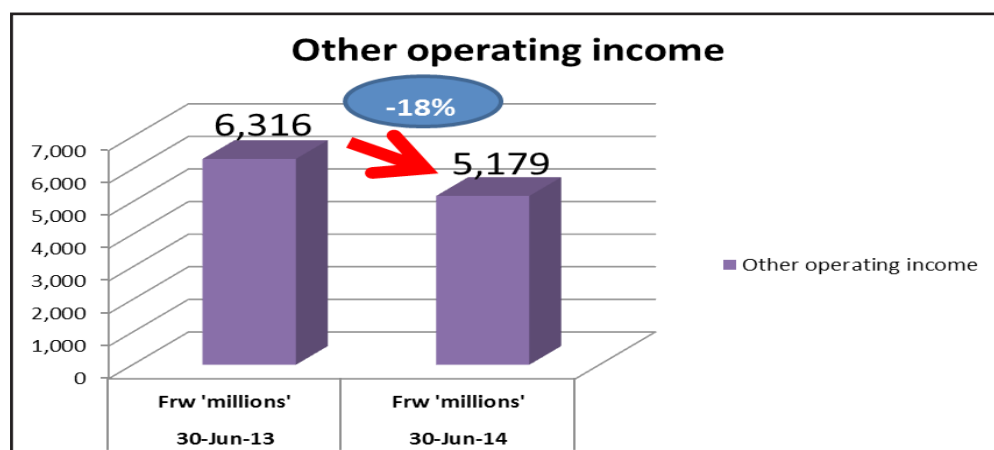
The other operating income is composed of non-interest income components, it has reduced to FRW 5.1 billion from FRW 6.3 billion end June 2013, due to absence of the write backs of accruals and provisions this financial year as it was the case last year and also highly due to a reduction in a refund from government by FRW 906 million as a result of a fall in interest expenses on monetary policy interventions.

Table 48: Other Operating Income (FRW, million)

item decription	14-Jun	13-Jun	Change	%
Fines, penalties and other administrative income	3.170	1.768	1.402	79%
Written back accruals and provisions	0	1.340	-1.340	-100%
Gain on sales of properties and equipment	3	296	-294	-99%
Interest refund from the Government of Rwanda	2.006	2.912	-906	-31%
	5.179	6.316	-1.137	-18%

Source: BNR

Figure 11 : Other Operating Income



Source: BNR

6.1.5. Operating Costs

In the financial year 2013/2014, the operating costs were moderately increased by FRW 550 million at lower rate of 4%, this increase was due to a 22% increase in staff costs caused by management decision to improve the welfare of the staff by approving the staff welfare allowance.

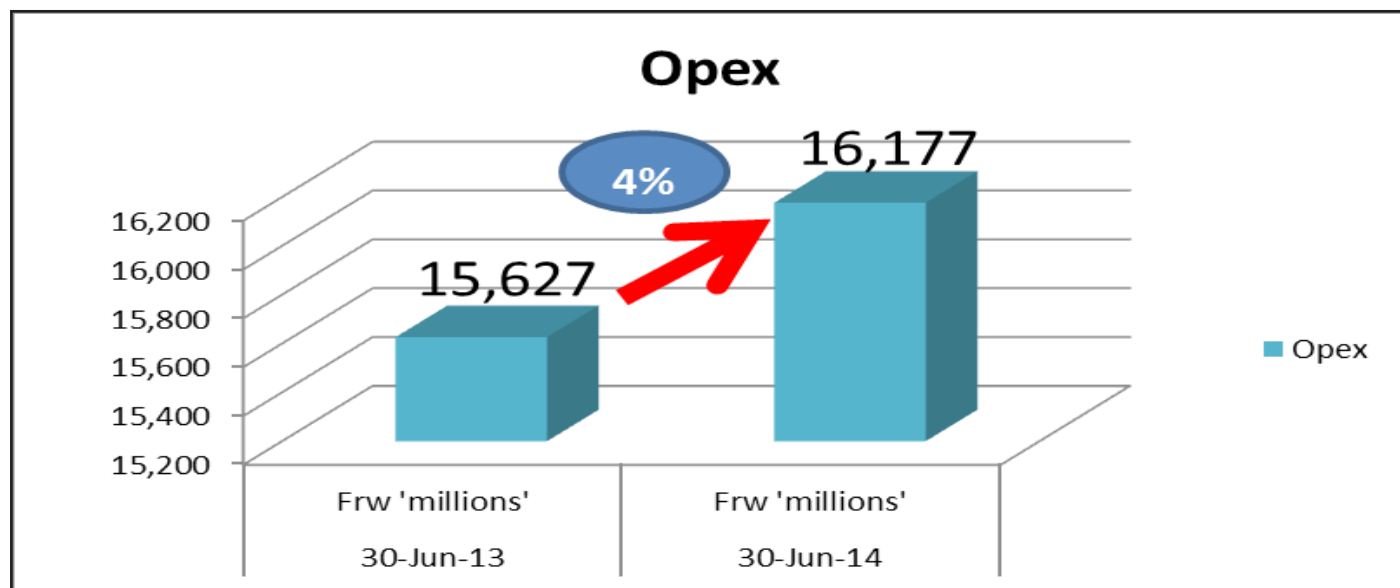
Other administrative expenses were efficiently managed in acceptable limits.

Table 49 : Operating Expenses (FRW million)

Item description	14-Jun	13-Jun	Change	%
Bank notes printing and coins minting	1.112	1.231	-118	-10%
General Administration Expenses	4.801	5.865	-1.065	-18%
Board and meeting Expenses	181	284	-103	-36%
Staff costs	10.082	8.246	1.836	22%
	16.177	15.627	550	4%

Source: BNR

Figure 12 : Operating Expenses

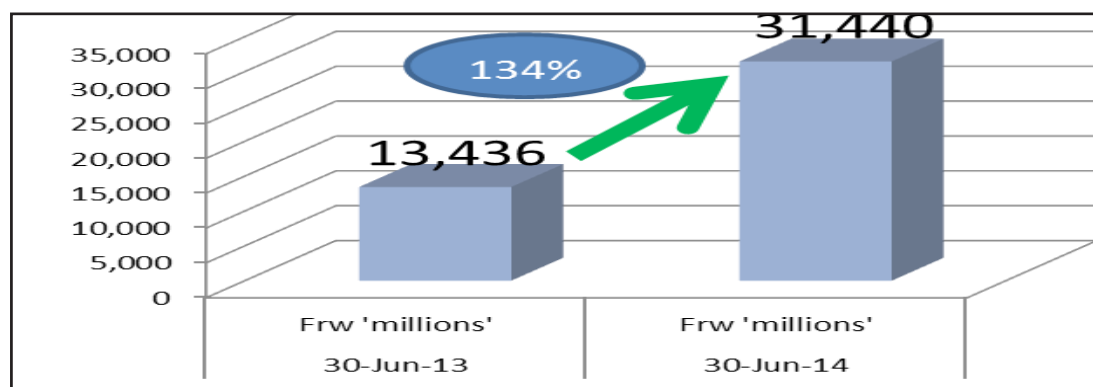


Source: BNR

6.1.6 Net Profit

The Bank's net profit stands at a record of FRW 31.4 billion end June 2014 compared to FRW 13.4 billion earned during the financial year 2012/2013 which represents 134% increase. This net profit was highly attributable to the forex revaluation gain.

Figure 13 : Net profit



Source: BNR

6.1.7. Financial Position Review

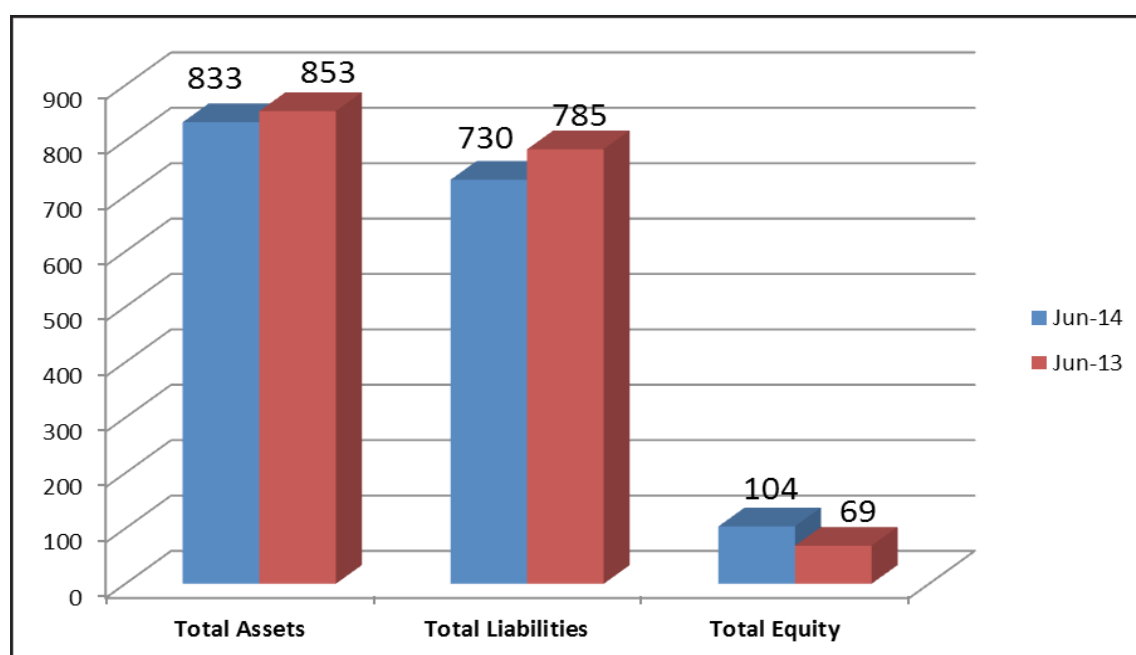
Table 50: Financial Position (FRW million)

	Jun-14	Jun-13	Change	% change
Total Assets	833	853	-20	-2%
Total Liabilities	730	785	-55	-7%
Total Equity	104	69	35	51%

Source: BNR

The Bank's total balance sheet assets reduced comparatively by 2%, and this was a result of a fall in government accounts balances from FRW 309 billion as at June 2013 to FRW 198 billion as at June 2014.

Figure 14 : Financial Position



Source: BNR



**FINACIAL STATEMENTS
FOR THE YEAR ENDED 30
JUNE 2014**



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DIRECTORS, OFFICERS AND ADMINISTRATION FOR THE YEAR ENDED 30 JUNE 2014

The directors that served during the year to the date of this report are indicated below:

DIRECTORS

John RWANGOMBWA	Governor and Chairman (Appointed on 25 th February 2013)
Monique NSANZABAGANWA	Vice-Governor and Vice Chairperson
Lillian KYATENGWA	Member
Leonard RUGWABIZA	Member
BIZOZA Alfred	Member
HABIYAKARE Chantal	Member

REGISTERED OFFICE

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

AUDITORS

GPO Partners Rwanda Ltd
KG 7 AVE
AURORE BUILDING KACYIRU
P.O Box 1902 Kigali, Rwanda

MAINLAWYERS

Jean Paul Rutabingwa
Avenue Paul VI
P.O. Box 531
Kigali, Rwanda

BRANCHES

Southern Branch

P.O. Box 622
Huye, Rwanda

Eastern Branch

P.O. Box 14
Rwamagana, Rwanda

Northern Branch

P.O. Box 127
Musanze, Rwanda

Western Branch

P.O. Box 462
Rusizi, Rwanda

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

The directors submit their report together with the audited financial statements for the year ended 30 June 2014, which shows the state of affairs of the Bank.

1. Incorporation

The Bank is incorporated under the Law No 55/2007 of 30/11/2007.

2. Principal activities

The Bank is established and administered under the law with the principal object of formulating and implementing monetary policy directed to 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.

3. Results

The results for the period are set out on page 5.

4. Dividend

The board of directors do not recommend the payment of a dividend (2013: (0))

5. Directors

The directors who served during the period and up to the date of this report are listed on page 1.

6. Auditors

GPO Partner Rwanda Limited was appointed auditors in 2014 and have already started their first year mandate.

BY ORDER OF THE BOARD

BOARD CHAIRMAN

Date: 24/10/2014



NATIONAL BANK OF RWANDA

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 30 JUNE 2014

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by Law No 55/2007 of 30 November 2007 relating to statutes of National Bank of Rwanda, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors are required to prepare financial statements for each year that give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of the operating results of the Bank for that year. It also requires the Directors to ensure the Bank keeps proper accounting records that disclose with reasonable accuracy the financial position of the Bank.

The Directors accept responsibility for the financial statements set out on pages 5 to 50 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the Law No. 55/2007 of 30 November 2007 relating to statutes of the National Bank of Rwanda. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the profit and cash flows for the year ended 30 June 2014. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the bank will not be a going concern for the next twelve months from the date of this statement.

The Independent Auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the International Financial Reporting Standards and the Law No. 55/2007 of 30 November 2007 relating to statutes of the National Bank of Rwanda.

Approval of the Financial Statements

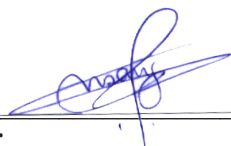
The financial statements, as indicated above, were approved by the board of directors on 16.../...10.../...2014 and were signed on its behalf by:



Governor



Date: 24/10/2014



Director

Date: 24/10/2014

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF NATIONAL BANK OF RWANDA**

We have audited the accompanying financial statements of National Bank of Rwanda set out on pages 5 to 50. These financial statements comprise the statement of financial position at 30 June 2014, and statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of Law No. 55/2007 of 30 November 2007 relating to statutes of the National Bank of Rwanda and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the National Bank of Rwanda as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and Law No. 55/2007 of 30 November 2007 relating to statutes of the National Bank of Rwanda.

For GPO Partners Rwanda Limited
Therese UWAMARIYA
DirectorDate: 27/10/2014**GPO Partners Rwanda Ltd**
Boulevard de l'Umuganda - Aurore Building - Kacyiru
P.O. Box 1902 - Kigali - Rwanda
Company Code / V.A.T.: 100161492
Audit - Accounting - Tax - Consulting



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

		30-June-14 Rwf'000'	30-June-13 Rwf'000'
	Note		
Interest Income	3	4,428,737	4,113,391
Interest expense	4	(2,446,429)	(3,126,481)
Net interest income		1,982,308	986,910
Net fees and commission expenses	5	219,780	(151,824)
Foreign exchange gain and fair value gains/(losses)	6	40,235,728	21,911,508
Other operating income	7	5,179,008	6,316,123
Operating income		47,616,823	29,062,717
Net Impairment loss on financial assets		0	(155,342)
Personnel expenses	8(a)	(10,082,390)	(8,246,387)
Depreciation and amortization	8(b)	(1,205,684)	(1,784,902)
Other operating expenses	8(c)	(4,888,631)	(5,439,878)
Profit for the year		31,440,119	13,436,208
Other comprehensive income			
Net changes in fair value on available for sale financial assets (page 7)		3,558,341	221,565
Revaluation gain on property and equipment	17		7,223,636
Total comprehensive income for the year		34,998,460	20,881,409

The notes set out on pages 98 to 139 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

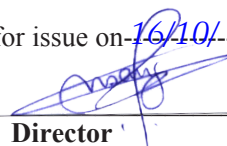
		30-June-14 Rwf '000'	30-June-13 Rwf '000'
ASSETS	Note		
Cash and cash equivalents	9(a)	14,121,782	16,760,156
Foreign assets	9(b)	630,265,062	672,743,983
International Monetary Fund Quota	10	84,493,646	76,773,318
Due from Government of Rwanda	11	38,573,121	38,571,805
Loans and advances to banks	12	769,663	1,305,259
Due from International Finance Corporation	13	10,181,266	7,260,348
Loans and advances to staff	14	8,432,664	5,735,695
Other investment	15	6,164	6,164
Investment property	16	346,122	465,532
Property and equipment	17	22,669,451	15,592,012
Intangible assets	18	562,231	640,000
Other assets	19	<u>22,997,288</u>	<u>17,593,873</u>
TOTAL ASSETS		<u>833,418,460</u>	<u>853,448,145</u>
LIABILITIES			
Currency in circulation	20	144,270,040	137,666,268
Government deposits	21	198,281,374	309,967,457
Due to local financial institutions	22	194,391,093	155,154,090
Due to International Monetary Fund	23	170,340,359	158,642,599
Foreign liabilities	24	12,572,651	8,163,252
Other liabilities	25	<u>9,744,330</u>	<u>15,014,338</u>
TOTAL LIABILITIES		<u>729,599,847</u>	<u>784,608,004</u>
EQUITY AND RESERVES			
Share capital (page 7)	26	7,000,000	7,000,000
General Reserve Fund (page 7)	27	8,948,506	8,948,506
Other Reserves (page 7)	28	56,429,988	52,891,635
Net profit for the period ended on March 2014		31,440,119	
TOTAL EQUITY AND RESERVES		<u>103,818,614</u>	<u>68,840,141</u>
TOTAL LIABILITIES AND EQUITY		<u>833,418,460</u>	<u>853,448,145</u>

The financial statements were approved by the Board of Directors for issue on 16/10/2014 and signed on its behalf by:

Governor



Director



Date: _____

Date: 24/10/2014

The notes set out on pages 9 to 50 form an integral part of these financial statements.

NATIONAL BANK OF RWANDA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Share capital Rwf '000'	General reserve fund Rwf '000'	Retained earnings Rwf '000'	AFS reserve Rwf '000'	Staff welfare reserve Rwf '000'	Translation reserve Rwf '000'	IT Modernization Rwf '000'	Revaluation Reserve Rwf '000'	Proposed dividend Rwf '000'	Total Rwf '000'
As at 1 July 2013	7,000,000	8,505,380	26,906	3,846	3,892,202	26,058,041	-	1,412,420	1,922,850	48,821,645
Comprehensive income for the period										
Profit for the year	-	-	13,436,208	-	-	-	-	-	-	13,436,208
Other comprehensive income for the period										
Fair value movement on available for sale	-	-	-	221,565	-	-	-	-	-	221,565
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-
Transfer to Other Reserves										
Foreign assets (exchange) revaluation gain	-	-	(15,231,371)	-	-	15,231,371	-	-	-	-
Building revaluation reserves	-	-	-	-	-	-	-	7,223,636	(82,482)	7,223,636
Dividend paid	-	-	-	-	-	-	-	-	-	(82,482)
Effects of Prior year adjustments	-	443,126	(1,223,557)	-	-	-	-	-	-	(780,431)
Reclassification of proposed dividends	-	-	1,139,781	-	-	-	700,587	(1,840,368)	-	-
As at 30 June 2013	7,000,000	8,948,506	(1,852,033)	225,411	3,892,202	41,289,412	700,587	8,636,056	-	68,840,141
Comprehensive income for the period										
Profit for the year	-	-	31,440,119	-	-	-	-	-	-	31,440,119
Other comprehensive income for the period										
Fair value movement on available for sale	-	-	-	3,558,341	-	-	-	-	-	3,558,341
Transfer to other reserves										
Foreign assets (exchange) revaluation gain	-	-	(31,649,678)	-	-	31,649,678	-	-	-	-
Building revaluation reserves	-	-	-	-	-	-	-	(1,984,597)	-	(1,984,597)
Dividend paid	-	-	-	-	-	-	-	-	-	-
Effects of Prior year adjustments	-	-	16,152,719	-	-	-	-	(14,188,110)	-	1,964,609
Reclassification of proposed dividends	-	-	-	-	-	-	-	-	-	-
As at 30 June 2014	7,000,000	8,948,506	14,091,127	3,783,752	3,892,202	72,939,090	700,587	(7,536,651)	-	103,818,613

The notes set out on pages 9 to 50 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2014

		30-Jun-14 Rwf '000'	30-June-13 Rwf '000'
	Note		
Net cash flow from operating activities	30	(43,612,081)	159,601,181
Investing activities			
Purchase of property and equipment	17	(7,835,006)	(3,355,192)
Purchase of Intangible Assets	18	(276,522)	-
Proceeds from sale of equipment		<u>2,523</u>	<u>415,759</u>
Net cash flow from investing activities		<u>(8,109,005)</u>	<u>(2,939,433)</u>
Financing activities			
Increase in currency in circulation	20	6,603,772	7,789,704
Dividend paid		=	(82,482)
Net cash flow from financing activities		<u>6,603,772</u>	<u>7,707,222</u>
Net cash increase/(decrease) in cash and cash equivalents		(45,117,314)	164,368,970
Cash and cash equivalents at the beginning of the year		<u>689,504,139</u>	<u>525,135,169</u>
Cash and cash equivalents at the end of the year	31	<u>644,386,844</u>	<u>689,504,139</u>

The notes set out on pages 98 to 139 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. REPORTING ENTITY

The National Bank of 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. 55/2007 of 30 November 2007 relating to statutes of the National Bank of Rwanda and is domiciled in Rwanda. The Bank also acts as banker, advisor and fiscal agent of the Government of Rwanda.

Article 6 of that Law specifies that the Bank shall perform the following duties:

- To formulate and implement the monetary policy;
- To organize, supervise and regulate the local foreign exchange market;
- To supervise and regulate the activities of the local financial institutions notably banks, micro finance institutions; insurance companies, social institutions, collective placement companies and pension fund institutions;
- To supervise and regulate the payment systems;
- To print, mint and manage money;
- To hold and manage official foreign exchange reserves;
- To act as State Cashier;
- To carry out any other task that this Law or any another Law may assign to it.

Article 2 of the same Law, fixes the Bank's share capital to seven (7) billion Rwanda Francs (Rwf). In order to comply with it, during its meeting of 28 June 2008, the Board of Directors decided to increase the share capital from 2 billion Rwf to 7 billion Rwf by incorporating an amount of Rwf 5 billion from the general reserve fund account.

In accordance with article 66 of the Law No 55/2007 of 30 November 2007, the Bank's net profit is appropriated as follows:

- A part of 20 % of the net profit is incorporated in the General Reserve Account.
- After all other appropriations to reserves deemed necessary by the Board of Directors, the remaining balance is paid to the Public Treasury.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(i) Statement of compliance

The financial statements have been prepared in accordance, and comply with International Financial Reporting Standards (IFRS) and Law No 55/2007 of 30 November 2007 relating to the statutes of the National Bank of Rwanda, which generate policies that govern operations with the approval of the board of directors.

(ii) Basis of measurement

The financial statements are prepared under the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- buildings measured at revalued amounts

(iii) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant use of judgments and estimates are made for the following items:

Impairment of loans and advances

The Bank reviews its loans and advances at each reporting date to assess whether an allowance for impairment should be recognized in profit or loss. In particular, judgment by the directors is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the allowance.

In addition to specific allowances against individual significant loans and advances, the Bank makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration such factors as any deterioration in industry, technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)***(iii) Use of estimates and judgments (Continued)******Impairment of equity investment***

The Bank's investment in equity is reviewed every time there is a significant and prolonged decline in its fair value compared to its cost or where objective evidence of impairment exists.

Property, equipment and intangible assets

Critical estimates are made by management in determining depreciation and amortization rates for property, equipment, and intangible assets. The rates used are set out in the accounting policies (d) and (e) below.

(iv) Functional and presentation currency

These financial statements are presented in Rwanda Francs (Rwf) which is the Bank's functional currency.

Except as otherwise indicated, financial information presented in Rwanda Francs has been rounded to the nearest thousands.

(b) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Interest income and expenses

Interest income and expense are recognized in the profit or loss for all interest bearing instruments on an accrual basis using the effective interest method based on the actual purchase price.

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 liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

(ii) Fees and commission income

Fees and commission income, which arise from financial services provided by the Bank, are recognized when the corresponding services are provided.

(iii) Other income and expenses

The non interest income and expenses are recognized in the period in which they are earned or incurred. They are not accrued if their recoverability is considered doubtful.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Translation of foreign currencies

Transactions in foreign currencies are converted into Rwanda Francs at rates ruling at the transaction dates. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated to Rwanda Francs at the spot exchange rate ruling at that date. The resulting differences from conversion and translation are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

(d) Property and equipment

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 annual depreciation rates in use for the current and comparative periods for each category are:

Buildings	4-20%
Lift for the headquarter	10%
Computer equipment	33%
Currency processing machines	20%
Motor vehicles	25%
Furniture, fittings and office equipment	10-20%
Security equipment	15%

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.

Subsequent expenditure is capitalized only when it increases future economic benefits and meets the recognition criteria. Expenditure incurred to replace a major component of an item of property and equipment is accounted for separately and capitalized while the replaced component is derecognized.

All other expenditure items which do not meet the recognition criteria are recognized in profit or loss as they are incurred.

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 arising on derecognition of the asset (calculated between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss as other income or other expense in the year the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

estimated recoverable amount. The recoverable amount is the higher of the asset's fair value (less costs to sell) and value in use.

2. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revaluation of land and buildings is carried out at least once every five years.

(e) Intangible asset

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)

The gain or loss arising from the derecognition 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 when deemed 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.

(f) 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.

(g) Currency printing and minting costs

Banknotes printing expenses for each denomination which include ordering, printing, freight, insurance and handling costs are initially deferred. Based on the currency issued into circulation, the respective proportional actual costs incurred are released to the profit or loss from the deferred costs account over the useful period (life span) of each banknote denomination. The deferred amount is recognized as prepayment and represents un-issued banknotes (currency) stock. Cost of coins minted is expensed in full on delivery in the year of purchase/acquisition. The life span of each bank note denomination is described in note 3(c).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(h) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognized on the trade date, which is the date that the Bank commits to purchase or sell the asset.

(ii) Recognition and initial measurement

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable costs of acquisition or issue of the financial asset or liability.

(iii) Classification and measurement

The Bank determines the classification of its investments at initial recognition. The main categories include:

Loans and receivables

Loans and receivables are advances made by the bank including loans and advances to staff. They are initially measured at the fair value and subsequently at the amortized cost using effective interest rate. Amortized cost represents the amounts at which the financial instruments were measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate of any difference between the initial amount and the maturity amount and minus any write down for impairment or un-collectability.

In its capacity as cashier and banker of the Government, the Bank may make direct advances to the Government for the purpose of offsetting fluctuations between Government receipts and expenditure. In accordance with article No 49 of the Law No 55/2007, the total amount of the advances to Government shall not exceed eleven per cent of the gross ordinary revenue of the Government collected during the preceding fiscal year. Interest is charged at the average daily inter-bank money market rate and is paid quarterly by the Government.

In accordance with the agreement No 5/96 between BNR and the Government of Rwanda dated 6 February 1996, all the other unpaid loans granted to the Government before 31 December 1994, in addition to the balance of the revaluation account as at 6 March 1995 were consolidated and are charged at an interest rate of 2 % per year. From January 2002, the recovery of the principal of that consolidated debt is made through a reduction of 30 % of the annual dividend payable to the Government.

As the lender of last resort, the Bank may grant loans or advances for fixed period not exceeding seven days to commercial banks that pledge securities specified by the Bank. Interest rates charged to these banks are determined by the Bank based on the inter-bank money market rates.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Bank manages certain lines of credit granted to the Government of Rwanda created in order to facilitate specific economic activities, and it can also create its own funds with the aim of encouraging that sector.

Specific provisions for loan impairment are made each time they are considered as irrecoverable in accordance with instruction No 03/2000 of March 2000 relating to classification of assets and monitoring of liabilities of banks and other financial institutions. When a loan is deemed uncollectable, it is written off against the related provision for impairment. Subsequent recoveries are credited to profit or loss, if previously written off.

Held to maturity

Investments classified as held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in 'Interest income' in profit or loss.

The losses arising from impairment of such investments are recognized in the profit or loss line 'Impairment losses on financial investments'. Were the Bank to sell other than an insignificant amount of such assets, the entire category would be reclassified as available for sale. The Bank currently classifies term deposits, Government securities, repurchase and reverse purchase instruments as held to maturity.

Available-for-sale financial assets

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Unquoted equity securities whose fair value cannot reliably be measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognized in profit or loss using the effective interest method. Foreign exchange gains or losses on available-for-sale debt security investments are recognized in profit or loss. Other fair value changes are recognized in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognized in other comprehensive income is reclassified to profit or loss as a reclassification adjustment.

A non-derivative financial asset is reclassified from the available-for-sale category to the loans and receivables category if it otherwise would have met the definition of loans and receivables and if the Bank has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

Cash and cash equivalents

Cash and cash equivalents comprises of cash balances, bank deposits, current accounts, gold holding, government securities with maturity of up to 3 months from the date of issue. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Financial liabilities are measured at amortized cost except for financial liabilities designated at fair value through profit and loss. Financial liabilities are initially recognized at fair value less, in the case of liabilities carried at amortized cost (including due to banks, due to International Monetary Fund other deposits and other funds borrowed), transaction costs incurred and any difference between the proceeds net of transaction costs and the redemption amount is recognized in the profit or loss as interest expense over the period to maturity using the effective interest rate method. Financial liabilities which are repayable on demand are recorded at nominal value. Deposits represent reserve deposits of depository institutions' participants and current accounts of the Bank. The Bank has classified the following financial instruments as financial liabilities:

- *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.

- *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.

- *Other liabilities*

Other liabilities are stated at their nominal value/cost, which approximates fair value due to the short term nature thereof.

Financial assets at fair value through profit or loss: Held for Trading

A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are classified as held at fair value through profit or loss.

The Bank has classified the Reserve Asset Management Programme (RAMP) financial instruments as held for trading.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(i) Derecognition**

Financial assets are de-recognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all of the risks and rewards of ownership.

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

The gains and losses on investments held to maturity and loans and receivables are recognized in profit or loss when the investments are derecognized.

(ii) Gains and losses on subsequent measurement

Gains and losses on amortization of premiums or discounts of financial instruments carried at amortized cost are recognized in profit or loss of the period in which they arise. Gains and losses due to impairment are recognized as stated in the paragraph dealing with impairment.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount reported on the reporting date only where there is a legally enforceable right to set off the recognized amount and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iv) Impairment of financial assets

At each reporting date, the Bank assesses whether there is objective evidence that a financial asset not carried at fair value through profit or loss is impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows on the assets that can be estimated reliably.

The Bank considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortized cost) with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment, the Bank uses statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modeling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortized cost are measured 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. Losses are recognized in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognized through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss. Impairment losses on available-for-sale investment securities are recognized by transferring the difference between the amortized acquisition cost and current fair value out of other comprehensive income to profit or loss as a reclassification adjustment. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through profit or loss.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized directly in other comprehensive income. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

The carrying amounts of the Bank's non-financial assets other than stock of consumables are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

(i) Impairment of non-financial assets

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.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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.

(j) *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

2. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

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.

(k) *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.

(l) *Cash and cash equivalents*

Cash comprises of foreign currency held in the Bank and demand deposits held with foreign banks. Cash equivalents comprise of short term highly liquid investments and term deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk changes in value. The short-term highly liquid investments include balances with maturities of three months or less from the date of acquisition.

(m) *Employee benefits*

In accordance with the existing law relating to social security, the Bank makes contributions to Rwanda Social Security Board on behalf of its employees. The Bank's contribution is charged to profit or loss in the year to which it relates.

The bank also has an in-house managed defined contribution plan. A defined contribution plan is a post- employment benefit under which an entity pays even contributions and has no legal/constructive obligation to pay future amounts. 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.

The employees' contribution amounts to a third of the total monthly salary and the remaining two thirds is contributed by the Bank, and is charged to profit or loss in the year to which it relates.

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.

(n) *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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

(o) *Taxation*

Accordingly to Article No 74 of the Law No 55/2007 of 30 November 2007, 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. The Bank is therefore exempt from taxes.

(p) *Dividends payable*

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.

(q) *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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) New and amended standards and interpretations.

New or Revised pronouncement

	Standard/Interpretation	Effective date
IFRS 10	<i>Consolidated Financial Statements</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRS 11	<i>Joint Arrangements</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRS 12	<i>Disclosure of Interests in Other Entities</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRS 13	<i>Fair Value Measurement</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IAS 19	<i>Employee Benefits (2011)</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IAS 27	<i>Separate Financial Statements (2011)</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IAS 28	<i>Investments in Associates and Joint Ventures (2011)</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRS 1 amendment	<i>Government Loan</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IFRS 7 amendment	<i>Disclosures: Offsetting Financial Assets and Financial Liabilities</i>	Applicable to annual reporting periods beginning on or after 1 January 2013
IAS 32 amendment	<i>Offsetting Financial Assets and Financial Liabilities</i>	Applicable to annual reporting periods beginning on or after 1 January 2014
IFRS 9	<i>Financial Instruments (2010)</i>	Applies to annual periods beginning on or after 1 January 2015
IAS 36 amendment	<i>Recoverable Amount Disclosure for Non-Financial Assets</i>	Applicable to annual reporting periods beginning on or after 1 January 2014
IAS 39 amendment	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>	Applicable to annual reporting periods beginning on or after 1 January 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

The Bank will adopt the above standards, interpretations and amendments on their effective dates.

The Bank does not intend early adopting any of the above amendments, standards and interpretations.

IFRS 13 Fair Value Measurement

IFRS 13 will be adopted by the National Bank of Rwanda for the first time for its financial reporting period ending 30 June 2014. The standard will be applied prospectively and comparatives will not be restated.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics
- Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

The impact on the financial statements for 30 June 2014 cannot be reasonably estimated as at 30 June 2013.

Amendment to IAS 19 Employee Benefits: Defined benefit plans

The amendments to IAS 19 will be adopted by the National Bank of Rwanda for the first time for its financial reporting period ending 30 June 2014. In terms of the amendments, the following key change will have an impact on the Bank:

- The definitions of short-term and other long-term employee benefits have been amended and the distinction between the two depends on when the entity expects the benefit to be settled;
- All actuarial gains and losses must be recognized immediately in other comprehensive income;
- The calculations of finance costs has been revised;
- Additional disclosures required for defined benefit plans; and
- Possible changes to the timing of the recognition of termination benefits.

This amendment will most significantly impact the Banks recognition of actuarial gains and losses.

IFRS 7 amendment

This amendment will be adopted by the National Bank of Rwanda for the first time for its financial reporting period ending 30 June 2014.

This amendment sets out the additional disclosure requirements resulting from the IAS 32 offsetting amendment. The impact on the financial statements for 30 June 2014 cannot be reasonably estimated as at 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(r) **New standards and interpretations not yet adopted (continued)**

IAS 32 amendment

This amendment will be adopted by the National Bank of Rwanda for the first time for its financial reporting period ending 30 June 2015. This amendment provides clarity on the application of the offsetting criteria listed in the current standard.

The impact on the financial statements for 30 June 2015 cannot be reasonably estimated as at 30 June 2013.

IFRS 9 (2010) Financial Instruments

IFRS 9 (2010) will be adopted by the National Bank of Rwanda for the first time for its financial reporting period ending 30 June 2016. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39.

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

The impact on the financial statements for 30 June 2016 cannot be reasonably estimated as at 30 June 2013.

(s) **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. The most significant use of judgement and estimates are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment losses on loans, advances and receivables

The Bank reviews its loans, advances and receivables at each reporting date to assess whether an allowance for impairment should be recognized in the profit or loss. In particular, judgement by the directors is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the allowance.

In addition to specific allowances against individual significant loans and advances, the Bank makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration such factors as any deterioration in industry, technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

(b) Property, equipment and intangible assets

Critical estimates are made by the management in determining depreciation and amortisation rates for property, equipment and intangible assets. The rates used are set out in the Note 2 (d).

(c) Useful life of currency

Banknotes printing expenses for each denomination which include ordering, printing, freight, insurance and handling costs are initially deferred. Based on the currency issued into circulation, the respective proportional actual costs incurred are released to the income statement from the deferred costs account over the useful period (life span) of each banknote denomination. The deferred amount is recognized as prepayment and represents un-issued banknotes (currency) stock. Previously the costs were expensed upon delivery of currency stock. Cost of coins minted is expensed in full on delivery in the year of purchase/acquisition.

Useful lives of the various banknotes denominations are currently estimated as follows:

RWF 5,000	2 years
RWF 2,000	2 years
RWF 1,000	1 year and 6 months
RWF 500	1 year

The useful life for all other denominations (coins) is estimated at 10 years.

Coins are issued in the denominations of, RWF100, RWF50, RWF20, RWF10, RWF5 and RWF1



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2 (t). CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

All financial instruments are initially recognized at fair value, which is normally the transaction price. In certain circumstances, the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognized when the valuation technique used is based solely on observable market inputs.

Subsequent to initial recognition, some of the bank's financial instruments are carried at fair value, with changes in fair value either reported within profit or loss or within other comprehensive income until the instrument is sold or becomes impaired.

The fair values of quoted financial instruments in active markets are based on current prices. If the market for a financial instrument is not active including for unlisted securities, the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Where representative prices are unreliable because of illiquid markets, the determination of fair value may require estimation of certain parameters, which are calibrated against industry standards and observable market data, or the use of valuation models that are based on observable market data.

The fair value for the majority of the Bank's financial instruments is based on observable market prices or derived from observable market parameters.

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
3. INTEREST INCOME		
Interest Income on local operations	1,573,228	1,965,155
Interest Income on Foreign currency transactions	<u>2,855,509</u>	<u>2,148,236</u>
	<u>4,428,737</u>	<u>4,113,391</u>
4 INTEREST EXPENSE		
	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Interest on IMF fund	106,954	59,747
Other interest and similar expenses	333,114,	154,670
Interest paid on monetary policy issues	<u>2,006,361</u>	<u>2,912,064</u>
	<u>2,446,429</u>	<u>3,126,481</u>
5 NET FEES AND COMMISSION EXPENSES		
	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Commission and fees income	1,164,021	494,436
Commission and fees paid	<u>(944,241)</u>	<u>(646,260)</u>
	<u>219,780</u>	<u>(151,824)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

6 FOREIGN EXCHANGE GAIN

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Net gain on foreign currency market intervention	633,031	430,946
Foreign exchange dealing profit on commercial banks	273,751	319,188
Transaction with foreign correspondent banks and local clients	8,218,856	6,460,539
Foreign assets (exchange) revaluation gain	31,649,678	15,231,371
Realised gain on foreign financial instruments	832,809	1,473,834
Realised loss on foreign financial instruments	(1,222,294)	(2,027,027)
Loss on foreign currency trading	(150,922)	(14,177)
Unrealized gain on foreign financial instruments	<u>820</u>	<u>36,834</u>
	<u>40,235,728</u>	<u>21,911,508</u>

7 OTHER OPERATING INCOME

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Fines, penalties and other administrative income	2,603,659	783,943
Written back accruals and provisions	-	1,339,642
Gain on sales of properties and equipment	2,523	296,132
Subvention from the Government of Rwanda	135,859	71,241
Interest refund from the Government of Rwanda	2,152,332	3,029,971
Other income	<u>284,635</u>	<u>795,194</u>
	<u>5,179,008</u>	<u>6,316,123</u>

8 OPERATING EXPENSES

(a) Personnel expenses

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Salaries and other related allowances	(8,242,144)	(6,514,326)
Pensions and insurance	(659,895)	(578,370)
Medical expenses	(756,716)	(643,194)
Training and development	(376,766)	(494,843)
Other expenses	<u>(46,869)</u>	<u>(15,654)</u>
	<u>(10,082,390)</u>	<u>(8,246,387)</u>

(b) Depreciation and amortization

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Depreciation of property and equipment and investment property	(851,222)	(1,527,092)
Amortisation of intangible assets	(354,491)	(257,810)
	<u>1,205,684</u>	<u>(1,784,902)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(c) Other operating expenses

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Bank notes printing and coins minting	(1,112,405)	(1,230,523)
General Administration expenses	(3,362,741)	(3,355,416)
Board and meeting expenses	(181,402)	(244,084)
Audit Fees	-	(40,220)
Provisions and other charges	(181,690)	(501,402)
Other expenses	<u>(50,393)</u>	<u>(68,233)</u>
	<u>4,888,631</u>	<u>5,439,878</u>

9(a) CASH AND CASH EQUIVALENTS

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Cash in vault	<u>14,121,782</u>	<u>16,760,156</u>

9(b) FOREIGN ASSETS (Refer to note 35.1)

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Current accounts	141,565,545	151,442,929
Fixed term placements with foreign correspondents	45,037,217	190,985,036
Foreign investments	308,285,502	206,440,462
Special Drawing Rights	84,962,876	78,999,839
Other foreign assets	50,068,553	44,801,679
Interest receivables	<u>345,525</u>	<u>74,038</u>
	<u>630,265,062</u>	<u>672,743,983</u>

10 INTERNATIONAL MONETARY FUND

The International Monetary Fund Quota refers to the Rwanda Government's total subscription to the International Monetary Fund (IMF). It is equal to Special Drawing Rights SDR 80,100,000 and was converted to Rwanda Francs based on the exchange rate of the Special Drawing Rights (SDR) applicable at the reporting date.

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Balance at the beginning of the year	76,773,318	74,251,386
Foreign currency adjustment	<u>7,720,328</u>	<u>2,521,932</u>
Balance at the of the year	<u>84,493,646</u>	<u>76,773,318</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

11 DUE FROM GOVERNMENT OF RWANDA

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Consolidated debt at the beginning of the year	38,571,805	38,597,550
Recovery in the year	1,326	(25,745)
Recovery on government overdraft	-	-
Balance at the end of the year	<u>38,573,121</u>	<u>38,571,805</u>

The Bank signed an agreement with the Government on 7 February 1996 to consolidate the entire Government debts amounting to Rwf 34,457 billion at a rate of 2 % per annum. The amount increased to Rwf 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 a reduction of 30 % of the annual dividend payable to the Government commencing 2002 and interest on the debt is charged at 2% per annum on the outstanding balance.

12 LOANS AND ADVANCES TO BANKS

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Current accounts with commercial banks	13,863	172,365
Loans to the agricultural and agro business sectors	755,801	1,132,894
Accrued interest on loans to banks	-	-
	<u>769,663</u>	<u>1,305,259</u>

13 DUE FROM INTERNATIONAL FINANCE CORPORATION

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Balance as at 30 June	<u>10,181,266</u>	<u>7,260,348</u>

On 9 November 2010, the Bank entered into a currency swap transaction with International Finance Corporation. The notional amount rendered by the bank was Rwf 1.479 billion in exchange of USD 2.5 million. Every time a swap transaction is entered, a confirmation agreement is signed between IFC and the bank stipulating the terms of the transaction. During the year an additional 3.5 million dollar agreement was signed

14(a) LOANS AND ADVANCES TO STAFF

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Loans to staff	8,647,788	5,941,843
Provision for impairment	<u>(215,123)</u>	<u>(206,148)</u>
	<u>8,432,664</u>	<u>5,735,695</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

14(b) Provision for Impairment

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
At 1 July	47,533	52,495
Recovery during the year	0	(1,689)
Charge for the year	<u>167,590</u>	<u>155,342</u>
At 30 June	<u>215,123</u>	<u>206,148</u>

15 OTHER INVESTMENTS

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Cost	450,000	450,000
Provision for impairment	<u>(443,836)</u>	<u>(443,836)</u>
Carrying amount	<u>6,164</u>	<u>6,164</u>

The investment relates to capital subscribed in Société Interbancaire de Monétique et Telecompensation 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.

RSWITCH is registered and domiciled in Rwanda and it offers an inter-bank 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.

At the end of 2006, owing to accumulated losses, National Bank of Rwanda decided to provide the total cost of its investment in SIMTEL (now RSWITCH). In 2008, RSWITCH was restructured and National Bank of Rwanda share capital was revised to Rwf 450 million.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

16 INVESTMENTS PROPERTY

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Cost		
Balance at 1 July	721,587	313,490
Fair value gain	<u>0</u>	408,097
Disposal	<u>(357,249)</u>	0
At 30 June	<u>364,339</u>	<u>721,587</u>
Depreciation		
Balance at 1 July	256,055	240,381
Annulation of depreciation on disposal	(256,055)	
Depreciation charge for the year	<u>18,217</u>	<u>15,674</u>
At 30 June	<u>18,217</u>	<u>256,055</u>
Carrying value	<u>346,122</u>	<u>465,532</u>

Investment property is stated at depreciated cost. The property rental income earned by the Bank from this property is nominal on account of a preferential lease rental charged to its related company- RSWITCH. The direct operating expenses including repairs and maintenance are minimal and there are no significant contractual obligations to incur costs on repairs, maintenance or improvement thereto. The property is situated on plot number 1200 (R.C J number: 2141 KIG) and the directors are of the opinion that the carrying value is a fair presentation of its market value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17 PROPERTY AND EQUIPMENT

	Land Rwf '000	Capital Work-in- progress Rwf '000	Buildings Rwf '000	Furniture & Equipment Rwf '000	Motor Vehicles Rwf '000	TOTAL Rwf '000
Cost/Valuation						
At 1 July 2013	1,652,667	4,496,082	10,402,205	6,057,710	162,024	22,770,687
Additions	60,000	6,910,961	435,985	428,060	-	7,835,006
Adjustments	1,962,498	-	(3,940,303)	26,158	-	(2,003,963)
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
At 30 June 2014	3,675,165	11,407,044	6,897,887	6,459,612	162,024	28,601,731
Depreciation						
At 1 July 2013	-	-	2,676,240	5,162,786	120,364	7,959,391
Prior year adjustment	-	-	(2,544,848)	(221,894)	(10,569)	(2,777,311)
Charge for the period	-	-	463,412	236,869	49,919	750,200
Disposal	-	-	-	-	-	-
Eliminated on revaluation	-	-	-	-	-	-
At 30 June 2014	-	-	594,805	5,177,761	159,714	5,932,280
N.B.V at 30 June 2014	3,675,165	11,407,044	6,303,082	1,281,851	2,309	22,669,451

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Land	Capital Work In Progress	Buildings	Furniture and Equipment	Motor Vehicles	TOTAL
	Rwf '000	Rwf '000	Rwf '000	Rwf '000	Rwf '000	Rwf '000
Cost/Valuation						
At 1 July 2012	1,579,667	1,254,250	3,201,371	6,364,079	162,024	12,561,391
Additions	73,000	3,122,887	-	159,305	-	3,355,192
Disposals	-	-	(18,687)	(87,293)	-	(105,980)
Revaluation	1,728,475	-	3,400,336	-	-	5,128,811
At 30 June 2013	3,381,142	4,377,137	6,583,020	6,436,091	162,024	20,939,414
Depreciation						
At 1 July 2012	-	-	1,987,377	4,106,871	88,140	6,182,388
Prior year adjustment	-	-	-	(18,852)	(128,406)	(147,258)
Charge for the period	-	-	169,593	1,282,469	59,356	1,511,418
Disposal	-	-	(18,687)	(85,634)	-	(104,321)
Eliminated on revaluation	-	-	(2,094,825)	-	-	(2,094,825)
At 30 June 2013	-	-	43,458	5,284,854	19,090	5,347,402
	3,381,142	4,377,137	6,539,562	1,154,237	142,934	15,592,012

The Bank conducted a revaluation of its buildings at 30 June 2013 by independent and certified professional valuers, Tele Developments Limited. The valuation was based on market values defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The properties revealed include the head quarter building, canteen building, the clinic building, investment property building.

The market values for the building headquarters was valued professional and represents market value trends in Kigali. In addition, the land were the head quarter building is located and current status as a landmark location adds to its current and future value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The market values in the rest of the other properties have been determined using direct comparison of sales of similar or near similar properties and locations or by depreciated replacement cost. A revaluation surplus of Rwf 7,223million has been recognized in the Asset Revaluation Reserve.

The Bank revalues its land and buildings after every 5 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18 INTANGIBLE ASSETS

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Cost		
Balance at 1 July	1,967,984	687,984
Addition	<u>276,522</u>	<u>1,280,000</u>
	<u>2,244,506</u>	<u>1,967,984</u>
Depreciation		
Balance at 1 July	1,327,984	687,424
Prior year amortization adjustment	-	382,750
Depreciation charge for the year	<u>354,291</u>	<u>257,810</u>
At period end	<u>1,682,275</u>	<u>1,327,984</u>
Carrying Value	<u>562,231</u>	<u>640,000</u>

19 OTHER ASSETS

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Deferred currency costs	20,281,445	4,080,438
Stock of consumables	295,764	282,368
Accounts Receivable	982,046	7,842,941
Advances to contractors	5,190,035	4,617,174
Other debtors	<u>(3,752,002)</u>	<u>770,952</u>
	<u>22,997,288</u>	<u>17,593,873</u>

20 CURRENCY IN CIRCULATION

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Currency printed and minted	227,638,478	189,170,880
Money in reserve	<u>(83,368,438)</u>	<u>(51,504,612)</u>
Currency in circulation	<u>144,270,040</u>	<u>137,666,268</u>

Money in reserve represents currency printed but not issued into circulation. Cash held at the Bank represents notes and coins held by the Bank's principal cashier. These two elements have been netted off against the liability for notes and coins in circulation because they do not represent currency in circulation. The cash shown at the reporting date relates only to foreign currency cash balances held by the Bank at the end of the year.

21 GOVERNMENT DEPOSITS

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Government account	68,847,238	172,022,202
Government's special deposits	12,173,523	12,041,385
Deposits for letters of credit and other commitments	19,263	192,170
Projects and ministries' accounts	50,940,853	53,938,658
Local Governments	20,500,821	19,455,480
Public institutions	4,453,199	3,693,939

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Public service enterprises	2,681,892	8,592,603
Foreign currency accounts	<u>38,664,584</u>	<u>40,031,020</u>
	<u>198,281,374</u>	<u>309,967,457</u>

22 DUE TO LOCAL FINANCIAL INSTITUTIONS

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Local currency deposits	96,390,868	49,125,376
Foreign currency deposits	11,901,782	15,709,629
Money market interventions	86,000,000	90,200,000
Interests payable	<u>98,444</u>	<u>119,085</u>
	<u>194,391,093</u>	<u>155,154,090</u>

The Bank, in fulfilling its principal objectives, engages in issuing and buying Treasury bills for monetary policy purposes. The amount owed to third parties in relation to mop up operations (issue of Treasury bills) is disclosed as money market interventions.

23 DUE TO THE INTERNATIONAL MONETARY FUND

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
International Monetary Fund Deposits	81,803,540	76,785,940
IMF Poverty Reduction and Growth Facility Loan	7,501,179	8,225,384
Special Drawing Rights Allocation	<u>81,035,640</u>	<u>73,631,275</u>
	<u>170,340,359</u>	<u>158,642,599</u>

IMF balances are maintained in special drawing rights (SDR) which are revalued daily with other foreign currency accounts. At the close of the year, they are shown in Rwandan Francs based on the average SDR rate applicable at the reporting date.

24 FOREIGN LIABILITIES

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Deposits in local currency	187,785	142,237
Deposits in foreign currency	12,384,866	8,021,015
Loan from International Financial Corporation	<u>-</u>	<u>-</u>
	<u>12,572,651</u>	<u>8,163,252</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

25 OTHER LIABILITIES

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Staff deposits	167,692	119,545
Non statutory accounts in Rwandan Francs	1,679,389	1,459,118
Non statutory accounts in foreign currencies	801,977	120,208
Other payables	5,753,471	10,949,501
Provision for contingencies	881,333	9,413
Staff leave payables	433,980	1,335,608
Deferred income	<u>26,488</u>	<u>1,020,945</u>
	<u>9,744,330</u>	<u>15,014,338</u>

26 SHARE CAPITAL

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Authorized and fully paid share capital	<u>7,000,000</u>	<u>7,000,000</u>

Article 2 of Law N° 55/2007 of 30 November 2007 governing the National Bank of Rwanda fixed the share capital of the bank at 7 billion Rwandan Francs. That share capital is entirely subscribed by the Government of Rwanda and the shares do not have a par value.

27 GENERAL RESERVE FUND

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Balance as at 30 June	<u>8,948,506</u>	<u>8,948,506</u>

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. The Bank utilises funds accumulated in this account to pay dividends once declared by the Board of Directors, increase paid up capital when necessary and to absorb any negative external shocks. There were no profits made during the year recorded on the retained earnings account.

28 OTHER RESERVES

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Retained Earnings	14,091,127	(1,852,033)
Land Revaluation reserves	3,422,244	1,412,420
Building Revaluation reserves	4,932,858	7,223,636
Proposed Dividends (note 29)	-	-
Staff welfare fund	3,892,202	3,892,202
Fair value reserve	3,332,930	225,411
IT modernization	700,587	700,587
Translation reserve	<u>26,058,042</u>	<u>41,289,412</u>
	<u>56,429,988</u>	<u>52,891,635</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

29 DIVIDEND

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Proposed Ordinary Dividend	—	=

No dividend was proposed by the directors for the year 2014 , (2013: Rwf 0).

30 CASH FLOW FROM OPERATING ACTIVITIES	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Profit for the year	31,440,119	13,436,208
Adjustment		
Depreciation for property and equipment	750,200	1,511,417
Prior year adjustment on depreciation of property and equipment	2,777,311	(147,256)
Amortization of software	354,462	257,810
Prior year adjustment on amortization of software	-	382,750
Depreciation of investment property	18,217	15,674
Revaluation Gain on Investment property	-	(408,097)
Gain on sale of property and equipment	(2523)	(296,132)
Depreciation recovery on grants (RIPPS)	870,236	(640,000)
Revaluation loss of IMF quota	(7,720,328)	(2,521,932)
Unrealized gain on foreign assets	(820)	(36,834)
	<u>28,486,874</u>	<u>11,553,608</u>
Change in assets		
Increase/(Decrease) in amount due from Government of Rwanda	(1,315)	25,744
Increase/(Decrease) in amount due from banks and other financial institutions	535,596	613,225
Increase/(Decrease) in amount due from foreign financial institutions	(2,920,918)	(1,306,812)
Increase/(Decrease) in loan and advances to staff	(2,696,969)	(728,410)
Increase/(Decrease) in other assets	(5,403,415)	1,079,941
Change in liabilities		
Increase/(Decrease) in government deposits	(111,686,083)	153,453,528
Increase/(Decrease) in amount due to local financial institutions	39,237,003	(13,862,083)
Increase/(Decrease) in amount due to IMF	11,697,760	4,841,116
Increase/(Decrease) in foreign liabilities	4,409,399	634,855
Increase/(Decrease) in other liabilities	(5,270,013)	3,296,469
Net cash flow from operating activities	<u>(43,612,081)</u>	<u>159,601,181</u>
31 Cash and cash equivalents		
Cash and cash equivalents	14,121,782	16,760,156
Foreign assets	<u>630,265,062</u>	<u>672,743,983</u>
	<u>644,386,844</u>	<u>689,504,139</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

32 RELATED PARTY TRANSACTIONS

In the course of its operations, the Bank enters into transactions with related parties. Those include the Government of Rwanda as its sole shareholder. Unless otherwise stated, all transactions between these entities take place at arm's length and with reference to market rates.

a 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.

The Bank charges a fee of Rwf 1,000 per month for maintaining the Government accounts. Further, Government accounts do not generate interest income. However, the Bank earns commissions on all foreign currency transactions carried out on behalf of the Government.

At the reporting date, the following balances which are included in various statements of financial position categories, were outstanding:

Transaction with Government of Rwanda

		30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Due from Government of Rwanda	Note 11	38,573,120	38,571,805
Government deposits	Note 21	198,281,374	309,967,457

b Staff loans

Loans and advance to employees

The Banks extends loans facilities to members of staff including the senior management. As at the reporting date, loans and advances to employees amounted to Rwf 8,599,807 ('000) (June 2014). The advances are at a preferential interest rate (2%) determined by the Bank

c Loans to Directors

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
At 1 July 2014	155,624	100,423
New loans during the period	-	105,590
Loans repayments	<u>(30,442)</u>	<u>(24,238)</u>
	<u>125,182</u>	<u>181,775</u>

d Directors' emoluments

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Fees to non-executive directors	10,179	8,214
Other remuneration to executive directors	<u>135,854</u>	<u>121,731</u>
	<u>146,033</u>	<u>129,945</u>

d Other related party transaction

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Rental income from RSWITCH	<u>41,300</u>	<u>30,595</u>

33 RISK MANAGEMENT POLICIES

The Bank's risk management policies and practices have been developed and cover all its business activities. They are supported by a very strict management culture and a strong commitment to active risk management by senior management and the departmental directors.

The Bank holds foreign exchange reserves for the purposes of servicing official foreign debt, paying non- government debt and National Bank of Rwanda expenditures abroad, and occasional intervention in the foreign exchange market to smoothen exchange rate movements.

The Bank can only intervene in the foreign exchange market when there are sharp exchange rate movements which are likely to destabilize the financial market.

In view of the Bank's reserve management policy of safe investment, liquidity, and return, respectively, the Bank, with a prudent approach, subjects its foreign exchange reserves to investments in international markets.

In this framework, almost all the financial risks to which the Bank is exposed arise while fulfilling its duties of managing foreign exchange reserves and rendering certain banking services to the banking sector and the Government of Rwanda

The Bank is exposed to credit, market, and liquidity risks due to the aforementioned operations. The financial risks that arise during the management of foreign exchange reserves are the outcome of an investment choice. Nevertheless, the Bank endeavors to minimize such risks by managing them with a conservative approach.

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

- Board oversight: The investment and operational policies and guide lines have to be approved by the Board of Directors and are subject to review from time to time.
- Review by senior management: All activities, including those involving any risk and management of investment of external reserves, are subject to review and approval by the senior management.
- Diversification: Investment policies and limits are set with a view to ensuring that risks are well diversified.
- Assessment: Policies and processes have been established to ensure that risks are properly assessed.
- Review and reporting: Risk profiles of counterparties and portfolios are subject to ongoing review and reporting to the senior management and to the Board of Directors.

Individual risks, portfolio and operational risks are subject to comprehensive Internal Audit Department review, with independent reporting to senior management.

The following are the main types of risks that the Bank is exposed to in the course of executing its operations:

- Credit risk
- Liquidity risk
- Market risk:
- Interest risk
- Foreign currency exchange risk
- Operational risk

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

RISK MANAGEMENT POLICIES (Continued)

Credit risk

During its financial operations, the Bank is exposed to credit risk, defined as the probability of a complete or partial failure of counterparty to fulfill its obligations arising from a financial transaction. The credit risk basically originates from the investments made of deposit placements, if on their maturity the depository bank is unable to pay.

The management of the credit risk that the Bank is exposed to during the foreign exchange reserve management is based on the principle of minimizing default probabilities of the counterparties and the financial loss in case of default.

The Bank lends only to the Rwandan Government, 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

a. Credit risk

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Cash and cash equivalents	14,121,782	16,760,156
Foreign assets	630,265,062	672,743,983
International Monetary Fund Quota	84,493,646	76,773,318
Due from Government of Rwanda	38,573,120	38,571,805
Loan and advance to banks	769,663	1,305,259
Due from foreign financial institutions	10,181,266	7,260,348
Loan and advance to staff	<u>8,432,664</u>	<u>5,735,695</u>
Analysis of the staff loans and advances and Government overdraft	30-June14 (Rwf '000')	30-June-13 (Rwf '000')
Individually impaired		
Staff loans	315,297	206,147
Allowance for impairment	<u>(211,723)</u>	<u>(206,147)</u>
	<u>103,574</u>	<u>-</u>
Loans past due but not impaired		
Past due up to 30 days	73,563	79,453
Past due 31-60 days	74,409	79,536
Past due 61-90 days	<u>75,271</u>	<u>78,279</u>
	223,243	237,268
Loans neither past due nor impaired		
Staff loans and advances	<u>8,376,564</u>	<u>5,498,427</u>
Total	<u>8,599,807</u>	<u>5,735,695</u>

NATIONAL BANK OF RWANDA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

**33.2 Liquidity risk**

The table below analyses liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date

Liquidity risk is defined as having difficulty in finding sufficient cash to meet the commitments that are due or being compelled to convert assets into cash at price lower than their fair value. The choice of the types of instruments to invest the reserves in is part of liquidity risk management.

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.

	On demand	Due within 3 months	Due between 4-12 months	Due between 1-5 years	Due after 5 years	Total
ASSETS						
Cash and cash equivalents	14,121,78					14,121,78
Foreign assets					630,265,06	630,265,06
International Monetary Fund Quota					84,493,64	84,493,64
Due from Government of Rwanda					38,573,12	38,573,12
Loan and advance to banks	769,66					769,66
Due from foreign financial institutions		10,181,26				10,181,26
Loan and advance to staff					8,432,66	8,432,66
Other investment						
Other assets		<u>100,238,99</u>	<u> </u>	<u> </u>		<u>100,238,99</u>
	<u>14,891,44</u>	<u>110,420,25</u>	<u> </u>	<u> </u>	<u>761,764,49</u>	<u>887,076,19</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

LIABILITIES

Currency in circulation	144,270,03					144,270,03
Government deposits	198,262,11	(19,263				198,281,37
Due to local financial institutions	108,292,64	86,000,00	98,44			194,391,09
Due to International Monetary Fund		(3		7,501,17	162,839,18	170,340,35
Foreign liabilities	12,572,65					12,572,65
Other liabilities	86,384,35	601,67				86,986,03
	<u>537,626,75</u>	<u>86,582,40</u>	<u>98,44</u>	<u>7,501,17</u>	<u>162,839,18</u>	<u>794,647,96</u>
Liquidity Gap	<u>(534,890,364</u>	<u>23,837,85</u>	<u>(98,444</u>	<u>(7,501,179</u>	<u>598,925,31</u>	<u>80,234,65</u>

33.3 Foreign currency exchange rate risk

Foreign currency to which the bank was exposed at 30 June 2013 are summarized below all expressed in thousands of Rwandan Francs.

Foreign currency exchange rate risk signifies the probability of incurring a loss stemming from adverse market movements, usually in interest rates, currency exchange rates, and asset prices

The Bank has put in place a foreign reserve management committee. Generally, 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.

The Bank's assets are maintained in US\$ given that most transactions with correspondent banks are carried out in this currency. The Bank manages country exchange reserves and places deposits in AAA sovereign assets and supranational organizations.

Structurally, the Bank's exchange positions by currency are long except for 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.





	USD	EURO	GBP	SDR	Others	Total
Foreign assets	482,608,789	57,653,301	3,475,119	84,962,876	1,564,977	630,265,062
International Monetary Fund Quota	-	-	-	84,493,646	-	84,493,646
Cash balance	<u>13,394,178</u>	<u>361,502</u>	<u>325,005</u>	<u>-</u>	<u>41,096</u>	<u>14,121,782</u>
Total assets	<u>496,002,967</u>	<u>58,014,803</u>	<u>3,800,124</u>	<u>169,456,523</u>	<u>1,606,073</u>	<u>728,880,490</u>
Liabilities						
Government deposits	25,368,279	7,609,041	5,179,598	- 507,667		38,664,584
Due to local financial institutions	11,225,679	242,251	(3)	-	433,854	11,901,782
Due to International Monetary Fund	-	-	-	81,035,640	-	81,035,640
Foreign liabilities	<u>12,639,645</u>	<u>505</u>	<u>(255,400)</u>	<u>119,157</u>	<u>-3</u>	<u>12,384,866</u>
Total liabilities	<u>49,233,603</u>	<u>7,851,797</u>	<u>4,924,195</u>	<u>81,035,759</u>	<u>941,518</u>	<u>143,986,871</u>
Net exposure as at June 2014	<u>446,769,364</u>	<u>50,163,006</u>	<u>-1,124,071</u>	<u>88,420,763</u>	<u>664,555</u>	<u>584,893,619</u>

Sensitivity analysis on currency risk

Currency risk is the risk of loss resulting from changes in exchange rates. The Bank has assets and liabilities in various currencies; however, the most significant exposure arises from assets denominated in the US dollar, GBP and Euro currencies. The following table demonstrates the sensitivity to reasonably possible change in the Rwf/ US dollar exchange rate, with all other variables held constant, of the Bank's profit earned.

The following significant exchange rates applied during the year:

Currency	Closing rate 30-June-14	Closing rate 30-June-13	Average rate 30-June-14	Average rate 30-June-13
USD	682.54	642.67	683	626.52
EURO	931	836.88	931	810.51
GBP	1,161.66	982.26	1,162	982.66
SDR	1,054.85	-	1,055	-

33.4 Interest rate risk

This table shows the extent to which the Bank's interest rate exposure on assets and liabilities are matched. Items are allocated to the time bands by reference to the earlier of the next contractual interest rate reprising date and maturity date

Interest rates risk on currencies lies in the fact that, on one hand interest rates on short-term placements (generally for 1 to 3 months) can diminish and create a loss and on the other hand, interest on liabilities can increase.

The existing legal provisions cover the Bank against all risks relating to interest rates. Article 50 of the Bank's charter provides that "credit balances in the accounts opened at the National Bank do not generate interest". However, Article 49 of the Bank's charter provides that the Bank shall levy on debit balances interest computed at the daily average of inter-bank interest rate.

When commercial banks have excess liquidity, the Bank continues its market intervention policy of short term interest earning deposits (mop up deposits) to encourage the commercial banks to invest/deposit the excess funds at the Bank. This is aimed at bringing monetary stability in the economy. This table shows the extent to which the Bank's interest rate exposures on assets and liabilities are matched. Items are allocated to time bands by reference to the earlier of the next contractual interest rate reprising date and maturity date.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Interest rate risk	3 months or less	3-12 months	Over one year	Non-interest bearing	Total
Cash and cash equivalents		-	-	14,121,782	14,121,782
Foreign assets	544,532,521	-	84,962,876	-	630,265,062
International Monetary Fund Quota	-	-	-	84,493,646	84,493,646
Due from Government of Rwanda	-	-	38,573,120	-	38,573,120
Loan and advance to banks	13,863	-	755,801	-	10,181,266
Due from foreign financial institutions	-	-	10,181,266	-	-
Loan and advance to staff	-	(215,123)	8,647,788	-	8,432,664
			-	=	100,238,991
Other assets	100,238,991	-			
Total assets	<u>644,785,375</u>	<u>(215,123)</u>	<u>143,120,850</u>	<u>98,615,428</u>	<u>874,132,215</u>
Currency in circulation	-	-	-	144,270,040	144,270,039
Government deposits		-	-	198,281,374	198,281,374
Due to local financial institutions	108,292,649	-	86,098,444	-	194,391,093
Due to International Monetary Fund	-	-	7,501,179	81,803,540	89,304,719
Foreign liabilities	-	-	-	12,572,651	12,572,651
Other liabilities	86,986,031	-	-	-	44,638,529
Total liabilities	<u>195,278,680</u>	<u>=</u>	<u>93,599,623</u>	<u>436,927,605</u>	<u>725,805,907</u>
Interest sensitivity gap at 30 June 2014	<u>449,506,695</u>	<u>=</u>	<u>49,521,228</u>	<u>338,312,177</u>	<u>160,500,624</u>
Interest sensitivity gap at 30 June 2013	<u>579,002,439</u>	<u>772,633</u>	<u>49,127,365</u>	<u>=</u>	<u>52,136,432</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Sensitivity analysis on interest rate risk

Interest rate risk is the risk of loss resulting from changes in interest rates, including changes in the shape of yield curves. The Bank bases its analysis on the interest sensitivity gap above. The existing legal provisions shield the bank from interest rate sensitivities. Article 50 of the bank's charter provides that credit balances in the accounts opened in the National Bank do not generate interest. However article 49 provides that the bank shall levy on debit balances interest computed on daily average of the interbank rate.

Operational risk

Operational risk is the risk of loss due to human or system errors, incompatibility or failure of internal business processes, or external events. The Bank seeks to minimize losses from operational risk by establishing effective internal control systems which prevent or detect all errors and situations which might cause loss through failure of people or processes in such a way that losses are avoided or reduced to the minimum possible extent. The Bank has assigned the responsibility for managing operational risks to the management of the departments.

Human Resource risk

The particular nature of the activities of the Bank necessitates specialized knowledge in many areas. The Bank ensures that there is an adequate knowledge base for all specialized job requirements by investing significantly in human resource development in terms of capacity building and practical exposure. The Bank also organizes workshops, seminars, conferences and job attachments to its staff as an effort to improve its human resource requirements.

Legal risk

Legal risks arise from any uncertainty of enforceability, whether through legal or judicial processes, of the obligations of the Bank's clients and counter parties. These are the risks that the Bank may not be complying fully with the relevant laws and legislations. The Bank aims at minimising such uncertainties through continuous consultations with all relevant parties.

In mitigating these types of the risks, the Bank ensures that all business agreements are subjected to extensive legal reviews before contracting.

Reputation risk

The concern about reputation flows from the fact that the Bank is a public institution with important responsibilities for stability in the value of money, the soundness and efficiency of the financial system and the issue of currency (notes and coins). All of these matters have direct impact on all citizens and the credibility and the reputation of the Bank is an important factor in the successful fulfillment of these responsibilities.

In managing this risk, the Bank adheres to the best practices and applies principles of sound corporate governance. It also ensures that all key staff has a clear understanding of the appropriate processes in respect of the best practice and principles of good corporate governance.

The Bank therefore, sets out policies and guidelines that govern sound functional operations within the Bank. The performance of these policies and guidelines are periodically reported to different levels of the Bank's Management for Control and Compliance Monitoring.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

34 FAIR VALUE

In the opinion of the directors, the fair values of the Bank's financial assets and liabilities approximate their respective carrying amounts. Fair values are based on discounted cash flows using a discount rate based on the borrowing rate that directors expect would be available to the Bank at the reporting date.

The table below sets out the carrying amounts of each class of financial assets and liabilities, and their fair values:

As at 30 June 2014	Held for trading	Held to maturity	Loans and receivables	Available for sale	Other amortized cost	Total carrying amount	Fair value
ASSETS							
Cash balance	14,121,782	-	-	-	-	14,121,782	14,121,782
Foreign assets	320,175,663	45,382,585	226,528,421	38,178,393	-	630,265,062	630,265,062
International Monetary Fund Quota	-	-	84,493,646	-	-	84,493,646	84,493,646
Due from Government of Rwanda	-	-	38,573,120	-	-	38,573,120	38,573,120
Loan and advance to banks	-	-	769,663	-	-	769,663	769,663
Due from foreign financial institutions	-	-	-	-	-	-	-
Loan and advance to staff	-	-	8,432,664	-	-	8,432,664	8,432,664
Other assets	-	-	<u>100,238,991</u>	-	-	<u>100,238,991</u>	<u>100,238,991</u>
TOTAL ASSETS	334,297,445	<u>45,382,585</u>	<u>459,036,505</u>	<u>38,178,393</u>	<u>-</u>	<u>876,894,928</u>	<u>876,894,928</u>
LIABILITIES							
Currency in circulation	-	-	-	-	144,270,040	144,270,040	144,270,040
Government deposits	-	-	-	-	198,281,374	198,281,374	198,281,374
Due to local financial institutions	-	-	-	-	194,391,093	194,391,093	194,391,093
Due to International Monetary Fund	-	-	-	-	170,340,359	170,340,359	170,340,359
Foreign liabilities	-	-	-	-	12,572,651	12,572,651	12,572,651
Other liabilities	-	-	-	-	<u>86,986,031</u>	<u>86,986,031</u>	<u>86,986,031</u>
TOTAL LIABILITIES	-	-	-	-	<u>806,841,548</u>	<u>806,841,548</u>	<u>806,841,548</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

34. FAIR VALUE (Continued)

As at 30 June 2013	Held for trading	Held to maturity	Loans and receivables	Available for sale	Other amortized cost	Total carrying amount	Fair value
ASSETS							
Cash balance	-	-	16,760,156	-	-	16,760,156	16,760,156
Foreign assets	206,414,780	191,059,074	230,442,768	44,827,361	-	672,743,983	672,743,983
International Monetary Fund Quota	-	-	76,773,318	-	-	76,773,318	76,773,318
Due from Government of Rwanda	-	-	38,572,806	-	-	38,572,806	38,572,806
Loan and advance to banks	-	-	1,305,259	-	-	1,305,259	1,305,259
Due from foreign financial institutions	-	-	7,260,348	-	-	7,260,348	7,260,348
Loan and advance to staff	-	-	5,891,037	-	-	5,891,037	5,891,037
Other assets	-	-	17,593,873	-	-	17,593,873	17,593,873
TOTAL ASSETS	<u>206,414,780</u>	<u>191,059,074</u>	<u>394,599,565</u>	<u>44,827,361</u>	<u>=</u>	<u>836,900,780</u>	<u>836,900,780</u>
LIABILITIES							
Currency in circulation	-	-	-	-	137,666,268	137,666,268	137,666,268
Government deposits	-	-	-	-	309,967,457	309,967,457	309,967,457
Due to local financial institutions	-	-	-	-	155,154,090	155,154,090	155,154,090
Due to International Monetary Fund	-	-	-	-	158,642,599	158,642,599	158,642,599
Foreign liabilities	-	-	-	-	8,163,252	8,163,252	8,163,252
Other liabilities	-	-	-	-	15,014,338	15,014,338	15,014,338
TOTAL LIABILITIES	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>784,608,004</u>	<u>784,608,004</u>	<u>784,608,004</u>





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

35 Note on foreign assets financial instrument classification

35.1 Classification

	30-June-14 (Rwf '000')	30-June-13 (Rwf '000')
Held to maturity (HTM)		
Fixed term deposits (placement)	45,037,217	190,985,036
Accrued interest (USD, GBP & EURO)	<u>345,368</u>	<u>74,038</u>
	45,382,585	191,059,074
Loans and receivables (L&R)		
Special drawing rights (SDR)	84,962,876	78,999,839
Current account	<u>141,565,544</u>	<u>151,442,929</u>
Accrued interest (SDR)		
	226,528,421	230,442,768
Held for trading (HFT)		
Other foreign deposits (CAML & RAMP)	308,285,502	206,440,462
Available for sale (AFS)		
Other foreign assets not classified in HTM, L&R and HFT	<u>50,068,553</u>	<u>44,801,679</u>
Total foreign assets financial instruments	<u>630,265,062</u>	<u>672,743,983</u>

35.2 Assets classified as available for sale are foreign assets not classified in HTM, L&R and HFT

35.3 Effective interest rates of financial assets and liabilities ranges

Effective interest rate for the local market is derived from the average of the weekly average key repo lending rate (KRR), while for international market it is the rate quoted from Bloomberg forecasts

	2014	2013
Assets	%	%
Government consolidated debts	6.5	7.15
Deposits with overseas correspondent banks		
- current account	0.04	-
- term deposits (USD)	0.10	0.25
- term deposits (GBP)	0.475	0.50
- term deposits (EUR)	0.05	0.15
Call money		
- in USD	0.04	0.10
- in GBP	0.15	0.15
- in SDR	0.05	0.05
- in EUR	0.00	0.08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
Effective interest rate (continued)	%	%
Loan and advances		
- commercial banks	6.5	7.15
- employees	6.5	7.15

36. COMMITMENTS AND CONTINGENT LIABILITIES

Legal Proceedings

The bank is a party to legal proceedings for alleged breach of contract amounting to Rwf179,313,715million. Having regarded to the legal advice received, and in all circumstances, the directors are of the view that the Bank has a high chance of success against the plaintiffs and none of the cases individually or in aggregate would have a significant impact on the Bank's operations.

37. SUBSEQUENT EVENT

No subsequent events have taken place that requires adjustment or disclosure to the financial statements.



APPENDICES



MAJOR INDICATORS OF NATIONAL ECONOMY

Description	2006	2007	2008	2009	2010	2011	FY 11/12	2012	FY 12/13	2013	FY 13/14
Current GDP (in Rwf billion)	1 716	2 065	2 623	3 017	3 323	3 846	4 128	4 480	4 681	4 915	5 137
of which : primary sector, in % of GDP	39.3	35.1	32.7	33.9	32.6	32.3	32.6	33.1	34.0	33.0	33.0
Secondary sector, in % of GDP	11.5	12.4	12.6	12.3	12.9	14.4	14.2	14.2	15.0	14.7	15.0
Tertiary sector, in % of GDP	43.2	46.5	48.2	47.6	48.3	46.5	47.2	47.4	46.0	47.4	47.0
Constant GDP (in Rwf billion ,2011)	2 614	2 813	3 127	3 323	3 566	3 846	4 027	4 184	4 303	4 382	4 524
Growth rate (in %)	9.2	7.6	11.2	6.2	7.3	7.8	9.5	8.8	6.8	4.7	5.1
of which : primary sector	2.8	2.6	6.4	7.7	5.0	4.7	8.0	6.5	3.9	3.3	3.0
Secondary sector	11.7	9.0	15.1	1.3	8.4	17.8	13.0	8.3	11.3	9.4	6.0
Tertiary sector	13.3	12.2	13.8	6.2	9.2	8.0	10.0	11.6	7.7	5.3	7.0
Inflation rate	8.8	9.1	15.4	10.3	2.3	5.7	7.5	6.3	4.6	4.2	3.4
Current GDP per capita (In USD)	342	402	494	537	565	627	641.2	681	694.9	693	703
Growth rate (in %)	15.2	17.5	22.9	8.7	5.2	11.0	12.4	8.6	8.4	1.8	1.1
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	100.0
Private Consumption	80.1	80.4	76.1	81.5	82.2	81.4	81.7	77.6	74.5	ND	75.5
Public Consumption	18.1	17.1	15.7	16.5	17.0	16.6	15.3	17.5	17.2	ND	15.0
Gross Domestic Investment	16.0	18.6	22.1	21.4	21.4	22.1	21.9	23.8	24.1	ND	27.6
Resource Balance	-14.2	-16.1	-14.0	-19.6	-20.6	-20.1	-18.9	-18.9	-15.8	ND	-18.1
Balance of current payments (+net transfers), in % of GDP	-4.3	-2.2	-5.2	-8.2	-7.0	-7.0	ND	-11.6	-7.6	-7.2	-6.8
Gross reserves, in number of months of imports of goods and non factor services(GNFS)	6.8	7.0	5.1	6.2	6.0	5.8	ND	4.2	5.1	5.0	4.4
Tax revenues, in % of GDP	11	12.0	13	12	13	13.1	ND	ND	14.1	ND	14.8
Budget deficit (cash basis), in % of GDP	-1.0	-1.3	0.1	-1.3	-2.0	-0.5	ND	ND	-5.6	ND	-4.3
External debt stock (USD million)	481.7	566.7	665.6	736.6	766.6	984.7	ND	1 062	1 501.5	ND	1 670.2
External debt Service in % of export earnings	23.9	7.1	5.6	7.5	6.0	5.1	ND	4.5	6.4	ND	14.1

Source: BNR





GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (In Rwf billion , at current prices)

Appendix 2

DESCRIPTION	2006	2007	2008	2009	2010	2011	FY 11/12	2012	FY 12/13	2013	FY 13/14
Agriculture	675	725	858	1 022	1 082	1 244	1 347	1 483	1 584	1 624	1 713
Food crops	428	489	551	687	719	845	927	1 025	1 110	1 162	1 234
Export crops	66	47	64	61	75	78	78	100	104	79	86
Livestock & livestock products	65	68	87	104	109	122	130	137	144	152	159
Forestry	111	114	148	159	169	185	196	204	210	212	215
Fishing	6	7	9	10	12	14	15	16	16	18	20
Industry	198	256	331	372	428	554	586	638	696	724	754
Mining & quarrying	16	31	37	24	33	74	71	70	81	89	92
TOTAL MANUFACTURING	91	100	128	159	181	204	220	234	247	253	264
Manufacturing of food	22	22	29	36	42	50	53	55	59	59	62
Manufacturing of beverages & tobacco	42	46	61	84	91	99	106	115	122	127	133
Manufacturing of textiles, clothing & leather goods	5	5	6	6	7	8	9	9	8	9	9
Manufacturing of wood & paper; printing	8	10	11	12	14	14	14	16	17	17	18
Manufacturing of chemicals, rubber & plastic products	5	6	7	7	7	9	10	10	10	10	10
Manufacturing of non-metallic mineral products	4	5	6	6	7	9	9	10	11	11	12
Manufacturing of metal products, machinery & equipment	3	3	4	4	6	9	11	11	11	10	10
Furniture & other manufacturing	2	3	4	4	6	8	8	9	9	10	10
Electricity	5	11	7	8	10	11	13	15	16	17	18
Water & waste management	5	13	9	10	12	14	14	15	15	15	16
Construction	81	102	150	171	193	251	267	304	337	350	364
Services	742	960	1 265	1 435	1 604	1 790	1 947	2 123	2 169	2 327	2 399
TRADE & TRANSPORT	226	283	416	458	520	592	651	707	734	758	804
Maintenance & repair of motor vehicles	7	9	13	15	16	19	20	21	22	23	23
Wholesale & retail trade	177	222	331	361	408	466	512	553	571	589	625
Transport services	42	52	71	82	95	107	119	133	141	147	156
OTHER SERVICES	516	677	849	977	1 084	1 198	1 295	1 415	1 435	1 569	1 595
Hotels & restaurants	54	65	79	83	93	100	103	106	108	110	114
Information & communication	37	47	63	73	84	93	106	117	117	116	121
Financial services	51	61	68	68	86	108	120	182	150	216	164
Real estate activities	102	155	214	260	271	286	293	283	272	280	295
Professional, scientific and technical activities	35	53	73	89	93	97	105	110	113	119	122
Administrative and support service activities	36	55	76	93	97	102	109	115	120	124	130
Public administration and defence; compulsory social security	53	60	70	81	95	115	135	147	158	165	173
Education	43	54	64	81	98	122	136	150	176	201	214
Human health and social work activities	16	21	26	32	37	39	45	49	52	56	62
Cultural, domestic & other services	89	104	117	119	130	137	144	156	170	182	199
Taxes less subsidies on products	101	124	169	188	209	258	249	237	232	239	271
GROSS DOMESTIC PRODUCT	1 716	2 065	2 623	3 017	3 323	3 846	4 128	4 480	4 681	4 915	5 137

Source: National Institute of Statistics of Rwanda (NISR)

GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (In Rwf billion , at 2011 constant prices)

Appendix 3

DESCRIPTION	2006	2007	2008	2009	2010	2011	FY 11/12	2012	FY 12/13	2013	FY 13/14
Agriculture	962	987	1 051	1 132	1 188	1 244	1 286	1 324	1 365	1 368	1 402
Food crops	634	660	701	767	805	845	883	905	934	938	964
Export crops	86	61	79	67	76	78	76	85	90	81	81
Livestock & livestock products	104	107	109	113	118	122	126	129	133	138	143
Forestry	159	164	171	175	180	185	188	191	195	197	199
Fishing	12	12	13	13	13	14	13	14	14	14	14
Industry	341	372	428	434	471	554	571	601	638	657	678
Mining & quarrying	56	80	67	55	49	74	72	68	75	82	86
TOTAL MANUFACTURING	158	159	168	172	189	204	212	216	222	226	232
<i>Manufacturing of food</i>	40	38	41	44	48	50	51	50	53	54	57
<i>Manufacturing of beverages & tobacco</i>	85	84	86	90	92	99	101	103	105	107	108
<i>Manufacturing of textiles, clothing & leather goods</i>	8	8	8	8	8	8	9	9	8	9	9
<i>Manufacturing of wood & paper; printing</i>	11	12	13	14	15	14	14	16	17	17	18
<i>Manufacturing of chemicals, rubber & plastic products</i>	7	7	7	7	8	9	9	9	9	9	8
<i>Manufacturing of non-metallic mineral products</i>	7	7	7	7	7	9	9	10	11	11	11
<i>Manufacturing of metal products, machinery & equipment</i>	4	4	5	5	7	9	10	11	11	9	10
<i>Furniture & other manufacturing</i>	3	4	4	4	6	8	8	8	9	9	10
Electricity	6	6	8	9	10	11	13	13	14	14	15
Water & waste management	7	8	9	10	12	14	14	15	15	15	16
Construction	125	144	184	187	203	251	260	288	312	319	329
Services	1 118	1 255	1 428	1 518	1 657	1 790	1 907	1 997	2 044	2 103	2 189
TRADE & TRANSPORT	348	399	482	508	554	592	640	680	698	719	757
Maintenance and repair of motor vehicles	11	13	15	16	17	19	19	20	21	21	22
Wholesale & retail trade	278	319	381	396	432	466	505	532	545	562	592
Transport services	60	70	86	94	102	107	115	127	132	136	143
OTHER SERVICES	776	859	944	1 008	1 102	1 198	1 267	1 317	1 346	1 384	1 432
Hotels & restaurants	87	89	94	89	96	100	103	106	107	109	111
Information & communication	53	61	75	82	89	93	110	123	123	123	130
Financial services	66	74	76	72	89	108	113	121	129	135	136
Real estate activities	205	227	262	283	286	286	289	285	280	287	295
Professional, scientific and technical activities	70	77	89	97	98	97	101	103	104	107	109
Administrative and support service activities	73	81	93	101	102	102	105	109	111	112	116
Public administration and defence; compulsory social security	74	78	82	88	100	115	132	140	149	153	158
Education	67	77	83	96	104	122	127	131	134	137	142
Human health and social work activities	22	25	28	33	38	39	46	48	47	50	51
Cultural, domestic & other services	117	133	136	129	138	137	141	152	162	170	184
Taxes less subsidies on products	190	198	221	242	254	258	263	262	256	254	255
GROSS DOMESTIC PRODUCT	2 614	2 813	3 127	3 323	3 566	3 846	4 027	4 184	4 303	4 382	4 524



Source: National Institute of Statistics of Rwanda (NISR)


USES AND RESOURCES OF GDP (nominal)
(In Rwf billion)

Appendix 4

DESCRIPTION	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
Gross Domestic Product	1 904	2 284	2 882	3 157	3 523	4 128	4 681	5 137
Total final consumption expenditure	1 826	2 115	2 642	3 031	3 296	3 838	4 218	4 689
Government	314	349	414	457	479	634	645	791
Households and NGOs	1 511	1 766	2 227	2 574	2 817	3 205	3 573	3 898
Gross capital formation	331	488	737	702	836	996	1 253	1 355
Gross fixed capital formation	318	473	717	681	817	957	1 205	1 302
Construction	232	296	427	434	528	645	820	888
Other	86	177	290	247	289	313	385	414
Change in inventories	13	16	20	22	19	38	49	53
Resource balance	-253	-319	-497	-576	-609	-706	-791	-907
Exports of goods & services	204	305	340	315	423	560	650	700
Goods (fob)	83	125	128	128	202	301	369	375
Services	121	180	212	186	221	259	281	324
Imports of goods & services	457	624	837	891	1 032	1 266	1 441	1 606
Goods (fob)	272	405	587	643	762	967	1 090	1 205
Services (in constant prices)	186	219	250	248	269	299	350	402
Gross Domestic Product	2 742	2 968	3 256	3 417	3 656	4 027	4 303	4 524
Total final consumption expenditure	2 606	2 709	2 975	3 213	3 376	3 723	3 857	4 095
Government	389	410	447	472	489	614	589	679
Households and NGOs	2 217	2 299	2 528	2 741	2 887	3 110	3 268	3 416
Gross capital formation	514	641	821	755	876	976	1 183	1 248
Gross fixed capital formation	495	621	799	731	857	939	1 138	1 200
Construction	320	378	466	455	540	626	761	802
Other	176	243	333	276	317	313	377	398
Change in inventories	19	20	22	23	20	38	45	48
Resource balance	-378	-383	-541	-550	-596	-673	-737	-819
Exports of goods & services	367	434	405	382	459	571	669	740
Goods (fob)	127	168	148	144	207	311	378	417
Services	239	266	256	238	252	260	291	323
Imports of goods & services	745	817	945	932	1 055	1 244	1 407	1 559
Goods (fob)	421	512	638	651	774	952	1 065	1 178
Services	324	305	307	281	281	292	342	381

Source : National Institute of Statistics of Rwanda

MONTHLY EVOLUTION OF CONSUMER PRICE

Appendix 5

(For the general index and the divisions index)

Base 100 : February 2014

		2012-2013												2013-2014											
Divisions	Weights	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
01. Food and non-alcoholic beverages	2 819	95.8	97.6	98.1	98.1	97.1	94.9	95.1	95.3	96.8	99.3	99.0	99.7	99.6	102.4	105.7	106.2	103.3	98.6	97.5	100.0	101.9	103.1	101.9	101.6
- Bread and cereals	530	98.8	98.9	98.8	99.5	100.5	101.5	101.4	100.4	99.8	100.0	99.4	98.5	97.6	97.2	97.5	98.4	99.8	100.0	100.4	100.0	99.6	99.5	100.5	102.1
- Meat	209	98.9	99.2	99.0	99.3	99.6	100.2	99.9	99.5	99.9	99.3	99.9	100.6	100.1	99.4	99.5	98.9	99.8	100.2	100.6	100.0	100.0	100.5	100.8	99.9
- Fish	170	86.6	83.7	83.6	84.5	82.6	81.8	81.7	85.3	94.3	97.3	97.2	96.5	97.7	99.7	97.5	101.0	104.2	100.1	94.3	100.0	100.4	103.6	101.4	101.8
- Vegetables	1 013	100.0	105.2	105.7	104.3	100.1	92.7	93.9	95.6	100.0	105.1	104.2	109.2	108.6	115.3	122.5	121.1	110.6	96.7	92.7	100.0	105.1	106.9	104.5	104.0
- Non-alcoholic beverages	130	93.6	95.5	95.8	95.2	95.3	94.7	95.9	96.9	97.0	96.9	97.0	97.0	98.9	99.5	99.2	98.7	98.3	99.2	101.0	100.0	99.0	100.2	100.0	99.3
02. Alcoholic beverages and tobacco	276	91.7	91.8	91.7	91.9	91.9	91.9	91.7	92.0	93.6	94.8	94.7	96.8	95.6	96.3	95.1	97.0	97.3	98.1	99.9	100.0	100.1	104.1	102.2	102.8
03. Clothing and footwear	422	94.7	94.9	95.0	95.6	95.5	95.9	96.7	95.9	95.5	96.4	96.3	96.3	95.4	96.1	94.2	94.9	96.0	96.6	98.6	100.0	99.7	99.3	100.8	100.6
04. Housing, water, electricity, gas and other fuels	2 296	99.7	99.5	99.4	100.2	100.0	99.5	99.5	99.9	99.8	101.0	101.8	99.7	99.5	99.8	100.0	100.2	99.8	99.5	99.6	100.0	100.0	100.6	100.4	100.5
05. Furnishing, household equipment and routine household maintenance	408	96.9	98.8	99.2	99.0	99.1	99.7	99.3	99.9	100.2	100.2	100.3	100.5	100.5	99.6	100.1	99.6	99.6	99.5	99.6	100.0	101.1	100.6	100.8	100.6
06. Health	91	90.8	90.9	91.0	90.9	90.7	90.4	90.5	90.1	90.1	90.7	90.8	91.1	91.1	91.5	91.6	91.1	91.1	91.5	100.7	100.0	100.4	100.3	100.3	100.2
07. Transport	1 774	98.3	97.5	97.4	98.5	98.9	99.3	98.3	98.5	99.0	99.6	99.5	99.2	98.8	99.0	98.8	99.2	100.1	100.1	100.0	100.0	99.4	99.4	98.7	95.8
08. Communication	278	102.7	102.5	102.2	101.5	101.5	101.2	101.7	101.8	101.5	101.7	101.5	100.9	100.9	100.9	100.9	100.9	100.9	100.9	100.9	100.0	100.0	100.0	100.0	100.0
09. Recreation and culture	213	99.1	99.8	100.1	100.1	100.5	100.6	101.8	101.6	101.3	102.2	101.6	101.0	101.3	101.3	101.9	101.1	101.2	101.1	101.0	100.0	100.1	100.0	100.8	102.8
10. Education	587	69.1	69.1	69.1	69.1	69.1	69.1	93.4	93.4	93.4	93.4	93.4	93.4	93.4	93.4	93.4	93.4	93.4	93.4	100.0	100.0	100.0	100.0	100.0	100.0
11. Restaurants and hotels	430	89.9	89.5	90.2	90.2	89.6	89.6	90.1	90.8	90.9	90.8	90.8	93.4	95.2	94.8	95.4	96.1	97.1	97.8	98.1	100.0	100.3	100.3	100.5	100.7
12. Miscellaneous goods and services	408	95.0	94.8	95.2	95.4	95.5	95.9	97.0	97.7	98.0	97.8	98.2	97.5	97.7	98.6	98.4	98.2	98.4	98.6	99.2	100.0	99.7	100.3	100.5	101.5
GENERAL INDEX	10 000	95.2	95.9	96.1	96.4	96.0	95.2	96.5	96.7	97.3	98.6	98.7	98.7	98.6	99.7	101.0	101.3	100.4	98.6	98.8	100.0	100.7	101.3	100.6	100.1
Monthly changes		0.1	0.7	0.2	0.3	-0.4	-0.8	1.4	0.2	0.7	1.3	0.0	0.0	-0.1	1.2	1.2	0.3	-0.9	-1.7	0.2	1.2	0.7	0.6	-0.7	-0.5
Changes over 12 months		5.6	5.8	5.6	5.4	4.5	3.9	5.7	4.8	3.2	4.4	3.0	3.7	3.5	4.0	5.1	5.1	4.6	3.6	2.4	3.4	3.4	2.7	1.9	1.4

Source : BNR





December 2010 = 100

Activity	Weights	YEAR 2013- 2014											
		juil-13	août-13	sept-13	oct-13	nov-13	déc-13	janv-14	févr-14	mars-14	avr-14	mai-14	juin-14
Rwanda	1000	109.52	110.80	108.65	109.93	108.92	109.80	110.81	109.05	111.38	109.74	107.78	107.31
Mining and quarrying	96	106.82	115.33	113.88	117.93	114.80	114.63	123.29	122.31	131.23	130.26	121.37	124.74
Mining of metal ores	96	106.82	115.33	113.88	117.93	114.80	114.63	123.29	122.31	131.23	130.26	121.37	124.74
Mining of non-ferrous metal ores	96	106.82	115.33	113.88	117.93	114.80	114.63	123.29	122.31	131.23	130.26	121.37	124.74
Mining of other non-ferrous metal ores	96	106.82	115.33	113.88	117.93	114.80	114.63	123.29	122.31	131.23	130.26	121.37	124.74
Manufacturing	714	110.51	111.17	108.32	109.54	108.54	109.83	110.02	107.54	109.45	107.08	105.72	104.66
Manufacture of food products	376	108.84	109.94	104.53	106.60	104.76	107.23	107.73	102.97	106.58	101.21	98.55	96.19
Processing and preserving of meat	23	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05
Processing and preserving of meat	23	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05	100.05
Processing and preserving of fruit and vegetables	2	122.85	122.85	122.85	125.69	125.69	125.98	125.98	125.98	125.98	126.76	127.62	129.77
Processing and preserving of fruit and vegetables	2	122.85	122.85	122.85	125.69	125.69	125.98	125.98	125.98	125.98	126.76	127.62	129.77
Manufacture of dairy products	11	89.60	89.60	89.60	85.98	85.98	85.98	85.98	85.98	85.98	85.98	85.98	85.98
Manufacture of dairy products	11	89.60	89.60	89.60	85.98	85.98	85.98	85.98	85.98	85.98	85.98	85.98	85.98
Manufacture of grain mill products	42	108.20	108.20	105.81	105.87	106.01	105.97	101.66	101.45	101.38	99.73	99.83	99.64
Manufacture of grain mill products	42	108.20	108.20	105.81	105.87	106.01	105.97	101.66	101.45	101.38	99.73	99.83	99.64
Manufacture of other food products	299	110.10	111.41	105.01	107.72	105.35	108.47	109.65	103.73	108.31	101.79	98.46	95.49
Manufacture of bakery products	6	118.35	118.35	118.35	125.93	117.63	118.23	119.37	119.37	119.37	118.85	118.85	118.85
Manufacture of sugar	148	100.58	100.28	95.98	96.62	95.84	95.60	96.26	88.88	89.79	94.30	94.50	92.64
Manufacture of other food products n.e.c. (coffee and tea)	146	118.41	120.85	112.17	116.68	112.90	119.30	120.29	115.36	122.53	106.77	101.16	97.16
Manufacture of coffee products	66	129.90	130.10	122.25	129.33	125.36	130.93	136.44	125.51	133.32	113.91	108.59	106.79
Manufacture of tea products	80	106.45	111.61	102.57	104.35	100.27	107.39	104.17	104.49	111.92	99.81	94.23	88.08

Source:BNR

December 2010 = 100

Activity	Weights	YEAR 2013- 2014											
		Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Rwanda	1000	109.52	110.80	108.65	109.93	108.92	109.80	110.81	109.05	111.38	109.74	107.78	107.31
Manufacture of beverages	174	119.11	119.11	119.11	119.11	119.05	119.06	118.95	118.97	118.97	119.47	119.00	118.88
Manufacture of beverages	174	119.11	119.11	119.11	119.11	119.05	119.06	118.95	118.97	118.97	119.47	119.00	118.88
Manufacture of wines	2	98.26	98.26	98.26	98.26	98.26	98.26	98.26	98.26	98.26	98.26	98.26	98.26
Manufacture of malt liquors and malt	169	119.39	119.39	119.39	119.39	119.39	119.39	119.39	119.39	119.39	119.91	119.43	119.31
Manufacture of soft drinks; production of mineral waters and other bottled waters	3	114.65	114.65	114.65	114.65	111.59	111.59	105.79	105.79	105.79	105.79	105.79	105.79
Manufacture of tobacco products	3	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	107.92	107.92
Manufacture of tobacco products	3	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	107.92	107.92
Manufacture of tobacco products	3	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	107.92	107.92
Manufacture of textiles	5	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56
Manufacture of other textiles	5	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56
Manufacture of made-up textile articles, except apparel	5	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56	85.56
Manufacture of leather and related products	24	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97
Manufacture of footwear	24	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97
Manufacture of footwear	24	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97	101.97
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	1	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51
Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	1	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51
Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials.	1	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51	111.51

Source:BNR



December 2010 = 100

Activity	Weights	YEAR 2013- 2014											
		juil-13	août-13	sept-13	oct-13	nov-13	déc-13	janv-14	févr-14	mars-14	avr-14	mai-14	juin-14
Rwanda	1000	109.52	110.80	108.65	109.93	108.92	109.80	110.81	109.05	111.38	109.74	107.78	107.31
Manufacture of paper and paper products	2	98.61	98.61	98.61	98.61	98.61	98.61	98.61	98.61	98.61	95.83	95.83	95.83
Manufacture of paper and paper products	2	98.61	98.61	98.61	98.61	98.61	98.61	98.61	98.61	98.61	95.83	95.83	95.83
Manufacture of other articles of paper and paperboard	2	98.61	98.61	98.61	98.61	98.61	98.61	98.61	98.61	98.61	95.83	95.83	95.83
Printing and reproduction of recorded media	19	94.85	95.78	96.14	97.79	97.79	97.79	98.44	97.71	97.89	98.34	98.34	98.05
Printing and service activities related to printing	19	94.85	95.78	96.14	97.79	97.79	97.79	98.44	97.71	97.89	98.34	98.34	98.05
Printing and service activities related to printing (to combine 1811 and 1812)	19	94.85	95.78	96.14	97.79	97.79	97.79	98.44	97.71	97.89	98.34	98.34	98.05
Manufacture of chemicals and chemical products	29	114.34	114.17	112.91	113.39	113.10	113.07	113.23	112.97	113.29	113.36	112.73	113.06
Manufacture of other chemical products	29	114.34	114.17	112.91	113.39	113.10	113.07	113.23	112.97	113.29	113.36	112.73	113.06
Manufacture of paints, varnishes and similar coatings, printing ink and mastics	8	105.75	105.75	105.75	105.75	105.75	105.75	105.75	105.75	105.75	105.75	105.75	105.75
Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations	18	116.57	116.57	116.57	116.57	116.57	116.57	116.57	116.57	116.43	116.43	116.43	116.43
Manufacture of other chemical products n.e.c.	2	125.42	122.41	108.66	114.12	110.66	110.20	112.17	109.06	113.91	114.82	107.38	111.10
Manufacture of pharmaceuticals, medicinal chemical and botanical products	0	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08
Manufacture of pharmaceuticals, medicinal chemical and botanical products	0	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08
Manufacture of pharmaceuticals, medicinal chemical and botanical products	0	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08	100.08
Manufacture of rubber and plastics products	11	99.80	99.80	99.80	99.80	99.80	99.80	100.90	100.91	100.91	100.89	100.89	100.89
Manufacture of rubber products	3	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	3	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Manufacture of plastics products	8	99.72	99.72	99.72	99.72	99.72	99.72	101.28	101.28	101.28	101.26	101.26	101.26
Manufacture of plastics products	8	99.72	99.72	99.72	99.72	99.72	99.72	101.28	101.28	101.28	101.26	101.26	101.26

December 2010 = 100

Activity	Weights	YEAR 2013- 2014											
		juil-13	août-13	sept-13	oct-13	nov-13	déc-13	janv-14	févr-14	mars-14	avr-14	mai-14	juin-14
Rwanda	1000	109.52	110.80	108.65	109.93	108.92	109.80	110.81	109.05	111.38	109.74	107.78	107.31
Manufacture of other non-metallic mineral products	31	103.73	103.73	103.73	103.91	103.91	103.91	104.25	104.25	104.25	103.91	103.91	103.91
Manufacture of non-metallic mineral products n.e.c.	31	103.73	103.73	103.73	103.91	103.91	103.91	104.25	104.25	104.25	103.91	103.91	103.91
Manufacture of non-metallic mineral products n.e.c.	31	103.73	103.73	103.73	103.91	103.91	103.91	104.25	104.25	104.25	103.91	103.91	103.91
Manufacture of fabricated metal products, except machinery and equipment	29	103.04	104.84	105.26	105.32	105.32	105.32	104.75	104.69	104.07	109.36	107.87	109.69
Manufacture of fabricated metal products, except machinery and equipment	29	103.04	104.84	105.26	105.32	105.32	105.32	104.75	104.69	104.07	109.36	107.87	109.69
Manufacture of fabricated metal products, except machinery and equipment	29	103.04	104.84	105.26	105.32	105.32	105.32	104.75	104.69	104.07	109.36	107.87	109.69
Manufacture of electrical equipment	1	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63
Manufacture of batteries and accumulators	1	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63
Manufacture of batteries and accumulators	1	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63	102.63
Manufacture of furniture	9	109.61	109.61	109.61	110.29	110.29	110.29	107.25	107.25	107.25	112.93	112.93	112.93
Manufacture of furniture	9	109.61	109.61	109.61	110.29	110.29	110.29	107.25	107.25	107.25	112.93	112.93	112.93
Manufacture of furniture	9	109.61	109.61	109.61	110.29	110.29	110.29	107.25	107.25	107.25	112.93	112.93	112.93
Electricity, gas, steam and air conditioning supply	58	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79
Electricity, gas, steam and air conditioning supply	58	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79
Electric power generation, transmission and distribution	58	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79
Electric power generation, transmission and distribution	58	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79	119.79
Water supply; sewerage, waste management and remediation activities	129	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Water collection, treatment and supply	129	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Water collection, treatment and supply	129	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Water collection, treatment and supply	129	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Information and communication	3	117.16	117.16	117.16	117.16	117.16	117.16	117.16	117.16	117.16	118.54	118.42	118.42
Publishing activities	3	117.16	117.16	117.16	117.16	117.16	117.16	117.16	117.16	117.16	118.54	118.42	118.42
Publishing of books, periodicals and other publishing activities	3	117.16	117.16	117.16	117.16	117.16	117.16	117.16	117.16	117.16	118.54	118.42	118.42
Book publishing	1	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	109.61	109.61	109.61
Publishing of newspapers, journals and periodicals	3	120.03	120.03	120.03	120.03	120.03	120.03	120.03	120.03	120.03	120.03	120.03	120.03

Source: BNR





CONSOLIDATED FINANCIAL OPERATIONS OF THE CENTRAL GOVERNMENT (In FRW billion)

Appendix 7

Descriptor	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue and grants	388,1	518,2	670,8	800,7	863,4	1 049,1	1 101,3	1 336,4
Total revenue	233,3	290,3	413,1	391,4	484,3	591,7	736,4	862,1
Tax revenue	217,6	272,5	361,4	376,4	463,7	557,0	651,9	761,1
Direct taxes	73,6	103,3	130,1	148,8	180,9	228,5	282,0	311,1
Taxes on goods and services	109,8	135,0	179,3	195,0	245,1	282,6	315,1	394,1
Taxes on international trade	34,2	34,2	52,0	32,6	37,8	45,9	54,8	55,9
Non-tax revenue	15,7	17,8	51,7	15,0	20,6	34,7	84,5	101,0
Total Grants	154,8	227,9	257,7	409,3	379,0	457,4	364,9	474,3
Budgetary grants	101,4	168,1	167,0	283,0	215,0	265,7	190,0	171,0
Capital grants	53,4	59,8	90,7	126,3	164,0	191,7	174,9	303,3
Total expenditure and net lending	414,3	521,7	731,3	804,0	984,3	1 098,1	1 335,6	1 538,9
Current expenditure	266,6	348,9	401,7	459,1	527,0	614,1	633,9	776,7
Wages and salaries	71,5	76,3	90,8	106,9	122,0	144,8	168,9	187,9
Purchases of goods and services	66,4	81,6	103,2	106,3	124,1	149,5	123,1	142,5
Interest payments	12,8	13,5	11,4	n 14,7	15,6	18,4	30,7	40,4
Domestic Int (paid)	8,7	11,1	7,4	10,1	10,9	13,2	15,7	14,8
External Int (paid)	4,1	2,4	4,0	4,6	4,7	5,2	15,0	25,6
Transfers	82,4	121,8	141,6	179,6	197,2	225,6	230,8	286,8
Exceptional social expenditure	33,5	55,7	54,7	51,6	68,1	75,8	80,4	119,1
Capital expenditure	131,8	188,2	306,7	316,7	438,6	482,9	564,5	712,0
Domestic	42,5	87,6	139,7	159,3	218,9	231,6	239,4	320,2
Foreign	89,3	100,6	167,0	157,4	219,7	251,3	325,1	391,9
Net lending	15,9	-15,4	22,9	28,2	18,7	1,1	137,2	50,2
Primary deficit (including exceptional)	-63,0	-132,7	-116,9	-212,3	-245,9	-235,6	-106,2	-194,4
Overall deficit (payment order)								
Including grants	-26,2	-3,5	-60,5	-3,3	-120,9	-49,0	-234,3	-202,6
Excluding grants	-181,0	-231,4	-318,2	-412,6	-500,0	-506,4	-599,2	-676,9
Change in arrears (net reduction-)	-7,0	-8,6	-9,0	-11,2	-11,9	-13,7	-9,1	-16,1
Domestic	-7,0	-8,6	-9,0	-11,2	-11,9	-13,7	-9,1	-16,1
Overall deficit (cash basis) - including grants	-33,2	-12,1	-69,5	-14,5	-132,8	-62,7	-243,4	-218,7
Financing	33,2	12,2	69,4	14,7	132,8	56,8	243,4	218,7
Foreign financing (net)	39,2	42,8	72,6	26,1	68,5	95,0	338,6	104,7
Drawings	44,8	47,9	77,0	31,1	76,4	104,7	354,1	115,8
Amortization (due)	-5,6	-5,1	-4,4	-5,0	-7,9	-9,7	-15,5	-11,0
Domestic financing	2,1	-31,5	-3,2	-9,7	64,2	-38,2	-95,2	114,0
Banking system (Monetary Survey)	-7,2	-13,4	18,0	8,4	77,6	-15,4	-144,3	150,6
Non bank (Net)	9,3	-18,1	-21,2	-18,1	-19,6	-22,8	24,3	-30,8
Errors and omissions/ Adjustment-Deposit drawdown	-8,1	0,9	0,0	-1,7	0,0	-5,8	24,8	-5,9

Source: MINECOFIN

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 AND AB BNK)*

Appendix 8

(in FRW million)

ASSETS														
DESCRIPTION	CLAIMS ON BNR					FOREIGN ASSETS	CLAIMS ON BANKS	CLAIMS ON GOVERNMENT**	CREDIT TO ECONOMY				ASSETS NON CLASSIFIED ELSEWHERE	TOTAL ASSETS
	Reserves		Total Reserves	Other Claims	Total claims				CLAIMS ON PUBLIC ENTREPRISES	CLAIMS ON PRIVATE SECTOR	CLAIMS ON OTHER FINANCIAL INSTITUTIONS	TOTAL CLAIMS ON THE ECONOMY		
	Deposits	Cash in vault												
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	341 579.2	8 022.8	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	388 483.0	2 094.6	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	498 837.9	3 482.1	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	5 092.5	601 470.4	148 699.4	1 165 466.0
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	703 675.1	5 228.8	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	796 701.7	6 759.0	806 180.7	175 341.2	1 692 638.6
2013														
January	55 529.3	20 841.9	76 371.2	20 000.0	96 371.2	165 586.1	19 842.7	85 421.8	815.6	674 481.7	8 151.3	683 448.6	157 367.0	1 208 037.3
February	57 549.6	22 727.3	80 276.9	27 500.0	107 776.9	177 205.5	18 327.5	82 235.0	882.6	682 337.3	5 329.9	688 549.7	155 851.6	1 229 946.3
March	64 282.2	20 195.9	84 478.2	17 000.0	101 478.2	175 097.7	16 162.5	89 291.5	803.5	692 237.6	5 787.8	698 829.0	157 470.5	1 238 329.3
April	58 923.4	22 711.6	81 635.0	24 700.0	106 335.0	163 996.8	18 333.0	93 392.8	874.8	702 266.4	6 524.7	709 665.9	159 296.6	1 251 020.2
May	60 083.5	22 335.6	82 419.0	56 450.0	138 869.0	157 478.8	23 880.4	84 194.6	1 045.4	698 620.9	3 159.5	702 825.8	153 812.1	1 261 060.6
June	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	703 675.1	5 228.8	709 902.0	171 700.9	1 326 065.4
July	62 934.1	23 816.2	86 750.3	42 507.5	129 257.9	171 001.6	21 870.0	115 973.8	964.5	709 086.5	8 247.1	718 298.1	162 586.5	1 318 988.0
August	60 863.2	21 722.8	82 586.1	56 506.0	139 092.1	176 603.1	24 948.5	128 730.0	777.3	720 823.6	5 778.9	727 379.8	171 925.5	1 368 678.9
September	68 214.7	25 003.0	93 217.8	56 506.7	149 724.4	178 756.6	25 701.2	127 055.5	1 034.8	722 618.9	6 192.7	729 846.4	177 207.2	1 388 291.3
October	63 227.9	22 528.6	85 756.5	40 500.6	126 257.1	175 432.2	28 464.6	136 998.5	1 079.7	733 982.8	6 184.8	741 247.3	181 145.2	1 389 544.8
November	75 149.8	20 018.7	95 168.4	39 486.2	134 654.6	182 667.2	29 235.5	152 071.8	1 187.3	741 268.5	10 062.6	752 518.4	168 077.3	1 419 224.8
December	68 926.0	24 287.3	93 213.3	30 676.5	123 889.8	206 097.4	33 330.5	155 152.7	1 253.3	736 898.0	11 544.1	749 695.4	164 246.4	1 432 412.2
2014														
January	73 933.7	21 426.6	95 360.3	17 049.3	112 409.6	206 036.6	42 705.3	154 636.1	2 380.0	753 398.6	10 700.7	766 479.3	177 452.3	1 459 719.3
February	65 883.4	23 455.5	89 338.9	27 164.2	116 503.1	217 401.2	46 551.6	153 520.7	2 889.4	766 546.1	9 648.8	779 084.3	170 867.2	1 483 928.0
March	72 788.5	23 900.2	96 688.7	35 463.9	132 152.6	225 621.8	43 850.4	156 885.7	2 527.5	770 610.5	7 944.4	781 082.5	162 506.1	1 502 099.0
April	81 561.1	22 610.6	104 171.7	17 166.0	121 337.7	304 820.2	45 237.3	157 597.6	2 628.5	787 869.2	7 928.7	798 426.4	170 044.6	1 597 463.8
May	74 984.9	21 722.8	96 707.6	54 209.9	150 917.5	287 276.1	41 974.4	167 585.7	2 692.0	799 390.5	8 052.8	810 135.4	170 827.3	1 628 716.5
June	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	796 701.7	6 759.0	806 180.7	175 341.2	1 692 638.6

Source: BNR

* : 1) Includes BHR from December 2005 to November 2011

2) Includes UOB since August 2007

3) Includes CCP between December 2008 and November 2011

4) Includes KCB since January 2009

5) Includes ZIGAMA-CSS since December 2009

6) Includes UNGUKA and AGASEKE since November 2011

7) Includes EQUITY since December 2011

8) Includes AB Bank since January 2014

** : Includes local governments since December 2006



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 AND AB BNK)*
(in FRW million)

Appendix 8 (Cont'd)



LIABILITIES											
DESCRIPTION	DEPOSITS INCLUDED IN BROAD MONEY					FOREIGN LIABILITIES	BNR LOAN	SHARES AND OTHER EQUITY	BANKS DEPOSITS	LIABILITIES NON CLASSIFIED ELSEWHERE	TOTAL LIABILITIES
			FOREIGN CURRENCY	SUB-TOTAL							
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	377 348.1	296 500.9	160 615.7	834 464.8	55 084.2	78 703.5	1 269.4	195 802.0	20 818.8	139 922.8	1 326 065.6
June 2014	433 614.5	391 955.3	264 951.0	1 090 520.9	48 257.0	119 388.9	225.9	212 250.7	47 733.2	174 263.7	1 692 640.2
2013											
January	305 836.9	298 850.6	148 675.9	753 363.4	47 030.2	63 408.7	1 307.8	189 376.8	19 767.2	133 782.6	1 208 036.7
February	306 639.8	305 114.4	160 777.8	772 532.1	48 197.3	63 647.8	1 295.0	191 248.9	18 465.0	134 560.9	1 229 946.9
March	304 783.1	303 579.6	157 244.5	765 607.1	58 674.4	65 937.6	1 334.3	193 191.1	16 734.2	136 850.7	1 238 329.4
April	331 531.4	296 687.2	150 508.9	778 727.5	52 088.0	69 217.6	1 482.6	195 240.6	18 870.8	135 392.6	1 251 019.7
May	316 852.4	306 971.4	149 338.5	773 162.3	50 098.1	77 756.1	1 304.9	197 194.8	21 603.4	139 942.1	1 261 061.8
June	377 348.1	296 500.9	160 615.7	834 464.8	55 084.2	78 703.5	1 269.4	195 802.0	20 818.8	139 922.8	1 326 065.6
July	379 090.6	295 232.9	160 716.8	835 040.3	46 534.8	78 913.2	352.9	200 186.5	22 118.5	135 841.6	1 318 987.6
August	374 340.0	319 210.5	163 045.4	856 595.9	50 007.5	85 866.5	583.0	201 392.6	24 852.6	149 381.1	1 368 679.1
September	370 808.8	322 378.3	161 181.6	854 368.7	53 772.4	94 132.3	527.2	201 720.0	25 337.2	158 433.9	1 388 291.5
October	356 949.6	342 457.5	159 149.0	858 556.1	51 311.0	95 460.8	453.8	203 617.6	27 483.5	152 662.0	1 389 544.9
November	384 449.7	327 115.2	171 694.6	883 259.5	50 861.4	96 130.0	303.7	198 927.5	28 938.6	160 804.4	1 419 225.0
December	367 167.0	339 203.2	194 161.0	900 531.2	49 606.5	95 352.6	341.0	198 476.3	31 615.5	156 489.0	1 432 412.1
2014											
January	362 280.6	340 419.8	191 285.3	893 985.6	47 058.2	95 858.2	294.6	202 363.4	38 008.4	182 188.7	1 459 757.1
February	369 605.0	334 501.7	201 013.3	905 120.0	49 093.6	96 853.9	400.7	201 630.2	45 757.6	185 071.8	1 483 927.9
March	371 847.4	348 928.4	202 239.1	923 015.0	58 684.0	100 850.1	189.3	204 206.9	40 919.6	174 234.3	1 502 099.1
April	372 463.8	361 365.0	267 783.7	1 001 612.5	46 187.5	123 194.5	336.9	205 589.0	44 530.1	176 013.5	1 597 463.9
May	379 967.5	391 172.8	259 475.3	1 030 615.6	47 557.5	106 980.2	299.4	207 677.4	41 457.5	194 125.3	1 628 713.0
June	433 614.5	391 955.3	264 951.0	1 090 520.9	48 257.0	119 388.9	225.9	212 250.7	47 733.2	174 263.7	1 692 640.2

Source: BNR

* : 1) Includes BHR from December 2005 to November 2011

2) Includes UOB since August 2007

3) Includes CCP between December 2008 and November 2011

4) Includes KCB since January 2009

5) Includes ZIGAMA-CSS since December 2009

6) Includes UNGUKA and AGASEKE since November 2011

7) Includes EQUITY since December 2011

8) Includes AB Bank since January 2014

** : Includes local governments since December 2006

MONETARY SURVEY

Appendix 9

(in FRW million)

ASSETS	NET FOREIGN ASSETS			DOMESTIC CREDIT							OTHER ITEMS NET	TOTAL ASSETS
				NET CLAIMS TO THE GOVERNMENT			CREDIT TO ECONOMY			TOTAL DOMESTIC CREDIT		
	GROSS ASSETS	GROSS LIABILITIES	NET FOREIGN ASSETS	CLAIMS	DEPOSITS	NET CLAIMS	AUTONOMOUS AGENCIES	CLAIMS ON PUBLIC ENTERPRISES	CLAIMS ON PRIVATE SECTOR			
December 2009	532 819.9	89 762.3	443 057.5	84 306.9	225 591.3	-141 284.4	-1 900.0	3 000.0	357 260.8	218 976.4	-135 467.7	526 566.2
December 2010	630 230.8	111 348.9	518 881.9	143 902.0	275 226.9	-131 324.9	-755.4	3 213.6	397 067.7	268 200.9	-171 222.7	615 860.2
December 2011	790 873.3	118 707.4	672 165.9	118 816.9	337 074.4	-218 257.5	-1 033.2	2 800.1	506 267.3	289 776.7	-181 788.0	780 154.7
June 2012	635 816.2	122 121.5	513 694.8	142 678.2	194 924.2	-52 246.0	-2 200.0	2 576.5	606 054.2	554 184.7	-187 945.0	879 934.4
June 2013	833 007.4	156 354.8	676 652.6	150 319.4	346 921.7	-196 602.3	-2 993.8	998.1	717 128.1	518 530.0	-228 817.5	966 365.1
June 2014	943 295.2	209 747.0	733 548.3	205 191.7	225 044.5	-19 852.8	-4 747.6	1 955.3	813203.4066	790 558.4	-300 738.56	1 223 368.1
2013												
January	630 811.1	142 487.3	488 323.9	124 019.3	218 656.9	-94 637.5	-2 755.7	815.6	690 195.6	593 618.0	-214 102.5	867 839.4
February	613 692.3	142 540.8	471 151.4	121 499.5	183 650.9	-62 151.4	-2 755.3	882.6	694 955.7	630 931.6	-215 292.3	886 790.7
March	618 667.0	143 094.9	475 572.1	127 889.1	204 300.3	-76 411.3	-2 755.3	803.5	705 422.8	627 059.7	-217 541.7	885 090.1
April	615 740.8	147 480.9	468 259.9	131 965.6	199 481.1	-67 515.5	-2 991.1	874.8	716 315.9	646 684.1	-215 965.7	898 978.3
May	813 586.7	155 051.3	658 535.4	122 767.4	369 290.7	-246 523.3	-2 993.8	1 045.3	709 836.8	461 365.0	-224 934.6	894 965.7
June	833 007.4	156 354.8	676 652.6	150 319.4	346 921.7	-196 602.3	-2 993.8	998.1	717 128.1	518 530.0	-228 817.5	966 365.1
July	830 266.9	157 567.6	672 699.4	154 546.7	353 709.6	-199 162.9	-4 657.1	964.5	725 562.8	522 707.4	-239 337.9	956 068.8
August	834 008.8	164 779.8	669 229.1	167 302.8	340 359.8	-173 056.9	-4 714.6	777.4	734 461.7	557 467.5	-243 235.4	983 461.2
September	859 507.1	176 039.6	683 467.5	165 628.3	357 810.2	-192 181.9	-4 714.6	1 034.9	736 625.7	540 764.0	-248 502.5	975 729.0
October	866 741.1	179 574.3	687 166.9	175 571.6	373 445.6	-197 874.0	-4 694.7	1 079.8	748 253.5	546 764.6	-255 835.4	978 096.1
November	865 568.9	179 059.0	686 509.9	190 644.6	365 064.5	-174 419.9	-4 729.5	1 187.4	759 809.4	581 847.4	-267 606.6	1 000 750.8
December	923 074.6	179 088.9	743 985.7	193 725.5	381 033.6	-187 308.1	-4 787.9	1 253.3	757 977.0	567 134.3	-282 466.3	1 028 653.6
2014												
January	885 727.8	183 759.9	701 967.9	193 208.9	346 928.2	-153 719.2	-4 800.5	1 321.8	774 111.4	616 913.5	-302 809.7	1 016 071.7
February	865 584.4	183 751.1	681 833.3	192 093.5	318 129.0	-126 035.5	-5 747.6	1 720.1	785 984.6	655 921.6	-309 491.4	1 028 263.5
March	857 966.6	188 348.2	669 618.4	195 458.5	300 600.9	-105 142.4	-5 747.6	1 797.3	788 286.1	679 193.4	-303 577.8	1 045 234.0
April*	935 111.8	211 479.1	723 632.8	196 170.4	277 968.4	-81 798.0	-5 747.6	1 870.8	805 554.7	719 879.9	-318 830.3	1 124 682.4
May*	943 636.0	198 003.1	745 632.9	206 158.5	277 428.3	-71 269.7	-5 747.6	2 167.0	817 187.6	742 337.4	-329 675.4	1 158 294.9
June*	943 295.2	209 747.0	733 548.3	205 191.7	225 044.5	-19 852.8	-4 747.6	1 955.3	813 203.4	790 558.4	-300 738.6	1 223 368.1

*Estimates

Source: BNR



MONETARY SURVEY

Appendix 9 (Cont'd)



(in FRW million)

LIABILITIES	MONEY (M1)			BROAD MONEY (M2)		EXTENDED BROAD MONEY (M3)	
	CURRENCY OUT OF BANKS	TRANSFERABLE DEPOSITS IN FRW	TOTAL MONEY (M1)	OTHER DEPOSITS IN RWF	BROAD MONEY (M2)	FOREIGN CURRENCY DEPOSITS	M3
PERIOD							
December 2009	77 000.00	190 105.33	267 105.33	162 437.73	429 543.06	97 036.95	526 580.01
December 2010	90 478.21	240 090.59	330 568.80	186 137.46	516 706.26	99 229.55	615 935.81
December 2011	102 754.72	278 742.10	381 496.82	263 309.29	644 806.11	135 569.46	780 375.57
June 2012	111 570.98	331 006.93	442 577.91	305 137.48	747 715.39	132 254.46	879 969.85
June 2013	116 300.90	392 520.03	508 820.93	296 965.68	805 786.60	160 615.74	966 402.34
June 2014	120 054.46	446 407.27	566 461.73	391 955.33	958 417.06	264 951.02	1 223 368.07
2013							
January	102 160.36	317 685.24	419 845.60	299 356.61	719 202.20	148 675.92	867 878.12
February	100 488.04	319 952.24	420 440.29	305 611.27	726 051.56	160 777.84	886 829.40
March	105 630.35	318 184.81	423 815.15	304 069.13	727 884.29	157 244.49	885 128.78
April	105 673.17	345 666.28	451 339.44	297 168.63	748 508.07	150 508.94	899 017.01
May	107 598.30	330 330.12	437 928.42	307 444.57	745 372.99	149 338.45	894 711.44
June	116 300.90	392 520.03	508 820.93	296 965.68	805 786.60	160 615.74	966 402.34
July	113 660.29	386 493.10	500 153.39	295 232.92	795 386.31	160 682.52	956 068.83
August	111 274.88	389 964.53	501 239.41	319 210.53	820 449.94	163 011.22	983 461.16
September	106 437.44	385 765.77	492 203.21	322 378.26	814 581.47	161 147.52	975 728.99
October	104 927.55	371 596.08	476 523.62	342 457.48	818 981.10	159 114.96	978 096.06
November	104 490.05	397 484.77	501 974.82	327 115.20	829 090.02	171 660.74	1 000 750.76
December	116 600.96	378 722.51	495 323.47	339 203.23	834 526.70	194 126.95	1 028 653.65
2014							
January	110 036.81	374 363.96	484 400.77	340 419.76	824 820.53	191 251.13	1 016 071.66
February	109 317.43	383 465.16	492 782.58	334 501.72	827 284.31	200 979.23	1 028 263.54
March	109 442.23	384 658.21	494 100.43	348 928.44	843 028.87	202 205.11	1 045 233.98
April*	115 179.42	379 351.88	494 531.31	361 364.95	855 896.26	268 786.14	1 124 682.40
May*	117 270.23	390 373.99	507 644.22	391 172.81	898 817.03	259 477.89	1 158 294.93
June*	120 054.46	446 407.27	566 461.73	391 955.33	958 417.06	264 951.02	1 223 368.07

* Estimates

Source: BNR

Outstanding Loans by activities sector as of 30 June 2014

Appendix 10

(I&M BANK, BK, ECOBANK RWANDA, GT BANK, ACCESS BANK, COGEBANQUE, KCB, BPR, EQUITY, AGASEKE, UNGUKA,UOB, AB BANK, CSS and BRD)

Amount in FRW “000”

Cash credits

Private and public sector

Class 1 to 5

Individual and legal entities

	30 June 2014				Total
Activities sector	Long-term	Medium-term	Short-term	Grouped credits*	
Agricultural, fisheries& livestock	12 025 938	9 963 775	1 149 120	4 003 698	27 142 531
Commercial & hotel	65 793 905	82 465 757	111 993 930	7 111 495	267 365 087
Manufacturing activities	37 681 701	16 603 858	28 589 383	293	82 875 235
Mining activities		9 651		-	9 651
Mortgage industries	157 925 612	84 397 622	21 750 125	5 815 923	269 889 282
Non_classified activities	7 896 689	94 150 028	6 389 392	34 353 831	142 789 940
OFI &Insurance	3 567 949	2 415 543	1 822 389	-	7 805 881
Service sector	16 541 956	7 491 141	5 100 435	3 960	29 137 492
Transport & warehousing	7 323 420	31 775 152	10 762 496	819 928	50 680 996
Water & energy activities	18 690 882	393 354	3 950 236	-	23 034 472
Total	327 448 052	329 665 881	191 507 506	52 109 128	900 730 567

Source:BNR

* include all loans reported by sector of activities and not by term.



New Loans from July 2013 to June 2014 (Amount in thousands of Frw)

Appendix 11



Data submitted by 15 Banks (I&M BANK, BK, ECOBANK RWANDA, GT BANK, ACCESS BANK, COGEBANQUE, KCB, BPR, EQUITY, AGASEKE, UNGUKA, UOB, AB BANK, CSS and BRD)

Cash credits

Private and public sector

Individual and legal entities

Activities sector	July 2013-June 2014			Total
	Long-term	Medium-term	Short-term	
0001 : Non_classified activities	4 367 663	47 868 693	11 772 588	64 008 944
1000 : Agricultural, fisheries& livestock	2 969 397	3 061 605	2 074 293	8 105 295
2000 : Mining activities	-	155 455	15 545	171 000
3000 : Manufacturing activities	31 003 960	7 142 750	35 431 858	73 578 568
4000 : Water & energy activities	20 389 275	1 573	901 678	21 292 526
5000 : Mortgage industries	51 655 779	34 269 801	32 481 957	118 407 537
6000 : Commercial & hotel	23 698 356	56 217 876	160 798 323	240 714 555
7000 : Transport & warehousing	2 366 523	17 024 096	10 677 887	30 068 506
8000 : OFI & Insurance	-	429 324	2 138 277	2 567 601
9000 : Service sector	6 737 756	2 687 683	9 345 230	18 770 669
TOTAL	143 188 709	168 858 855	265 637 636	577 685 201

Source:BNR

INTEREST RATE STRUCTURE (in %)

Appendix 12

DESCRIPTION	2013												2014					
PERIOD	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June
Deposit rate	11.80	10.32	10.38	10.67	11.55	11.50	8.53	10.46	8.98	9.19	8.03	8.58	8.85	7.96	7.46	8.02	9.29	8.65
Lending rate	17.09	17.14	17.17	17.27	17.56	17.65	17.19	17.47	17.82	17.35	17.19	16.93	17.45	17.09	16.83	17.42	17.23	17.52
Money market rate																		
Repo Rate	7.44	7.36	7.00	7.23	7.08	6.68	6.40	5.60	5.45	5.00	4.42	3.99	4.33	3.69	3.32	3.09	3.59	3.68
Discount rate	11.50	11.50	11.50	11.50	11.50	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.50
Standing Deposit Facility	5.50	5.50	5.50	5.50	5.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Standing Lending Facility	9.50	9.50	9.50	9.50	9.50	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Interbank rate	11.11	10.40	10.03	10.86	11.10	9.58	9.60	7.55	7.00	6.70	6.09	5.59	5.59	5.79	5.82	5.65	5.69	5.71
Weight average rate on T-bill market :	12.36	12.20	12.13	12.03	11.98	10.81	9.74	8.59	7.14	6.77	6.06	5.62	6.36	6.09	6.02	5.98	5.92	5.61
28 days	12.10	11.58	11.00	11.16	10.99	10.00	8.95	7.83	6.83	6.18	5.53	4.99	5.42	5.07	4.90	4.79	4.49	4.30
91 days	12.55	12.31	12.14	12.35	11.96	10.70	9.56	8.35	6.89	6.48	5.86	5.31	5.96	5.76	5.53	5.26	5.26	4.99
182 days	12.82	12.69	12.57	12.82	12.43	11.34	10.00	8.86	7.34	6.74	6.23	5.94	6.66	6.50	6.57	6.35	6.26	5.67
364 days	-	-	12.80	13.00	12.69	11.65	10.69	9.35	7.79	7.55	7.02	6.41	8.23	8.15	8.00	7.76	7.37	6.57
T-Bonds market	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tbond 2 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tbond 3 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	11.63	-	-	-	-
Tbond 5 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.75	-
3 to 12 months BNR liquidity facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Key Repo Rate	7.50	7.50	7.50	7.50	7.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.50
Reverse Repo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source :BNR





AVERAGE EXCHANGE RATES OF THE SELECTED MAJOR CURRENCIES

Appendix 13

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)	666.54	1083.80	6.59	1013.96	904.81
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	604.02				
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
2014					
January	672.77	1108.21	6.47	1020.22	917.02
February	667.74	1093.43	6.47	1014.66	914.43
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
Fiscal year average	666.54	1083.80	6.59	1013.96	904.81

Source : BNR

EXCHANGE RATES OF THE SELECTED MAJOR CURRENCIES END OF PERIOD

Appendix 14

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 June 2013)	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
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	7.83	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		927.00
June	682.54	1161.66	6.70		931.40

Source : BNR

Stock of External Public Debt (in USD million)

Appendix 15



DESCRIPTION	2009	2010	2011	End June 2012	End June 2013	End June 2014
MULTILATERAL DEBT	628.26	651.14	832.99	841.66	895.28	1 041.83
ADB-ADF	157.88	172.59	210.62	213.33	234.61	278.92
BADEA	26.49	29.33	34.03	33.56	32.67	34.99
EIB	8.90	6.39	5.03	3.66	2.57	1.38
EU	17.82	15.25	13.89	12.90	12.44	11.99
IFAD	99.74	103.05	107.07	107.58	106.38	112.62
IMF	15.19	14.82	14.13	13.59	12.03	11.31
IDA	253.30	258.25	391.55	401.11	435.54	541.25
NDF	16.54	16.40	16.08	15.33	16.28	0.00
OPEC	32.40	35.08	40.57	40.38	42.76	49.36
BILATERAL DEBT	108.34	115.45	151.66	163.02	206.23	228.39
AFD-FRANCE	4.79	3.66	2.12	1.36	0.00	0.00
CHINA	0.00	0.00	0.00	0.00	0.00	0.00
EXIM-CHINA	6.17	10.36	28.60	30.70	56.02	63.50
EXIM-INDIA	16.00	18.50	28.65	39.55	59.44	73.18
Abu Dhabi	1.85	1.85	2.99	2.99	2.96	2.96
KUWAIT	34.63	35.52	44.68	44.48	45.51	47.70
SAUDI FUND	44.54	45.22	44.28	44.59	41.96	41.04
LYBIA	0.36	0.35	0.35	0.34	0.34	0.00
EURO-BONDS					400.00	400.00
TOTAL	736.60	766.59	984.65	1004.68	1501.51	1670.21

N.B. : Government guaranteed debt not included

Source: BNR

Development of disbursements (in USD million)

Appendix 16

DESCRIPTION	2005	2006	2007	2008	2009	2010	2011	Jul.2011- June 2012	July 2012- June 2013	July 2013- June 2014
MULTILATERAL CREDITORS	101.5	105.2	79.4	110.6	51.2	43.3	197.5	146.9	84.3	148.5
Of which : IDA	46.3	36.7	27.6	40.5	10.5	10.1	138.2	94.7	44.6	101.2
FAD-FSN	36.9	27.6	26.2	32.08	22.6	16.0	39.0	35.8	30.7	26.4
BILATERAL CREDITORS	0.0	4.4	9.1	1.7	24.7	7.3	24.8	24.9	22.1	24.4
EURO-BONDS									400.0	0.0
TOTAL	101.5	109.5	88.5	112.3	75.9	50.7	222.2	171.8	506.4	172.9
Of Which :										
Drawings for projects	93.3	100.1	84.1	106.5	71.8	50.7	186.7	83.2	493.6	99.8
Drawings for budget support	8.2	6.9	1.0	2.07	0.5	0.0	35.5	88.6	12.9	72.7
Drawings for BOP support (IMF)	0.0	2.5	3.4	3.72	3.6	0.0	0.0	0.0	0.0	0.0

Source: BNR



Development of External Debt Service (in USD million)

Appendix 17



DESCRIPTION	2005	2006	2007	2008	2009	2010	2011	Jul.2011- June 2012	July 2012- June 2013	July 2013- June 2014
MULTILATERAL DONORS	40.6	31.4	11.3	12.9	12.7	14.9	19.3	20.4	30.9	48.4
Principal	30.1	21.2	6.2	7.2	7.3	8.8	13.3	14.3	16.1	33.3
Of which : IDA	15.2	9.3	0.0	0.0	0.0	0.5	2.4	2.8	3.6	8.3
FAD-FSN	7.2	5.6	0.8	0.7	1.1	1.2	1.7	1.7	1.8	3.1
BADEA	3.5	0.0	0.0	0.0	0.0	0.0	1.0	1.1	1.0	2.0
Interests	10.5	10.2	5.0	5.7	5.4	6.2	4.4	6.1	14.9	15.1
Of which : IDA	8.0	5.0	1.5	1.7	1.6	1.9	2.3	2.5	3.2	6.8
FAD-FSN	0.8	3.1	1.3	1.6	1.5	1.6	1.6	1.7	2.0	4.5
BADEA	0.6	1.0	0.9	0.9	0.4	0.9	0.0	0.0	0.0	0.0
BILATERAL DONORS	9.1	2.7	1.3	1.4	1.8	2.9	4.4	4.9	6.8	10.8
Principal	6.2	1.7	0.3	0.3	0.3	1.2	2.3	2.5	2.7	3.2
Interests	2.9	1.0	1.1	1.2	1.6	1.7	2.2	2.4	4.2	7.5
SUPPLIERS' CREDITS	0.7	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
Interests	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EURO-BONDS									7.8	40.4
TOTAL	50.5	34.1	12.6	14.3	14.5	17.8	23.7	25.3	45.5	99.5
Principal	36.3	22.9	6.5	7.5	7.5	10.0	15.6	16.7	18.7	36.5
Interests	14.2	11.2	6.1	6.9	7.0	7.9	8.1	8.6	26.8	63.0

Source: BNR

BALANCE OF PAYMENTS

Appendix 18

(in USD million)

	2009	2010	2011	2012	FY 12/13	2013	FY 13/14
Trade Balance	-764.3	-786.7	-1101.6	-1268.3	-1195.6	-1148.4	-1212.93
Exports. f.o.b.	235.0	297.3	464.2	590.8	707.3	703.0	707.32
Of which: Coffee	37.3	56.1	74.6	60.9	69.1	54.9	47.49
Tea	48.3	55.7	63.9	65.7	63.9	55.5	52.26
Imports. f.o.b.	-999.2	-1084.0	-1565.8	-1859.0	-1902.9	-1851.5	-1920.25
Services and income (net)	-218.4	-288.7	-238.8	-167.0	-159.8	-236.8	-186.87
Services (net)	-181.6	-246.2	-187.0	-93.2	-83.5	-122.4	-86.95
Income (net)	-36.8	-42.5	-51.8	-73.8	-76.3	-114.4	-99.93
Trade and Services and income balance	-982.7	-1075.4	-1340.4	-1435.3	-1355.3	-1385.3	-1399.80
Current transfers (net)	604.0	657.4	880.5	722.5	800.7	847.8	877.15
Private	79.7	90.7	133.3	183.0	178.4	181.4	197.53
Public	524.3	566.7	747.2	539.5	622.4	666.4	679.62
Current account balance (including official transfers)	-378.64	-418.08	-459.84	-712.84	-554.64	-537.49	-522.65
Capital and Financial account balance	426.8	499.4	682.5	511.5	780.7	762.5	428.06
Capital Account	200.0	285.6	196.7	171.2	149.0	234.5	176.48
Capital transfers	200.0	285.6	196.7	171.2	149.0	234.5	176.48
Debt Forgiveness	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Migrants transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Other capital transfers	200.0	285.6	196.7	171.2	149.0	234.5	176.48
Financial transactions account	226.80	213.72	485.83	340.24	631.72	528.01	251.58
Public sector capital (LT) (net)	81.4	51.9	207.2	93.0	329.6	512.7	59.20
Private sector capital (LT) (net)	145.5	161.8	278.6	247.3	302.1	15.3	192.38
Lt. Debt	42.7	129.0	148.8	123.6	113.1	108.6	97.51
Amortization	-7.5	-12.3	-55.2	-57.0	-69.9	-239.6	-60.60
Direct investment	118.7	63.7	137.5	166.6	175.6	163.5	187.00
Other Capital	-8.5	-18.6	47.5	14.1	83.3	-17.2	-31.53
Short term capital	-8.5	-18.6	47.5	14.1	83.3	-17.2	-31.53
Errors & Omissions	5.33	-9.21	11.88	-11.06	-15.10	3.45	20.29
Overall balance	53.5	72.1	234.5	-212.4	211.0	228.5	-74.29
Financing (- increase)	-53.5	-72.1	-234.5	212.4	-211.0	-228.5	74.29
Change in net foreign assets of NBR (increase -)	-53.5	-72.1	-234.5	212.4	-211.0	-228.5	74.29
a. Net use of IMF credit (increase +)	3.6	0.0	-0.2	0.0	0.0	0.0	0.00
b. Change in gross reserves (increase -)	-159.5	-69.1	-251.8	206.3	-207.8	-226.9	69.65
c. Change in other foreign liabilities (increase +)	102.5	-3.0	17.5	6.1	-3.2	-1.6	4.64
Change in arrears (decrease -)	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Rescheduling	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Cancellation	0.0	0.0	0.0	0.0	0.0	0.0	0.00
GAP (+ financing needed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
For the record							
Gross official reserves (Mios USD)	742.4	813.4	1 050.0	848.1	1 070.5	1 070.4	946.4
Foreign liabilities(Mios USD)	115.5	115.4	116.6	124.2	120.6	123.1	125.0
Gross reserves in month of imports G&S	6.2	5.9	5.8	4.2	5.1	5.0	4.4
Gross reserves in months of CAF imports of goods	7.1	6.8	7.7	4.6	5.6	5.4	5.9
Gross reserves in months of FOB imports of goods	9.3	9.0	8.0	5.8	7.0	6.8	6.1
Trade balance (in percent of GDP)	-16.7	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
Current account balance in percent of GDP (including official transfers)	-8.2%	-7.5%	-7.4%	-11.6%	-7.7%	-7.2%	-6.8%
Current account balance in percent of GDP (excluding official transfers)	-19.6%	-17.6%	-19.4%	-4.0%	-16.3%	-16.2%	-15.6%
Overall balance (in percent of GDP)	1.24	1%	4%	-3%	3%	3%	-1%
GDP (millions \$US. Current)	4 611.49	5 628.34	6 231.95	7 102.95	7 236.97	7 452.38	7 706.92
GDP (billions de RFW. current)	2948000	3 282	3 741	4 363	4 606	4 819	5137
Exchange rate of 1 USD (RFW/1 USD). end period	571.24	594.45	604.14	631.41	641.66	670.08	682.54
Imports of goods and services	-1450.26	-1640.55	-2184.23	2 485.58	2 434.69	-2 571.50	-2586.21
Exchange rate average (RFW/1 USD)	568.28	583.12	600.29	614.29	636.45	646.64	666.54

Source : BNR

	2009	2010	2011	2012	FY 12/13	2013	FY 13/14
<u>I. Coffee</u>							
Value	37.3	56.1	74.6	60.9	69.1	54.9	47.49
in % of Total exports. f.o.b.	16%	19%	16%	10%	12%	8%	8%
% change of value	-21%	50%	33%	-18%		-10%	-22%
Volume (1.000 tons)	14 992.4	18 235.8	596.6	16 989.7	20 526.1	19 988.9	17826.98
% change of volume	-0.2	0.2	-0.1	0.1		0.2	5%
Unit value (US\$/kg)	2.49	3.08	4.78	3.58	3.37	2.75	2.66
% change of unit value	-4%	24%	56%	-25%		-23%	-26%
<u>II. Tea</u>							
Value	48.27	55.71	63.90	65.72	63.89	55.48	52.26
in % of Total exports. f.o.b.	0.21	0.19	0.14	0.11	11%	0.08	9%
% change of value	0.16	0.15	0.15	0.03		-0.16	-20%
Volume (1.000 tons)	18 689	21 528	732	22 453	22 062	21 010	21598.56
% change of volume	-0.06	0.15	0.10	-0.05		-0.06	-4%
Unit value (US\$/kg)	2.58	2.59	2.69	2.93	2.90	2.64	2.42
% change of unit value	23%	0%	4%	9%		-10%	-17%
<u>III. Minerals</u>							
Value	55.43	67.85	151.43	136.07	186.31	225.70	204.28
in % of Total exports. f.o.b.	0.24	0.23	0.33	0.23	32%	-0.13	35%
% change of value	-0.4	0.2	1.2	-0.1		0.66	50%
Volume (1.000 tons)	6 093.54	5 466.35	8848.38	7 531.89	8 412.53	9 579.22	10230.45
% change of volume	-0.1	-0.1	0.6	-0.1		0.3	36%
<u>Cassiterite</u>							
Value	28.58	42.21	96.82	52.90	57.12	61.07	68.43
in % of Total exports. f.o.b.	0.12	0.14	0.21	0.09	10%	0.09	12%
% change of value	-0.32	0.48	1.29	-0.45		0.15	29%
Volume (1.000 tons)	4 269.2	3 874.2	6 952.1	4 636.6	4 671.5	4 895.3	5650.06
% change of volume	0.02	-0.09	0.79	-0.33		0.06	22%
Unit value (US\$/kg)	6.69	10.89	13.93	11.41	12.23	12.48	12.11
% change of unit value	-0.33	0.63	0.28	-0.18		0.09	6%
<u>Coltan</u>							
Value	20.24	18.48	38.58	56.91	102.22	134.57	106.38
in % of Total exports. f.o.b.	0.09	0.06	0.08	0.10	18%	0.19	18%
% change of value	-0.44	-0.09	1.09	0.47		1.36	87%
Volume (1.000 tons)	949.92	748.72	890.08	1 144.68	1 752.52	2466.02	2294.61
% change of volume	-0.20	-0.21	0.19	0.29		1.15	100%
Unit value (US\$/kg)	21.30	24.69	43.35	49.72	58.33	54.57	46.36

RWANDA's EXPORTS (FOB value in USD million)

Appendix 19 (Cont)

	2009	2010	2011	2012	FY 12/13	2013	FY 13/14
% change of unit value	-0.30	0.16	0.76	0.15		0.10	-7%
Wolfram							
Value	5.76	7.10	16.03	26.26	26.96	30.05	29.46
in % of Total exports. f.o.b.	0.02	0.02	0.03	0.04	5%	0.04	5%
% change of value	-0.56	0.23	1.26	0.64		0.14	12%
Volume (1.000 tons)	874.45	843.42	1 006.24	1 750.57	1 988.55	2 217.93	2 285.78
% change of volume	-0.49	-0.04	0.19	0.74		0.27	31%
Unit value (US\$/kg)	6.59	8.42	15.93	15.00	13.56	13.55	12.89
% change of unit value	-0.15	0.28	0.89	-0.06		-0.10	-14%
IV. Hides and skins							
Value	1.96	3.74	7.62	14.37	16.68	16.02	17.09
in % of Total exports. f.o.b.	0.01	0.01	0.02	0.02	3%	0.02	3%
% change of value	-0.31	0.91	1.03	0.89		0.11	19%
Volume (1.000 tons)	1791.68	3730.87	6220.43	10025.06	10 914	10 298	10 993.12
% change of volume	-0.12	1.08	0.67	0.61		0.03	10%
Unit value (US\$/kg)	1.09	1.00	1.22	1.43	1.53	1.56	1.55
% change of unit value	-0.21	-0.08	0.22	0.17		0.09	8%
V. Pyrethrum							
Value	0.64	1.41	4.51	9.71	9.00	3.98	1.61
in % of Total exports. f.o.b.	0%	0%	1%	2%	2%	1%	0%
% change of value	0.68	1.19	2.21	1.15		-0.59	-83%
Volume (1.000 tons)	3.18	6.33	18.78	37.66	35.90	16.66	9.46
% change of volume	-0.04	0.99	1.97	1.01		-0.56	-75%
Unit value (US\$/kg)	202.61	222.27	240.37	257.86	250.73	238.88	169.95
% change of unit value	0.74	0.10	0.08	0.07		-0.07	-34%
VI. Other products							
Value	49.26	69.66	85.61	195.99	229.53	216.95	253.91
in % of Total exports. f.o.b.	21%	-77%	-82%	33%	40%	31%	44%
% change of value	-43%	41%	23%	129%		11%	30%
Other ordinary products	26.88	33.76	48.35	88.00	95.70	81.91	86.73
Reexports	22.38	35.90	37.26	107.99	133.83	135.04	167.18
Sub- Total	192.86	254.46	387.67	482.75	574.49	573.03	576.64
VII. Adjustments	42.11	42.82	76.57	108.00	132.80	129.98	145.95
Electricity	0.12	0.11	0.21	0.12	0.14	0.23	0.28
Postal colis	-	-	-	-	-	-	-
Carnets 126	-	-	-	-	-	-	-
Goods purchased in the ports or airports	-	0.56	9.21	10.14	24.15	25.07	40.00
Reexports of minerals	11.12	25.17	-	-	-	-	-
Ajustment in transport and insurance	-	-	-	-	-	-	-
Ajustments on exports/surveys	46.60	46.91	71.40	101.77	108.51	109.34	105.67
Ajustment on transport & Tea assurance	-4.61	-4.77	-4.26	-4.03	-	-4.66	-
Total fob	234.97	297.28	464.24	590.75	707.30	703.01	722.59
% change	-11%	27%	56%	27%		19%	2%

Source : BNR



RWANDA'S IMPORTS

Appendix 20

(Value in USD million)

	2009	2010	2011	2012	FY 12/13	2013	FY 13/14
I. Capital goods							
Value	372.4	357.6	465.3	589.5	593.0	596.3	635.2
in % of Total M CIF	29.87	25.74	24.61	26.79	26%	26.53	27%
% change of value	1.39	-3.98	30.14	26.67		1.16	7%
Volume (tons)	53 136	43 076	50 524	68 086	63 538	58 997	63370.9
% change of volume	33.31	-18.93	17.29	34.76		-13.35	0%
Unit value (US\$/kg)	7.01	8.30	9.21	8.31	9.33	10.11	10.0
% change of unit value	-23.94	18.44	10.96	-9.77		21.63	7%
II. Intermediate goods							
Value	332.46	381.97	526.55	622.67	637.49	632.88	710.4
in % of Total M CIF	26.66	27.49	27.85	28.30	28%	28.16	30%
% change of value	2.65	14.89	37.85	18.25		1.64	11%
Volume (tons)	408 677	481 644	609 176	810 265	888 896	878 854	873 710
% change of volume	11.07	17.85	26.48	33.01		8.46	-2%
Unit value (US\$/kg)	0.81	0.79	0.86	0.74	0.72	0.72	0.8
% change of unit value	-7.58	-2.51	8.99	-14.66		-2.38	13%
III . Energy products							
Value	177.97	210.84	345.57	361.55	387.80	384.60	380.1
in % of Total M CIF	14.27	15.18	18.28	16.43	17%	17.11	16%
% change of value	10.21	18.47	63.90	4.63		6.37 269	-2%
Volume (tons)	189 347	195 785	220 493	253 238	271 045	718.243	275 569.188
% change of volume	1.41	3.40	12.62	14.85		6.51	2%
Unit value (US\$/kg)	0.94	1.08	1.57	1.37	1.43	1.43	1.4
% change of unit value	8.68	14.57	45.53	-12.56		4.05	-4%
IV. Consumer goods							
Value	363.99	439.01	553.11	626.29	672.18	633.62	658.6
in % of Total M CIF	29.19	31.60	29.26	28.47	29%	28.19	28%
% change of value	28.13	20.61	25.99	13.23		1.17	-2%
Volume (tons)	359 314	468 472	453 196	576 955	622 108	574 376	576 592
% change of volume	117.46	0.30	-0.03	0.27			-7%
Unit value (US\$/kg)	1.01	0.94	1.22	1.04	1.08	1.10	1.1
% change of unit value	-9.55	-7.49	30.24	-14.63		5.87	6%
1. Food							
Value	122.72	154.18	207.63	227.89	235.58	230.18	237.0
in % of Total M CIF	9.16	0.11	10.98	10.36	10%		10%
% change of value	33.07	0.26	0.35	0.05			1%
Volume (tons)	265 599	372 488	343 936	432 908	470 469	436529	426072
% change of volume	111.84	0.40	-7.67	25.87		0.01	-9%
Unit value (US\$/kg)	0.46	0.41	0.60	0.51	0.50	0.53	0.6
% change of unit value	-9.53	-0.10	0.46	-0.16			11%

RWANDA'S IMPORTS

Appendix 20
(Cont)

(Value in USD million)

	2009	2010	2011	2012	FY 12/13	2013	FY 13/14
2.Others consumer goods							
Value	241.27	284.83	345.48	398.40	436.60	403.43	421.6
in % of Total M CIF	19.35	20.50	18.27	18.11	19%	17.95	18%
% change of value	22.47	18.05	21.29	15.32		1.26	-3%
Volume (tons)	93 715	95 985	109 260	144 047	151 639	137 846	150 520
% change of volume	14.86	2.42	13.83	31.84		-4.30	-1%
Unit value (US\$/kg)	2.57	2.97	3.16	2.77	2.88	2.93	2.8
% change of unit value	6.62	15.26	6.56	-12.53		5.82	-3%
S/TOTAL	1246.82	1389.38	1890.58	2199.97	2290.48	2 247	2 384
Var en %	9.68	11.43	36.07	16.36		2.16	
<u>V. Ajustment</u>							
Valeur	63.86	41.66	147.50	99.69	71.16	54.20	50.7
in % of Total M CIF	5.12	3.00	7.80	4.53	3%	2.41	2%
electricity	2.28	2.85	0.19	2.21	4.42	0.20	1.5
En % de val cif totale	0.00	0.00	0.00	0.00		0.00	
Parcel post	0	0	0	0		0	
Autres (dont)	61.6	38.8	147.3	97.5	66.7	54.0	49.2
<i>126 BIS</i>	13.5	0.0	0.0	0.0		0.0	
in % of Total M CIF	0.00	0.00	0.00	0.00		0.00	
<i>Oil purchased in the aeroport</i>	2.22	3.72	14.50	36.52	52.87	48.25	45.5
<i>Reexport non included</i>	27.1	35.9	46.3	0.0		0.0	
<i>Embassies' imports</i>	-19.0	-22.0	-21.9	-11.0	-6.6	-11.9	-13.5
ICBT	23.52000	21.22890	23.50977	22.63317	20.50675	17.61046	17.2
Imports of TIGO 55	14.2	0.0	84.9	49.4		0.0	
in % of Total M CIF	0	0	0	0			
<u>VI. Import cif</u>	1310.68	1 431.04	2 038.09	2 299.66	2 361.64	2 301.61	2 434.91
% change	0.11	0.09	0.36	0.17			
<u>VII. Freight and insurance</u>	311.46	347.07	472.27	440.65	458.78	450.16	477.6
In % du Clif	24.98	24.98	24.98	20.03	20.03	20.03	20.0
% change of ratio	0.00	0.00	0.00				0.0
<u>VIII.Total fob</u>	999.22	1 084.0	1 565.8	1 859.0	1 902.9	1 851.5	1 957.4
% change	0.12	0.08	0.44	0.19		0.00	

Source : BNR

SERVICES AND INCOME (In USD million)

Appendix 21



SERVICES	2009	2010	2011	2012	FY 12/13	2013	FY 13/14
Services and income (net)	-218.41	-288.74	-238.78	-167.04	-159.79	-236.81	-187.05
Services (net)	-181.62	-246.22	-186.98	-93.23	-83.49	-122.39	-86.95
Credit	341.05	310.36	431.43	425.36	448.34	467.55	468.68
Freight and insurance	4.61	4.77	4.26	4.03	4.74	3.77	3.77
Other transportation	49.04	21.68	45.64	54.81	51.74	69.52	65.85
Travel	174.46	201.65	251.80	281.80	296.50	293.60	292.50
Others services	112.94	82.26	129.73	84.72	95.37	100.66	106.56
Operating cost of embassies	92.14	65.97	75.68	66.31	72.16	81.49	80.00
Privates (incl: post. communicat. ICT...)	20.81	16.30	54.05	18.41	23.20	19.17	26.56
Debit	-522.66	-556.57	-618.41	-518.59	-531.83	-589.94	-555.63
Freight and insurance	-246.05	-293.68	-352.25	-270.12	-297.68	-275.95	-292.75
Other transportation	-76.03	-43.19	-52.96	-53.72	-44.61	-107.62	-66.43
Travel	-71.83	-77.01	-39.00	-78.57	-62.04	-79.06	-80.00
Operating cost of embassies	-15.45	-17.80	-17.80	-20.51	-22.22	-31.20	-26.99
Technical assistance	-78.96	-96.54	-71.17	-72.83	-81.60	-86.83	-72.21
Technical assistance (PIP)	-50.00	-71.41	-44.41	-42.81	-37.25	-58.63	-44.12
Technical assistance (humanitarian aids)	-28.96	-25.13	-26.76	-30.03	-44.36	-28.20	-28.09
Other private services (incl: post. ICT. Communicat.)	-34.35	-28.36	-85.23	-22.83	-23.67	-9.28	-17.24
Income (net)	-36.79	-42.52	-51.80	-73.82	-76.30	-114.42	-100.11
Credit	14.91	16.13	20.06	10.70	13.81	15.69	10.40
Investment income	10.42	7.86	12.01	3.57	2.37	7.29	1.40
Official investment(BNR)	8.45	6.12	9.02	3.34	2.14	3.39	1.40
Banks investment	1.89	1.73	0.69	0.23	0.23	0.07	0.00
Dividends	0.08	0.01	2.30	0.00	0.00	3.82	0.00
Labor services income	4.49	8.26	8.03	7.14	11.44	8.40	9.00
Property income	0.00	0.01	0.02	0.00	0.00	0.00	0.00
Debit	-51.71	-58.65	-71.86	-84.52	-90.11	-130.11	-110.51
Income paid on directs investments	-4.66	-3.74	-12.10	0.00	0.98	0.00	-1.00
1. Dividendes	-4.66	-3.74	-12.10	0.00	0.98	0.00	0.00
2. Interest paid or reinvested on private invstments	0.00	0.00	0.00	0.00	0.00	0.00	-1.00
Income paid on others investments	-9.41	-11.97	-13.07	-33.47	-54.86	-62.68	-72.31
Public sectorl	-7.27	-7.83	-8.11	-9.20	-19.53	-32.33	-37.59
Interest due on public external debt	-7.06	-7.83	-8.11	-9.20	-11.78	-32.33	-37.59
Interest due on rescheduling. (consolidated amount: 7/98-5/2001)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest due on new public external debt	0.00	0.00	0.00	0.00	-7.75	0.00	0.00
Interest on IMF debt by BNR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on others debt (BNB)	-0.21	0.00	0.00	0.00	0.00	0.00	0.00
Private sector	-2.15	-4.14	-4.95	-24.27	-35.33	-30.35	-34.72
Labor services Income	-36.40	-42.92	-46.69	-50.19	-35.73	-66.74	-37.20
Property income	-1.23	-0.02	-0.00	-0.86	-0.50	-0.69	0.00

Source : BNR

	2009	2010	2011	2012	FY 12/13	2013	FY 13/14
Current transfers (net)	604.02	657.36	880.52	722.46	800.71	847.77	877.15
Current private transfers(net)	79.71	90.68	133.32	182.95	178.36	181.39	197.53
<i>Credit</i>	122.93	133.80	197.45	247.16	246.00	235.73	235.97
<i>Debit</i>	43.22	43.12	-64.13	-64.20	-67.65	-54.35	-38.44
Remittances from Diaspora	53.09	65.07	110.18	118.25	114.67	114.85	128.60
<i>Credit</i>	88.13	98.21	166.18	175.27	174.65	161.80	159.38
<i>Debit</i>	35.04	33.14	-56.00	-57.01	-59.97	-46.95	-30.78
Private transfers for churchs and associations	26.62	25.61	23.14	64.70	63.68	66.54	68.93
<i>Credit</i>	34.80	35.59	31.27	71.89	71.35	73.93	76.59
<i>Debit</i>	8.18	9.98	-8.13	-7.19	-7.67	-7.39	-7.66
Current officials transfers (net)	524.31	566.68	747.20	539.51	622.35	666.38	679.62
<i>Credit</i>	531.67	580.04	757.62	553.80	633.86	688.42	702.68
1. current support net	415.84	479.52	628.39	433.70	510.70	575.62	590.31
of which HIPC Initiative	5.21	4.53	4.53	4.79	5.08	5.18	
2.Social security benefits			22.19312214		0.198893364	0	0.00
3. Humanitarian aid	115.84	100.52	107.03	120.11	122.95	112.81	112.37
a. Technical assistance	27.62	25.13	26.76	30.03	30.74	28.20	28.09
b. Other humanitarian aid	82.85	75.39	80.27	90.08	92.21	84.60	84.28
Debit (of which contribution to internat. Organ.)	-7.36	-13.36	-10.41	-14.30	-11.51	-22.04	-23.06

Source : BNR

CAPITAL AND FINANCIAL ACCOUNT (In USD million)

Appendix 23



-	2009	2010	2011	2012	FY 12/13	2013	FY 13/14
Capital and Financial account balance	433.55	499.36	682.50	582.47	780.70	762.53	476.33
Capital Account	200.00	285.64	196.66	171.23	148.98	234.52	176.48
Capital transfers	200.00	285.64	196.66	171.23	148.98	234.52	176.48
Debt Forgiveness	0.00	0.00	0.00	0.00	0.00	0.00	-
a. Arrears (principal+interest)			0.00	0.00	0.00	0.00	-
b. Current service (principal + interest)	0.00	0.00	0.00	0.00	0.00	0.00	-
c. Principal not yet due forgiven (principal)			0.00	0.00	0.00	0.00	-
capital transfers in kind			0.00	0.00	0.00	0.00	-
Other capital transfers (dons d'appui au PIP)	200.00	285.64	177.65	171.23	148.98	234.52	176.48
a. Capital (projects)	150.00	214.23	133.24	128.42	111.74	175.89	132.36
b. technical Assistance	50.00	71.41	44.41	42.81	37.25	58.63	44.12
<i>Acquisitions et assignments of non financial assets</i>			19.02				
Financial transactions account	226.80	213.72	485.84	411.24	631.72	528.01	299.85
<i>Long Term capital</i>	235.29	232.35	438.33	326.15	548.42	545.18	411.37
I. Public sector capital (LT) (net)	81.35	51.90	207.21	92.98	329.60	512.68	157.30
Credit	88.80	61.71	222.20	110.32	532.69	537.83	172.23
Current	0.00	0.00	124.06	13.42	26.27	14.20	0.00
Projects (PIP)	88.80	61.71	98.14	96.90	506.42	523.63	172.23
- capital	66.60	46.29	98.14				
- technical assistance	22.20	15.43					
Drawings on new loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a. Rescheduling of existing debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Rescheduling of arrears			0.00	0.00	0.00	0.00	0.00
c. Rescheduling of non due debt			0.00	0.00	0.00	0.00	0.00
Debit	-7.45	-9.81	-14.99	-17.34	-203.09	-25.15	-14.92
Scheduled amortization	-7.45	-9.81	-14.99	-17.34	-203.09	-25.15	-14.92
Dont a. Principal due cancelled			0.00	0.00	0.00	0.00	0.00
b. Principal due rescheduled			0.00	0.00	0.00	0.00	0.00
Pcpl non due rescheduled			0.00	0.00	0.00	0.00	0.00
Pcpl non due cancelled			0.00	0.00	0.00	0.00	0.00
Souscript. au cap. des org.inter. non monétaires	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MDRI relief from IDA and AfDF							
II. Private (net)	153.94	180.45	231.12	233.16	218.81	32.50	254.07
Lt. Debt	42.72	129.02	148.78	123.56	113.07	108.64	135.71
Amortization	-7.45	-12.29	-55.16	-56.99	-69.86	-239.60	-68.64
Investments	118.67	63.71	137.50	166.59	175.61	163.46	187.00
a. direct investment	118.67	42.33	106.21	159.81	165.84	150.00	175.00
b. portofolio investment	0.00	21.38	31.29	6.77	9.77	13.46	12.00
III. Other capital	-8.49	-18.63	47.51	85.10	83.30	-17.17	-111.53
Short term capiatl	-8.49	-18.63	47.51	85.10	83.30	-17.17	-111.53
a. Commercial Credits	1.02	9.86	0.00	0.00	0.00	0.00	0.00
b. Commercial banks (Change in NFA of comm banks)(-aug)	-9.51	-28.49	-2.49	5.10	3.30	-17.17	-111.53
c. Other capitl	0.00	0.00	50.00	80.00	80.00	0.00	0.00

Source : BNR

AVAILABLE FINANCING (In USD million)

Appendix 24

	2009	2010	2011	2012	FY 12/13	2013	FY 13/14
Financing (- increase)	-57.0	-72.1	-234.5	212.4	-211.0	-228.5	74.29
Change in net foreign assets of NBR (increase -)	-57.0	-72.1	-234.5	212.4	-211.0	-228.5	74.29
1. Net use of IMF credit (increase +)	3.56	0.00	-0.2	0.0	0.0	0.0	0
a) Disbursements/purchases	3.56	0.00	0.37	0.0	0.0	0.0	0
b). Repayments/repurchases	0.0	0.0	-0.6	0.0	0.0	0.0	0
2. Change in gross reserves (increase -)	-159.5	-69.1	-251.8	206.3	-207.8	-226.9	69.65
3. Change in other foreign liabilities (increase +)	102.47	-2.99	17.5	6.1	-3.2	-1.6	4.64
Change in arrears (decrease -)	0.0	0.0	0.00	0.0		0.0	0.0
Accumulation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cancellation (Kow Funds)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
: other bilateral	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing	0.0	0.0	0.00	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.00	0.0	0.0	0.0	0.0
Stock of Arrears (Fonds Kow)	0	0	0.0	0.0	0.0	0.0	0.0
Current debt service (bilatéraux:Paris club et Fonds Kow):	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current debt service (OPEC)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cancellation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock of Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Debt service	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source : BNR

