

**i&M Bank**  
LIMITED



**PROSPECTUS**



I&M BANK (RWANDA) LIMITED

## PROSPECTUS

This Prospectus provides detailed information about I&M Bank (Rwanda) Limited (the "Bank") and the Offer for Sale of shares by the Government of Rwanda. Potential investors in respect of the Offer Shares are therefore advised to read this document carefully and retain it for future reference. If you are not clear about the action to take, please consult your Stockbroker, Bank Manager, Lawyer, Auditor or any other Financial, Legal and Tax Advisor for guidance and carefully review the risks associated with an investment in the Bank.

## OUR VISION

“TO BECOME A COMPANY WHERE THE BEST PEOPLE WANT TO WORK, THE FIRST CHOICE WHERE CUSTOMERS WANT TO DO BUSINESS, AND WHERE SHAREHOLDERS ARE HAPPY WITH THEIR INVESTMENT.”

## OUR MISSION

- MEETING OUR CUSTOMERS' EXPECTATIONS
- MOTIVATING AND DEVELOPING EVERY EMPLOYEE
- ENHANCING SHAREHOLDER VALUE

## CAUTION: THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR CAREFUL ATTENTION.

This document is a prospectus inviting the public to acquire the Offer Shares under the terms of application set out herein. If you wish to apply for the Offer Shares then you must complete the procedures for application and payment set out on page 2 of this document.

A copy of this Prospectus has been delivered to the Capital Market Authority for approval and to the Registrar General of Companies for registration. The Registrar General has not checked and will not check the accuracy of any statements made and accepts no responsibility for it or for the financial soundness of the Bank or the value of the Offer Shares. Prospective investors should carefully consider the matters set forth under the caption “Risk Factors” commencing on page 62 hereof.

This Prospectus is issued in compliance with the requirements of the Registrar General's Instructions No. 01/2010/ORG of 12/04/2010 relating to the form and content of the Prospectus as amended by the Registrar General's Instructions N° 01/2010/ORG of 12/04/ 2010 (“Prospectus Instructions”) issued pursuant to the Law No. 07/2009 relating to Companies (the “Companies Act”), and the regulation No 7 of 6 June 2012 on Public Offers and Issues of Securities of the Capital Markets Authority (CMA) and the requirements of the Rwanda Stock Exchange (RSE).











A copy of this Prospectus was delivered to the CMA for approval. Permission has been granted by CMA for I&M Bank (Rwanda) Limited to offer to the public the Offer Shares. Application has been made for listing of the entire issued share capital of the Bank. As a matter of policy, the Capital Market Authority assumes no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus. Approval of the issue is not to be taken as an indication of the merits of the issuer of the securities. The securities offered have not been approved or disapproved by the Authority.

Neither the issuer or any substantial shareholder has the intention to cause additional shares to be listed within a 12 (twelve) month period after the initial listing.

**PROSPECTUS**  
by  
**I&M Bank (Rwanda) Limited**  
(Incorporated in the Republic of Rwanda, Bank Code 100054122  
and previously known as Banque Commerciale du Rwanda (BCR) or Commercial Bank of Rwanda  
 (“I&M Bank”, or the “Bank”) for the Initial Public Offer by Sale of Shares by the Government of Rwanda (“GoR”) of  
99,030,400 Ordinary Shares with a Par Value Frw 10 EACH  
AT AN OFFER PRICE OF Frw 90 PER SHARE and the  
Listing of the entire issued share capital of the Bank on the Rwanda Stock Exchange  
APPLICATION LIST OPENS: 14 February 2017  
APPLICATION LIST CLOSES: 03 March 2017

An application has been made to the Rwanda Stock Exchange for the Listing of the Shares of the Bank, under the abbreviation **IMR**. Listing is expected to become effective on 31 March 2017. The fact that the RSE may list the securities of the Bank should not be taken in any way as an indication of the merits of the Bank or the listed securities.

RSE takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

 Joint Lead Transaction Advisors	 Lead Sponsoring Broker	 Transaction Lawyers	 Receiving Bank and Registrar	 Advisors to the Board of I&M Bank
 Co-Transaction Advisor Broker	 Co-Sponsoring Broker	 Reporting Accountants	 Principal Collecting Bank	 Marketing & Public Relations Advisors

*This Prospectus dated 13 February 2017, has been approved by the Board of I&M Bank (Rwanda) Limited  
and is valid for 6 months from this date.*

## IMPORTANT INFORMATION

*Potential investors are expressly advised that an investment in the Offer Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Furthermore, before making an investment decision, potential investors should consult their stockbroker, banker, lawyer, auditor or other financial, legal and tax Advisors and carefully review the risks associated with an investment in the Bank.*

### Responsibility Statements

This Prospectus has been seen and approved by the Board of the Directors of the Bank. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements and other facts the omission of which make any statement herein false or misleading.

The Lead Transaction Advisors acknowledge that based on all the available information and to the best of their knowledge and belief, the Prospectus constitutes a full and true disclosure of all material facts concerning the Offer and they have satisfied themselves that any profit or cash flow projections for which the Directors are fully responsible, has been prepared for inclusion in the Prospectus and has been stated by the Directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

Potential investors should not assume that the information in this Prospectus is accurate as at any date other than the date of this Prospectus. No person is or has been authorized to give any information or make any representation in connection with the Offer and Listing, other than as contained in this Prospectus. Delivery of this Prospectus at any time after the date hereof will not under any circumstances create any inference that there has been no change or that the information set out in this Prospectus is correct as at any time since its date.

### Selling Restrictions

The Offer does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such an offer or solicitation would be unlawful. The Offer consists of an offering outside the United States of America (the United States) of shares pursuant to Regulation S under the US Securities Act 1933, as amended (the Securities Act).

The Shares have not been and will not be registered under the Securities Act or qualified for sale under the laws of any state of the United States or under the applicable laws of the United Kingdom, Canada, Australia or Japan and, subject to certain exceptions, may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S or to any national, resident or citizen of the United Kingdom, Canada, Australia or Japan. Neither this document nor any copy of it may be sent to or taken into the United States, the United Kingdom, Canada, Australia or Japan nor may it be distributed to any U.S. person.

### Supplementary Prospectus

If, prior to the Listing of the Shares a significant new development occurs in relation to the information contained in this Prospectus or a material mistake or inaccuracy is found in this Prospectus that may affect the assessment of the Bank, a supplement to this Prospectus may be published with the approval of the Regulatory Authorities.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) may to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any statements so modified or superseded shall not, except as so modified or superseded constitute a part of this Prospectus.

### Forward Looking Statements

This Prospectus contains forward-looking statements relating to the Bank's business. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "is expected to", "will", "will continue", "should", "would be", "seeks" or anticipates" or similar expressions or the negatives thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.

These statements reflect the current views of the Bank with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Bank to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Some of these factors are discussed in more detail on page 62 titled "Risk Factors". Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or expected.

The Bank does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set out in this Prospectus.

### Consents

BARAKA Capital Limited, Uganda and Dyer and Blair Investment Bank Limited, Kenya as the Joint Lead Transaction Advisors, CORE Securities Limited, Tanzania as the Co-Transaction Advisor, BARAKA Capital Limited, Rwanda as the Lead Sponsoring Broker, CORE Securities Rwanda as the Co-Sponsoring Broker, Trust Law Chambers Limited as the Transactional Lawyer, Deloitte Rwanda Limited as the Reporting Accountants, KCB Bank Rwanda Limited as the Receiving Bank and KCB Registrars as the Registrar, Brand Revolutions Limited as the Public Relations firm and I&M Burbidge Capital as Advisor to the Board of I&M Bank (Rwanda) Limited, have given, and not withdrawn, their respective written consents to the issue of this Prospectus with the inclusion herein of their reports, the references to those reports, their names and the references to their names, as applicable, in the form and context in which these, respectively, appear.



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## TERMS & DEFINITIONS

TERM	DEFINITION
<b>AGM</b>	Annual General Meeting of shareholders as defined in the Articles of the Bank
<b>ALCO</b>	Asset Liability Committee. A management committee in the Bank that continually evaluates the funding position and cash flow management of the Bank
<b>Applicant</b>	An entity or person that applies for the Offer Shares
<b>Application Form</b>	The application form for purchase of the Offer Shares
<b>Articles</b>	The Memorandum and Articles of Association of the Bank
<b>Auditor</b>	Ernst & Young Rwanda Limited
<b>Authorized Cheque</b>	Bankers or Authorized Selling Agents' Cheque
<b>Authorized Selling Agents or "ASA"</b>	The licensed RSE stockbrokers, appointed licensed commercial banks and the Receiving Bank listed in Appendix IX on page 165 of the Prospectus
<b>BAC</b>	Board Audit Committee
<b>BANK</b>	I&M Bank (Rwanda) Limited
<b>BAPRECO</b>	Board Administration Procurement and Remuneration Committee
<b>BCC</b>	Board Credit Committee
<b>BCR Investment Company Ltd. Or BCRICL</b>	The Investment Company through which I&M Bank Holdings Ltd. together with PROPARGO and DEG hold shares in I&M Bank Rwanda
<b>BNR</b>	Banque Nationale du Rwanda / National Bank of Rwanda
<b>BoD or Board of Directors or Board</b>	The I&M Bank Rwanda board of directors, which comprises the persons named in Section on page 42 as the directors of the Bank
<b>BRC</b>	Board Risk Committee
<b>Cabinet</b>	The Cabinet of the Government of the Republic of Rwanda
<b>CAGR</b>	Compound annual growth rate
<b>Closing Date</b>	03 March 2017
<b>CIEL Group</b>	A group of companies based in Mauritius with which I&M Group jointly owns Bank One
<b>CMA</b>	The Capital Market Authority, Rwanda
<b>Companies Act</b>	The Law No. 07/2009 of 27/04/2009 relating to Companies as amended from time to time
<b>Core Capital or Tier I Capital</b>	Permanent shareholders' equity in the form of issued and fully paid up shares plus all disclosed reserves, less goodwill and any intangible assets
<b>Co-Sponsoring Broker</b>	CORE Securities Rwanda Limited
<b>Co-Transaction Advisor</b>	CORE Securities Limited, Tanzania
<b>CRMC</b>	Credit Risk Management Committee
<b>CSD</b>	Central Securities Depository of Rwanda
<b>CSD Law</b>	The Law Governing the Holding and Circulation of Securities No. 26/2010 of 28/5/2010 gazetted on 28 May 2010
<b>DEG</b>	Deutsche Investitions-und Entwicklungsgesellschaft mbH –(A German Investment and Development Corporation)
<b>Domestic Pool</b>	The pool of shares set aside for application by Retail East Africans including Directors and Employees
<b>East African</b>	Citizens of the East African Community including corporations incorporated in the EAC
<b>East African Community or EAC</b>	The regional intergovernmental organization whose current partner states include the Republic of Rwanda, the Republic of Kenya, the United Republic of Tanzania, the Republic of Uganda, and Republic of Burundi, set up by treaty, with its headquarters in Arusha, Tanzania
<b>EDPRS 2</b>	Economic Development and Poverty Reduction Strategy II
<b>EFT</b>	Electronic Funds Transfer
<b>EGM</b>	Extraordinary General Meeting
<b>Employee</b>	Any person in the employment of I&M Bank (Rwanda) Limited as at the date of this Prospectus
<b>EPS</b>	Earnings Per Share
<b>ESOP</b>	Employee Share Ownership Plan of the Bank as described in this Prospectus
<b>Euro</b>	The lawful currency of the 17 members of the European Union which have entered into an Economic and Monetary Union
<b>Financial inclusion</b>	The delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society.
<b>FIRST</b>	Financial Sector Reform and Strengthening
<b>Foreign Currency</b>	A foreign currency is the currency used by a foreign country as its recognized form of monetary exchange. In Rwanda, all currencies other than the Rwandan Francs are considered foreign currencies
<b>Foreign Investors</b>	Investors who are not East Africans
<b>Frw</b>	Rwandan Francs, the official currency of the Republic of Rwanda
<b>FSDP</b>	The Financial Sector Development Program

## TERMS & DEFINITIONS

<b>GDP</b>	Gross Domestic Product
<b>GoR or Government or Promoter or Offerer</b>	The Government of the Republic of Rwanda or The State of Rwanda
<b>HR</b>	Human Resources
<b>ICT</b>	Information and Communications Technology
<b>IFRS</b>	International Financial Reporting Standards
<b>IMF</b>	International Monetary Fund
<b>International Pool</b>	The pool of shares set aside for application by Foreign Investors
<b>Issued &amp; full paid Shares</b>	The 500,000,000 Shares issued by the Bank as at the date of this Prospectus
<b>IT</b>	Information Technology
<b>Lead Sponsoring Broker</b>	BARAKA Capital Limited, Rwanda
<b>Lead Transaction Advisors</b>	BARAKA Capital Limited, Uganda and Dyer & Blair Investment Bank, Kenya.
<b>Legal Advisors</b>	Trust Law Chambers
<b>Listing</b>	Admission of the Shares to the official list of the Rwanda Stock Exchange
<b>MFI</b>	Micro-finance Institution
<b>MNOs</b>	Mobile Network Operators
<b>MINCOFIN</b>	Ministry of Finance and Economic Planning ,
<b>NBFIs</b>	Non-Bank Financial Institutions
<b>New Shares</b>	5,000,000 nil paid shares to be issued by the Bank
<b>NISR</b>	National Institute of Statistics of Rwanda
<b>NPL</b>	Non-Performing Loans
<b>Offer</b>	The offer for sale to the general public of the Offer Shares
<b>Offerer</b>	Government of Rwanda selling its shares
<b>Offer Shares</b>	Shares for Sale by GoR
<b>Opening Date</b>	14 February 2017
<b>P/BV</b>	Price-Book Value ratio
<b>P/E</b>	Price Earnings ratio
<b>PROPARGO</b>	Promotion et Participation pour la Coopération Économique (French Development Institution)
<b>Prospectus</b>	This Prospectus dated 14 February 2017
<b>Prospectus Instructions</b>	Instructions of the Registrar General No. 01/2010/ORG of 12/04/2010 relating to the form and content
<b>Qualified Institutional Investor or QII</b>	Any entity including Collective Investment Schemes established in the EAC and licensed by the relevant capital markets, insurance or retirement benefits regulator to collect and manage funds on behalf of third parties
<b>Receiving Bank</b>	KCB Bank Rwanda Limited
<b>Registrars</b>	KCB Registrars (Rwanda)
<b>Regulatory Authorities</b>	BNR, CMA, RSE as the case maybe
<b>Regulation S</b>	Regulation S under the Securities Act of the United States of America
<b>Reporting Accountants</b>	Deloitte Rwanda Limited
<b>Retail East Africans</b>	East Africans other than QIIs
<b>RSE</b>	Rwanda Stock Exchange
<b>RTGS</b>	Real-time Gross Settlement: Specialist funds transfer systems where the transfer of money or securities takes place from one bank to another on a "real time" and on a "gross" basis
<b>RwF</b>	Rwandan Francs, the official currency of the Republic of Rwanda
<b>Sale Shares or Offer Shares</b>	99,030,400 shares on sale by GoR
<b>SBU</b>	Strategic Business Units
<b>Securities Act</b>	United States Securities Act of 1933
<b>Shareholders</b>	Persons who are on the register of members at the relevant time
<b>Shares</b>	Ordinary shares in the capital of the Bank
<b>SME</b>	Small and Medium Enterprise
<b>Supplementary Capital or Tier II Capital</b>	Includes 25% of revaluation reserves, subordinated debt, permanent debt and any other form of capital as determined by the BNR
<b>Time</b>	Any reference to time in this Prospectus shall refer to two (2) hours in advance of Greenwich Mean Time (GMT) being the local time in Rwanda
<b>Total Capital or Net Worth</b>	Core Capital plus Supplementary Capital
<b>TBS</b>	Transactional Banking Services
<b>Transaction Advisors</b>	BARAKA Capital Limited, Uganda, Dyer & Blair Investment Bank Limited and CORE Securities Tanzania Limited
<b>USD, US Dollars, US cents, US\$ or \$</b>	The official currency of the United States of America

Joint Lead Transaction Advisors	
<p><b>Dyer and Blair Investment Bank Limited,</b> 7th Floor Goodman Tower, Waiyaki Way, Westlands, P.O. Box 45396 – 00100, Nairobi, Kenya. Email: shares@dyerandblair.com Web: www.dyerandblair.com</p>	<p><b>BARAKA Capital Limited,</b> 2nd Floor, Itiri House, Port Bell Road P.O. Box 36307, Kampala, Uganda. Email: equities@barakacapital.com Web: www.barakacapital.com</p>
Co-Transaction Advisors	
<p><b>CORE Securities Limited</b> 4th Floor, Dar Elite City Building, Samora Avenue P.O. Box 76800 Dar es Salaam, Tanzania Email: info@coresecurities.co.tz Web: www.coresecurities.co.tz</p>	
Lead Sponsoring Broker	Co-Sponsoring Broker
<p><b>BARAKA Capital Limited (BCL),</b> 4th Floor, Building 2000 (Opp. Kigali City Towers), KN 82 Street, P.O. Box 7180, Kigali , Rwanda Email: equities@barakacapital.com Web: www.barakacapital.com</p>	<p><b>CORE Securities (Rwanda) Limited,</b> 2nd Floor Makuza House, KN 3 African Union Road P.O. Box 6814 Kigali, Rwanda, Email: info@coresecurities.co.tz</p>
Reporting Accountants	Transaction Lawyers
<p><b>Deloitte Rwanda Limited</b> 1st Floor Umoja Building, KN 3 Rd, P.O. Box 3903 Kigali, Rwanda. Email: deloitte@deloitte.com Web: www.deloitte.com</p>	<p><b>Trust Law Chambers Advocates,</b> KG 569 Street, TLC House, Kacyiru P.O. BOX 6679 Kigali, Rwanda. Email: rbalenzi@trustchambers.com Web: www.trustchambers.com</p>
Receiving Bank	Registrars
<p><b>KCB Bank Rwanda Limited,</b> 1st Floor, KN4 AV18, Wing B, P. O. Box 5620 Kigali , Rwanda Email: custody@rw.kcbbankgroup.com Web: www.kcbbankgroup.com</p>	<p><b>KCB Bank Rwanda Limited,</b> 1st Floor, KN4 AV18, Wing B, P. O. Box 5620 Kigali , Rwanda Email: custody@rw.kcbbankgroup.com Web: www.kcbbankgroup.com</p>
Marketing & Public Relations Consultant	
<p><b>Brand Revolution Ltd</b> Plot 5292, African Union Road, KN 48 P.O. Box 1891, Kigali, Rwanda. Email: tomara@brandrevolution.net Web: www.brandrevolution.net</p>	
Collecting Banks	
<p><b>I&amp;M Bank Rwanda Limited</b> KN 03 Avenue 9 P. O. Box 354 Kigali , Rwanda Email: info@imbank.co.rw Web: www.imbank.com/Rwanda</p>	<p><b>KCB Bank Rwanda Limited,</b> 1st Floor, KN4 AV18, Wing B, P. O. Box 5620 Kigali , Rwanda Email: custody@rw.kcbbankgroup.com Web: www.kcbbankgroup.com</p>

For more information about the Directors, please refer to page 53 titled “The Board of Directors” of this Prospectus.

## Current Directors of the Bank

<p><b>BILL IRWIN (Nationality: British)</b> Chairman Independent Non-Executive Director P.O Box 354, Kigali, RWANDA</p>	<p><b>ARUN S MATHUR (Nationality: Kenyan)</b> Non-Executive Director P.O Box 354 Kigali, RWANDA</p>
<p><b>JONATHAN NZAYIKORERA (Nationality: Rwandan)</b> Non-Executive Director P.O Box 354, Kigali, RWANDA</p>	<p><b>RICHARD MUGISHA (Nationality: Rwandan)</b> Independent Non-Executive Director P.O Box 354 Kigali, RWANDA</p>
<p><b>BONAVENTURE NIYIBIZI (Nationality: Rwandan)</b> Independent Non-Executive Director P.O Box 354 Kigali, RWANDA</p>	<p><b>ANDREAS GRENACHER (Nationality: German)</b> Non-Executive Director P.O Box 354 Kigali, Rwanda</p>
<p><b>M. SOUNDARARAJAN (Nationality: Indian)</b> Independent Non-Executive Director P.O Box 354 Kigali, RWANDA</p>	<p><b>ROBIN BAIRSTOW (Nationality: South African)</b> Managing Director P.O Box 354 Kigali, RWANDA</p>
<p><b>FAUSTIN BYISHIMO (Nationality: Rwandan )</b> Executive Director P.O Box 354 Kigali, RWANDA</p>	

# I&M BANK (RWANDA) BOARD



FAUSTIN BYISHIMO



M. SOUNDARARAJAN



ROBIN BAIRSTOW



JONATHAN NZAYIKORERA



BILL IRWIN



BONAVENTURE NIYIBIZI



ARUN S MATHUR



RICHARD MUGISHA



## DIRECTORS AND CORPORATE INFORMATION

### Corporate Information

<b>Registered Office</b>	<b>I&amp;M Bank (Rwanda) Limited</b> KN 03 AVE/9 P.O. Box 354 Kigali, RWANDA
<b>Principal Banker</b>	<b>Banque Nationale du Rwanda</b> P.O. Box 531 Kigali, RWANDA
<b>Correspondent Banks</b>	<p><b>CITI BANK N. A.</b> 3800 City Bank Center Building B, 3rd Floor Tempa, FL 33610</p> <p><b>ING BELGIQUE S.A</b> Avenue Marnix 24 B. 1000 Bruxelles RPM Bruxelles</p> <p><b>I&amp;M Bank Limited, Kenya</b> I&amp;M Bank House 2nd Ngong Avenue P.O. Box 30238 – 00100, GPO Nairobi, KENYA</p> <p><b>I&amp;M Bank Limited , Tanzania</b> Maktaba Square, Maktaba Street, PO.Box 1509, Dar es Salaam, TANZANIA</p> <p><b>Bank One Limited Mauritius</b> 6 Sir William Newton Street Port Louis, MAURITIUS</p>
<b>Auditors</b>	<b>Ernst &amp; Young Rwanda Limited</b> M. Peace Plaza Avenue de la Paix P. O. Box 3638 Kigali, RWANDA

## DIRECTORS AND CORPORATE INFORMATION

<b>Principal Lawyers</b>	<p><b>MRB Attorneys</b> KG 268 Str., 1 P.O Box 682 Kigali, RWANDA</p> <p><b>Bosco RUSANGANWA Law Chambers</b> KG 599 Str. 5 P.O Box 1980 Kigali, RWANDA</p> <p><b>Thierry RWABUSAZA and Associates-</b> KN 14 Av., 45 P.O Box 819 Kigali, RWANDA</p>
<b>Company Secretary</b>	<b>Lena MILITISI</b> KN 03 AV/9 P.O Box 354 Kigali, RWANDA



Dear Prospective Investor,

On behalf of the Government of Rwanda, I am pleased to announce yet another fundamental step in the development of our financial sector. The Government is offering 99,030,400 ordinary shares representing approximately 19.81% shareholding of I&M Bank (Rwanda) Limited through an Offer for Sale to the public.

I&M Bank (Rwanda) Limited will become the eighth company to list on the Rwanda Stock Exchange, and the fourth financial institution after Bank of Kigali Limited, KCB Bank Group Limited and Equity Bank Group Limited. This Offer for Sale of shares by the Government is a continuation of its commitment to enhance the development of the capital market as part of Rwanda's long-term development plan, as articulated in Vision 2020, to transform Rwanda into a middle-income country and an economic trade and communications hub by the year 2020.

The development of the capital market in Rwanda is a deliberate strategy to enhance the long-term capital formation and access to long term financing for both private and public sectors. The Government is keen to create the culture of savings and investment through wide spread ownership of shares and other financial assets among the population. Therefore the Government identified the capital markets as a channel for long term savings mobilization and an opportunity to promote public ownership through accelerated privatization programme.

From a global perspective, Africa continues to emerge as a favourite destination for international capital due to prospects for high returns on investment. This Offer for Sale which is open to both domestic and international investors, will go a great length towards connecting the international portfolio investors to Rwanda, and indeed, enabling Rwanda to tap into the international financial markets.

I&M Bank (Rwanda) Limited is a medium-sized bank, serving large corporations, small-to-medium businesses, and individuals. It has been one of the most profitable companies in Rwanda today. For the financial year ending 31 December 2016, the Bank reported a net income FRW 5.8 billion, and has been amongst the best and largest taxpayers in the country. Its growth strategy is supported by its association with I&M Bank Group to yield more benefits as it pursues the regional customers, regional products and regional opportunities. The Government is now giving an opportunity to the public to share the success of a well managed and financially sound Bank.

This Prospectus sets out the details of the Offer and the Listing of the Bank's shares on the Rwanda Stock Exchange. I urge all potential investors to take interest and read the full Prospectus to understand the potential rewards and risks related to investing in the Bank.

To the potential investors that have looked to Rwanda as an investment destination, this is the opportunity. Finally, I wish I&M Bank Rwanda Ltd, a successful Offer for Sale.

Claver GATETE  
Minister



Dear Prospective Investor,

I&M Bank (Rwanda) Limited is pleased to join with the Government of Rwanda in offering for sale to the public approximately 19.81 % of the shares in the Bank.

This equity is currently owned by the Government and the purpose of the sale is to advance their policy of privatisation in the economy and increase the investment opportunities available to the public.

The Bank is the oldest financial institution in Rwanda having been incorporated in 1963. It is now represented in all regions and has grown to be one of the major banks in the country.

As part of a regional group, I&M Bank Rwanda has widened its footprint to also become a competitive player in the region. Its success in recent years has been recognised by winning numerous prestigious national and international awards including "the Global Banking and Finance Review Award for Best Customer Service Bank in Rwanda 2016; the CIO Rwanda Country Award from 2014 to 2015 which recognised companies that demonstrate excellence and achievement in IT, the Best Bank in Rwanda from the Mining Sector in 2015, the Banker Awards Bank of the Year 2013 as well as governance recognition from the Rwanda Revenue Authority as one of The Most Compliant Taxpayer for the last three years.

These accolades have been achieved as a result of the efforts of a professional, enthusiastic and highly motivated staff and not only has this led to the above awards it has also resulted in a compound annual growth rate of 19% in our assets and a return on equity in excess of 20% for the past five years.

On behalf of the Board, I would like to thank all of those who have contributed to this success, not least of all, our loyal and valued customers.

We would like to place on record the Government of Rwanda's valuable contributions as a shareholder and its representatives on the Bank's Board of Directors and we look forward to welcoming a new broad based shareholder base from both Rwanda and the region.

Bill IRWIN  
Chairman



# PART ONE EXECUTIVE SUMMARY OF THE OFFER AND THE BANK

## Important Notice:

*This section is not intended to provide full information for investors intending to apply for the shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.*

## THE OFFER

### Legal Status of the Bank

I&M Bank (Rwanda) Limited is a public limited company that was incorporated in the Republic of Rwanda on 25 May 1963 under the Companies Act and is domiciled in Rwanda. It was incorporated in the name of Banque Commerciale du Rwanda S.A. (BCR) as a commercial bank and later changed its name to I&M Bank (Rwanda) Limited in 2013 upon change in majority ownership from Actis, a Private Equity Fund, to the current majority shareholders, BCRL.

### Legal basis of the Offer

In accordance with the GoR's policy of divesting from public enterprises, the Government of Rwanda is seeking to sell its stake of approximately 19.81% in I&M Bank (Rwanda) Limited to the public through an Offer for Sale through the capital market and list on the RSE.

Through a resolution passed during the Extraordinary General Meeting held on 19 May 2015, the Shareholders accorded their approval to list the Bank at the RSE in order to enable the GoR to sell its shares in the Bank to the public.

The Bank has an authorized share capital of Frw 6 billion divided into 600,000,000 Ordinary shares with a par value of Frw 10 per share as at 31 December 2016. 500,000,000 shares have been issued and fully paid for.

At the Extra-ordinary General meeting held on 25 November 2016, the shareholders passed resolutions to i) increase the authorized capital to Frw 6 Billion, and ii) undertake a share split in the ratio of 100:1, thereby increasing the number of authorized shares to 600,000,000, of Frw 10 each and the number of paid up shares to 500,000,000 of Frw 10 each. The shareholders also approved an issue of 5,000,000 New Shares each with a par value of Frw 10 to the employees and local directors of the Bank through the Trustees of the proposed Employee Share Ownership Plan (ESOP).

*The share capital of the Bank as at the date of this Prospectus was as follows:*

	Nominal/Par Value Share in Frw	Total Number of Shares	Share Capital in Frw
Authorized Capital	10	600,000,000	6,000,000,000
Issued & fully paid Capital	10	500,000,000	5,000,000,000

The above provides the legal basis for the Offer to the public by the GoR.

### Reasons for Privatization/Divestiture by the Government of Rwanda and Issue of New Shares

It is the GoR's objective to encourage investment of shares of successful companies amongst the citizens of Rwanda, and to promote the development of the local capital markets. The GoR is pursuing a divestiture programme of state-owned enterprises which kicked off in earnest in 1997 with a total of 72 institutions earmarked for privatization/divestiture. The Government of Rwanda now proposes to divest its 19.81% (approx.) stake in I&M Bank (Rwanda) Limited. The specific objectives of GoR's privatization /divestiture programme entails:

- Developing and promoting Rwanda's capital markets
- Reducing the shares held by Government in public companies and thus alleviating the financial burden on its resources (through the elimination of subsidies and state investments) and reducing its administrative obligations in the enterprises;
- Ensuring better management and financial discipline in privatized companies;
- Attracting foreign investment in Rwanda and the accompanying transfer of technology and knowhow and
- To give to a wider public, the opportunity to participate in the shareholding of a well run company.

Frw 8,912,736,000 being the gross proceeds of the offer will accrue to GoR, from which all expenses of the Offer will be paid.

The 5,000,000 New Shares so created will be allotted to the ESOP simultaneously with the allotment of the shares being offered by the Government of Rwanda.

**Number of Shares on Offer**

The total number of Offer Shares is 99,030,400. Assuming that the total number of Offer Shares is fully subscribed to, the total number of Offer Shares will constitute 19.61% of the issued share capital of the Bank.

The Pre and Post-Offer shareholding structure is shown in the table below:

Shareholder's name	Pre-Offer		Post- Offer	
	Number of Shares	% of Issued Shares	Number of Shares	% of Issued Shares
Government of Rwanda	99,030,400	19.81	0	0.00
BCR Investment Company	400,122,300	80.02	400,122,300	79.23
Private Local Nationals	847,300	0.17	847,300	0.17
Public	0	0.00	99,030,400	19.61
ESOP	0	0	5,000,000	0.99
<b>Total</b>	<b>500,000,000</b>	<b>100.00</b>	<b>505,000,000</b>	<b>100.00</b>

**Employees share allocation and ownership program through the ESOP**

Pursuant to the shareholders' resolution passed at the Extra-ordinary General Meeting held on 25 November 2016, the shareholders approved the issue of 5,000,000 shares to the Employees and local directors, through an Employee Share Ownership Plan (ESOP).

The 5,000,000 shares (the "ESOP Shares"), may be subscribed for by local directors and eligible employees and each ESOP Share so subscribed shall entitle the purchaser to buy as part of the Bank's Directors and Employee Share Ownership Plan (The Plan) a newly share issued by the Bank.

Each beneficiary shall be entitled to purchase from the Trustee, not earlier than the first anniversary of the close of the ESOP Offer (the "Vesting Date"), and not later than the fifth anniversary of the close of the ESOP Offer, newly issued Share of the Bank for the cash consideration equal to the Offer Price and payable in full.

The beneficiary shall continue to serve as Directors or be employed by the Bank, as the case may be, until the vesting date.

All eligible Employee are entitled to purchase the ESOP Offer Shares from the ESOP for 100% of the purchase price. Payment will be made to the Trust through deductions each month from the payroll spread over a maximum period of 60 months. The Trust will not charge any interest under the ESOP.

**Status of the Offer Shares**

The Offer Shares and the ESOP Shares will rank pari passu upon allotment, in all respects with the Issued Shares, including the right to participate in full in all future dividends and/or other distributions declared in respect of such shares commencing from the year 2017, upon the allotment of the Offer Shares. The dividends for the year financial ended December 2016 will be paid to the Government of Rwanda.

The Offer Shares will be freely transferable and will not be subject to any restrictions on marketability or any rights of first refusal on transfer.

**OFFER STATISTICS**

Table: Key Statistical Data

Offer Statistics	Currency	Amount
Offer Price per Offer Share	Frw	90
Par value of each Offer Share	Frw	10
Authorized share capital of the Bank	Frw	6,000,000,000
Total number of issued shares		500,000,000
No of shares for ESOP		5,000,000
Gross proceeds of the ESOP	Frw	450,000,000
Total number of Offer Shares (Sale Shares)		99,030,400
Gross proceeds of the Offer	Frw	8,912,736,000
Net profits for the twelve (12) month period ended 31.12.2016	Frw Millions	5,803
EPS for the twelve (12) month period ended 31.12.2016 (based on 500,000,000 shares following a Share split)	Frw/Share	11.6
Implied PE (historical) based on the EPS for the twelve (12) month period ended 31.12.2016		7.8x
Book Value on 31.12.2016	Frw Millions	30,423
BVPS on 31.12.2016 (based on 500,000,000 shares following a Share Split)		60.8
Implied PBV based on the BVPS on 31.12.2016		1.5x

**OFFER TIMETABLE**

Table: Events and Key Timelines

EVENT	TIME AND DATE
Offer Opening Date – the date the Offer opens	8:00am, Tuesday, 14 February
Offer Closing or Closure Date - the day the Offer closes	6:00pm, Friday, 03 March
Allocation of Offer Shares	Monday, 20 March
Announcement of Results	Monday, 20 March
Last Date for Payment for QILs who filled the form of guarantee	6:00pm, Monday, 20 March
Electronic Crediting on CSD Accounts	Monday, 27 March
Refunds Date	Monday, 27 March
Listing Date – Date of commencement of trading of the Offer Shares on the RSE	Friday, 31 March



## PROCEDURES FOR, AND TERMS AND CONDITIONS OF, APPLICATION AND ALLOTMENT

*Structure and Allocation of the Offer Shares*

In order to strike a balance between retail and institutional investors as well as local and international investors, the Offer is structured into two main pools, Domestic and International. The Domestic Pool consists of three sub-pools (Retail East Africans, Employees and Directors and QIIs).

40% of the Offer has been earmarked for the International Pool and the balance of 60% of the Offer Shares for the Domestic Pool. Within the Domestic Pool, 25% of the Offer Shares have been reserved for Retail East Africans, 5% for Employees, 15% for QIIs in Rwanda and the remaining 15% of the Offer for QIIs in East Africa other than in Rwanda.

Table: Allocation Pools

Main Pool	Sub Pool	Allocation (%)	Number of Shares
International Pool (40%)	International Pool	40.00	39,612,000
Domestic Pool (60%)	Retail East Africans	25.00	24,757,900
	Employees	5.00	4,951,500
	QIIs in Rwanda	15.00	14,854,500
	QIIs in East Africa other than Rwanda	15.00	14,854,500
	Total	100	99,030,400

*Eligibility to the pools and sub-pools*

The following describes who is eligible to participate in each of the pools and the sub pools.

*Domestic Pool*

The Domestic Pool is comprised of the following sub-pools:

- i) Retail East Africans;
- ii) Employees;
- iii) QII Rwanda; and
- iv) QII EAC (other than Rwanda).

*Retail East Africans sub-pool*

East Africans (as defined in this Prospectus) excluding QIIs are eligible to apply only for the 24,757,900 Offer Shares reserved under this sub-pool.

*Employees Pool*

Employees (as defined in this Prospectus) are eligible to apply only for the 4,951,500 Offer Shares reserved under this sub-pool.

*Qualified Institutional Investors (EAC)*

QIIs (as defined in this Prospectus) that are incorporated or registered in any of the EAC countries, other than in Rwanda, are eligible to apply only for the 14,854,500 Offer Shares reserved under this sub-pool.

*International Pool*

Persons who are not Retail East Africans, Employees or QIIs in EAC are entitled to apply for Shares reserved under the International Pool.

Foreign Investors are only eligible to apply for Shares under the International Pool, if it is permissible under the laws of their residency or location for them to receive the Prospectus and participate in the Offer and provided that the Offer to such entity complies with the selling restrictions set out in the section headed Selling Restrictions on page 5.

*Minimum number of Shareholders*

One of the listing conditions that a firm is required to meet in order to be allowed to list on the RSE is that there must be an open market in the securities for which listing is sought. This means that the minimum percentage of securities in public hands, (i.e. Persons who are not a director or substantial shareholder of the firm or a director of a substantial shareholder of the issuer or an associate of any of them) must at all times be not less than 50 shareholders holding at least 25% of the Offer shares. I&M Bank (Rwanda) Limited expects

to surpass the threshold once the Offer is closed.

*Minimum number of Offer Shares per Application*

The minimum number of Shares per application is 1,000 Offer Shares. Applicants applying for more than the minimum number of Offer Shares may apply for such higher number in multiples of 100 Offer Shares.

*Stock Exchange Listing*

Approval of the Offer and the Listing has been received from CMA and permission for the Listing has been received from RSE, subject to procuring a minimum number of 50 shareholders holding in aggregate at least 25% of the total Offer Shares. It is expected that trading in the Shares will commence on or about 31 March 2017. Shares will be electronically credited to successful Applicants' respective CSD Accounts.

*Extension of the Offer*

Any request for extension of the Offer Period by the Offeror will be subject to approval of the Bank, CMA and the RSE.

*Application of Proceeds*

The proceeds will accrue to the GoR, and from which all expenses of the Offer will be paid.

*Underwriting*

The Offer Shares will not be underwritten.

*Allotment Policy*

The authority and responsibility for allotting the Offer Shares lie with the Bank and the Offeror under the recommendation of the Joint Lead Transaction Advisors. Where valid Applications for Offer Shares received in any pool or sub-pool are equal to or less than the Offer Shares reserved for that pool or sub-pool respectively, the Applicants will be allotted in full the number of the Offer Shares applied for by them. In the event of an under-subscription in the Domestic Pool, the Offer Shares not subscribed for in the Domestic Pool will be allocated to the International Pool and vice versa.

**The Board of Directors and the Regulatory Authorities as the case may be have the final authority to reject any application without assigning any reason therefor.**

Further to the above provisions, the following allotment policies will apply to the sub-pools and pool highlighted below:

*Allotment Policy in the Retail East Africans sub-pool*

The following allotment policy will apply to the Retail East African sub-pool.

If the total number of Offer Shares applied for is more than the total number of Offer Shares reserved for the Retail East Africans sub-pool, Applicants will be allotted 1,000 Offer Shares in the first instance and thereafter in multiples of 100 Offer Shares on a pro rata basis, rounded down to the nearest 100 Offer Shares, until all Offer Shares in the sub-pool are fully exhausted, provided however that Rwandan citizens will be given priority in allotment for up to 50% of the Offer Shares reserved under the Retail East Africans sub-pool.

*Allotment Policy in the QII Rwanda and QII EAC sub-pools*

If the total number of Offer Shares applied for is more than the total number of Offer Shares reserved for the QII Rwanda and QII EAC sub-pools, Applicants will be allotted 1000 Offer Shares in the first instance and thereafter in multiples of 100 Offer Shares on a pro rata basis, rounded down to the nearest 100 Offer Shares, until all Offer Shares in the particular sub-pool are fully exhausted.

*Allotment Policy in the International Pool*

If the total number of Offer Shares applied for is more than the total number of Offer Shares reserved for the International pool, Applicants will be allotted 1,000 Offer Shares in the first instance and thereafter in multiples of 100 Offer Shares on a pro rata basis, rounded down to the nearest 100 Offer Shares, until all Offer Shares in the pool are fully exhausted.

In all of the above allocation policies, in the event that shares remain in each pool that are not possible to be allocated due to rounding down, the Board of Directors of the Bank will use their discretion to allocate those shares as they deem appropriate.

*Status of Applicant*

Each Applicant is required to complete the declaration on the Application Form declaring the pool or sub-pool to which the Applicant is eligible to apply for shares and submit together with the application documentation supporting such eligibility.

Each application must disclose the ultimate, beneficial ownership where such applications are submitted through nominee companies, trust companies or client accounts.

Each application must disclose the ultimate, beneficial ownership where such applications are submitted through nominee companies, trust companies or client accounts.

#### APPLICATION AND PAYMENT PROCEDURES

The summarized procedures below should be read in conjunction with the detailed instructions for applying for shares as contained on page 2 of this Prospectus, "Procedures for, and Terms and Conditions of, Application and Allotment" and the instructions on the Application Form. Investors may visit any licensed stockbroker member (ASAs) of the RSE, any branch of I&M Bank Rwanda and KCB Bank Rwanda the collecting banks for further advice.

Copies of this Prospectus, together with the Application Forms and CSD account opening forms CSD 1R, may be collected during the hours from 8:00am to 6:00pm on any day (except Saturdays, Sundays and public holidays) from 14 February 2017 to 03 March 2017 from any of the ASAs listed on page 163: Directory of Authorized Selling Agents (ASAs) of this Prospectus. All the above forms can be downloaded from the ASAs and Collecting Banks websites.

An Application may be made only on the serially numbered Applications, a copy of which is attached to this Prospectus. Each Application Form must be supported by payment for an amount equivalent to the full value of shares applied for by the Applicant. Payment may be in the form of cash, valid banker's draft/ certified valid cheque in Frw. Electronic transfers in the form of RTGS and EFTs are also allowed. In the case of banker's draft/certified cheques, RTGS and EFTs, payments should be made in favour of any of the Authorized Selling Agents on page 165 collecting banks listed below quoting the Application number.

Collecting Banks	Account Name & Numbers
I&M Bank (Rwanda) Limited	Account Name: I&M Bank Offer for Sale Account Number: 8888884-18-88 Currency: Frw
KCB Bank Rwanda Limited	Account Name: I&M Bank Rwanda Offer for Sale Account Number: 4490209657 Currency: Frw

The completed Application Form, together with the necessary proof of payment or the banker's draft/certified cheque, should be submitted to any of the ASAs by 6:00pm on 03 March 2017.

Foreign Investors and QIIs will be required to provide payment or bank guarantees on application. Payment for the Offer Shares applied for by Foreign Investors and QIIs will be made upon allotment and on the same day of the announcement of allotment results. By submitting an Application Form, each Foreign Investor and QII binds itself to the Issuer and to the Offeror to pay in full the value of Offer Shares allotted to them.

#### Refunds Policy

In the event of an oversubscription, all Applicants that have not been allotted in full the number of Offer Shares applied for by them will be refunded an amount equivalent to the value of the Offer Shares not allotted. Applicants should indicate on the Application Forms their preferred bank account details. Refunds will be made available to Applicants no later than 7 working days after the announcement of allotment results. Refunds will be made available to Applicants by way of EFT to the bank account specified in the Application Form.

Any refunds to applicants outside Rwanda will be made by way of SWIFT in the foreign currency specified by the Applicant on the Application Form, at the cost of the respective Applicant and at the prevailing exchange rate specified by the Receiving Bank at the time of refund.

Applicants whose Applications have been rejected will receive their full refunds less any charges applicable. All refunds will be made by the way of a Banker's cheque or RTGS/EFT.

#### Rejections Policy

Applications received after 6:00pm on the Closing Date will not be considered and personal cheques will not be accepted.

Applications will only be considered if received through any of the ASAs. Accordingly, the Joint Lead Transaction Advisors, the GoR and the Bank will accept no responsibility for any applications that are, or may be, misdirected.

Applications can be rejected if the full value of the Offer Shares applied for is not received.

Applications may be rejected for the following reasons:

- a) Missing or illegible name of primary or joint Applicant in any Application Form;

- b) Missing or incorrect CSD account number;
- c) Missing or illegible identification number, including corporation registration number, or in the case of Rwandan residents, missing or illegible alien registration number;
- d) Missing or illegible address (either postal or street address);
- e) Missing residence and citizenship indicators (for primary Applicant in the case of an individual) or missing residency for tax purposes for corporate investors;
- f) Insufficient documentation is forwarded including missing tax exemption certificate copies for companies that claim to be tax exempt;
- g) In the case of nominee applications, incomplete information or lack of declaration from the agent submitting the application or the absence of information of the ultimate beneficiary;
- h) Missing or inappropriately signed Application Form including (for manual application only):
- i. Primary signature missing in Signature Box 1;
  - ii. Joint signature missing in Signature Box 2 (if applicable);
  - iii. Two directors or a director and company secretary have not signed in the case of a corporate application;
- i) Number of Offer shares does not comply with the rules as set out in this Prospectus;
- j) Amount for payment for number of Offer Shares Applied for is less than the correct calculated amount;
- k) Authorized Cheque has unauthenticated alterations;
- l) Authorized Cheque is not signed or dated or if amount in figures and words does not tally.-

**The Board of Directors and the Regulatory Authorities as the case may be have the final authority to reject any application without assigning any reason thereof .**

**Please refer to page 4 of this Prospectus for the detailed application procedures.**

#### SELLING RESTRICTIONS

Each of the following selling restrictions apply equally to the Domestic Pool and to the International Pool.

#### General

- a) Each of the Authorized Selling Agents has acknowledged to the Bank and the Offeror that no action has been or (except to the extent indicated below) will be, taken in any jurisdiction by any of the Authorized Selling Agents, the Bank or the Offeror that would permit a public offering of the Offer Shares, or possession or distribution (in electronic form or hard copy form) of the Prospectus (in preliminary or final form) or any other offering or publicity material relating to the Offer Shares, in any country or jurisdiction where action for that purpose is required. Each Authorized Selling Agent has undertaken that it will comply with all applicable laws and regulations in each jurisdiction in which it offers, sells or delivers Offer Shares or has in its possession or distributes (in electronic form or hard copy form) the Prospectus (in preliminary or final form) or any such other material, in all cases at its own expense.
- b) Each of the Authorized Selling Agent has also undertaken to the Bank and the Offeror to ensure that no obligations are imposed on the Offeror, the Bank and any Authorized Selling Agent in any such jurisdiction as a result of any of the foregoing actions. The Offeror, the Bank and the Joint Lead Transaction Advisors will have no responsibility for, and each Authorized Selling Agent will obtain, any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of the Offer Shares under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Authorized Selling Agent is authorized to make any representation or use any information in connection with the Offer and sale of the Offer Shares other than as contained in this Prospectus (in final form) or any amendment or supplement to it; and



- c) The distribution (in electronic or hard copy form) of this Prospectus is restricted by law in certain jurisdictions. Persons into whose possession this Prospectus may come are required by the Bank and Offeror to inform themselves about and to observe such restrictions. This Prospectus may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction or in any circumstances where such offer or solicitation is not authorized or is unlawful.

#### United States

The Offer Shares have not been and will not be registered under the Securities Act or with the regulatory authority of any state or jurisdiction in the United States, and may not be offered, sold, exercised, pledged, taken up, delivered, renounced or otherwise transferred in or into the United States. There will be no public offering of the Offer Shares in the United States.

The Offer Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Offer Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The Offer Shares offered outside the United States are being offered in reliance on Regulation S under the Securities Act.

#### Other Jurisdictions

Other jurisdictions outside US or are requested to read the following guidelines and information pertaining to some of the jurisdictions however advised to seek further professional advice as necessary and appropriate

#### United Kingdom

- a) No Offer Shares have been marketed to, or are available for subscription or purchase in whole or part by, the public in the United Kingdom. This Prospectus does not constitute an offer or solicitation of an offer in the United Kingdom to subscribe for or buy any securities in I&M Bank (Rwanda) Limited or any other entity; and
- b) This Prospectus is being distributed only to, and directed only at, persons: (i) having professional experience in matters relating to investments and who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (“FPO”); or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the FPO; or (iii) to whom the Prospectus may lawfully be communicated (each, a “relevant person”) and must not be acted on or relied on by any person who is not a relevant person. In the United Kingdom any investment or investment activity to which this prospectus relates is only available to and will only be engaged in with relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its content. In addition to the foregoing restrictions, in relation to persons who are in the United Kingdom, this Prospectus is made and directed only at persons falling within the meaning of “qualified investors” as defined in Section 86 of the Financial Services and Markets Act 2000.

#### South Africa

This Prospectus does not constitute an offer for the sale of or subscription for, or the solicitation of an offer to buy and subscribe for, shares to the public as defined in the South African Companies Act, No. 61 of 1973 (as amended or otherwise). This Prospectus does not, nor is it intended to, constitute a prospectus prepared and registered under such Companies Act.

It may only be distributed in South Africa to:

- a) banks, mutual banks or insurers acting as principal or those who are wholly owned subsidiaries of any such banks, mutual banks or insurers acting as agents in the capacity of authorized portfolio manager for a registered pension fund or as manager for a registered collective investment scheme as registered under the applicable South African legislation; and
- b) Addressees acting as principals, who are willing to subscribe for Offer Shares to a value of at least ZAR 100,000, provided in either case that they are persons whose ordinary business or part of whose ordinary business is to deal in shares, whether as principals or agents. Qualifying South African residents wishing to participate in the Offer should be aware that they may be required to comply with South African exchange control requirements and should seek advice from a person properly qualified to advise them if they are in any doubt as to what this may involve. Please note that neither the Bank nor the Offerer is responsible for obtaining any exchange control consents that any investor may need in order to participate in the Offer.

#### Canada, Australia and Japan

The Offer Shares have not been and will not be registered under the applicable securities laws of Canada, Australia or Japan. Each Authorized Selling Agent and the Transaction Advisors has represented and agreed that the Prospectus may not be distributed in, and the Offer Shares may not be offered or sold in Canada, Australia or Japan or to, or for the account or benefit of, any resident of Canada,

Australia or Japan.

The Transaction Advisors have relied on information available to them on the latest selling restrictions. These may not include jurisdictions that may issue selling restrictions after 13 February 2017, the date of this Prospectus.



PART TWO

COUNTRY AND

FINANCIAL SECTOR OVERVIEW

**Country Overview**

Rwanda has made substantial progress in stabilizing and rehabilitating its economy since the 1994 genocide. The country has enjoyed a strong economic performance over the last two decades as a result of strong policies depicted through prudent fiscal and monetary policies that are geared towards maintaining macroeconomic stability. These policies have led to a strong emphasis on building institutional capacity, promoting good governance, and creating a friendly business environment. The combined result from these strategic policies has contributed to low inflation and a steady annual economic growth over the last decade. Since March 1995, the foreign exchange transactions and capital account have been progressively liberalized and the exchange rate management framework shifted from fixed regime to floating regime. The country's Vision 2020 objective is to transform the economy from its 90% dependence on subsistence agriculture into a broad based economic engine.

*Vision 2020*

The major aspiration of Vision 2020 is to transform Rwanda's economy into a middle income economy. This will require achieving annual per capita income of US\$ 900, a poverty rate of 30% and an average life expectancy of 55 years. Vision 2020 aspires for Rwanda to become a modern, strong and united nation, proud of its fundamental values, politically stable and without discrimination amongst its citizens.

Policies and strategies have since been developed based on the six pillars of Vision 2020 which are:

- Good governance and a capable state;
- Human resource development and a knowledge-based economy;
- Private sector-led development;
- Infrastructure development;
- Productive high-value and market-oriented agriculture; and
- Regional and International Integration.

Vision 2020 recognizes that growth must be pro-poor; giving all Rwandans the chance to gain from the new economic opportunities. In order to reach these goals, Vision 2020 envisages the transformation of Rwanda's economy through:

- The promotion of market-based agriculture;
- Introduction of new technologies in the rural/agricultural sector;
- An inclusive market-based private-sector-led economic system;
- A specialization in export-oriented light manufacturing and service industries;
- Making full use of modern information and ICT technologies; and
- Encouraging tourism.

Rwanda's leadership demands that policy, strategies, programs and investments actually be measured against Vision 2020.

*Economic Development and Poverty Reduction Strategy II*

In March 2013, Government released the revised Economic Development and Poverty Reduction Strategy II (EDPRS 2) a five year plan designed as a roadmap for transforming Rwanda into a middle-income economy by 2017. The quantitative indicators of the seven year plan include:

- Rapid economic growth to middle income status- Target GDP per capita of \$1240 and an average GDP growth of 11.5%;
- Increased poverty reduction – Aim to reduce poverty by at least 20%;
- More off-farm jobs, more urbanization;
- Creation of 1.8 million new off -farm jobs with at least 35% of population living in urban areas;
- Reduced external dependency- target export growth of 28% per annum; and
- Grow the private sector to become the dominant engine for growth

*Regional Integration*

Rwanda was admitted to the EAC in July 2007 and to the EAC Customs Union in July 2009 and has ratified the EAC Common Market Protocol. These pacts mean that there should be gradual removal of all cross-border tariffs and non-tariff barriers among partner states and the use of Common External Tariffs. The EAC Common Market Protocol requires free movement of goods, labor and capital within the EAC partner states. The EAC partner states are working towards a single currency regime in the region.

Apart from Burundi, whose GDP contracted by 4.1% due to internal conflicts, other EAC economies performed well in 2015 compared

to 2014 and was expected to continue growing through 2016. From 5.9% in 2014, EAC economy grew by 5.8% in 2015 and expected to further improve to 6.1% by in 2016.

*Table: Growth Domestic Product growth*

	2015				2016	Annual average	
	Q1	Q2	Q3	Q4	Q1	2015	2016 projection
<b>Burundi</b>	0.3	-	-	-	-	-4.1	3.4
<b>Kenya</b>	5.0	5.9	6.0	5.7	5.9	5.6	6.0
<b>Rwanda</b>	7.6	7.1	5.9	7.0	7.3	6.9	6.0
<b>Tanzania</b>	6.5	7.9	6.3	7.1	-	7.0	6.9
<b>Uganda</b>	5.4	5.1	6.8	5.7	3.5	5.5	5.3

Source: National Bureau of Statistics Websites and IMF WEO, April 2016

The share of earnings from re-exports in total exports receipts increased to 40.0% in the first half of 2016, from 30.8% recorded in the first half of 2015, surpassing that of traditional exports (36.7%) and non-traditional exports (23.3%). Traditional exports are composed of tea, coffee, minerals, pyrethrum, as well as hides and skins. The change observed in the exports structure was mainly due to the poor performance recorded in the mining sector, in both value and volume, as international commodity prices remain low compared to the previous years. In recent years Rwanda is also emerging as a conference destination. This has resulted in a substantial increase in hotel beds and connectivity with the rest of world as more international airlines are flying to Kigali International airport. Rwandair, the national carrier has also expanded its reach through a steady expansion of its modern fleet.

*The Business Environment*

Rwanda has demonstrated consistent strong performance in the World Bank Doing Business Rankings in recent years with good progress made across all the key indicators. Following significant changes to the methodology of the World Bank Doing Business Report, Rwanda has been ranked 46th out of 189 countries in the 2015 report. This presents a strong performance given the widened scope in the new methodology that assesses new areas.

The report is a survey conducted on how easy it is to do business in the country. A high ranking on the ease of doing business index means the regulatory environment is more conducive to start and operate a local firm. In the overall performance, Rwanda is still the best performing country in the East and Central Africa and 3rd easiest place to do business in Africa (1st is Mauritius which ranks 28th globally, 2nd is South Africa which ranks 43rd).

- According to the 2015 Doing Business Report dubbed "Going beyond Efficiency" which goes beyond assessing normal regulation and also examines quality of regulation, Rwanda has made significant improvements in the following areas:
- Rwanda made major leaps in Getting credit (moved from 13th to 4th in the world), Dealing with Construction permits (moved from 85th to 34th), Resolving insolvency (moved from 137th to 101st)
- Rwanda improved greatly in the areas/indicators where we had traditionally registered poor performance.
- Rwanda's distance from frontier metric (DTC) went up from 69.40 last year to 70.47 this year. In other words, Rwanda's business environment as captured by doing business indicators improved, as a higher score indicates a more efficient business environment and stronger legal institutions.

**An Overview of the Banking Sector**

In its long-term goal to transform Rwanda into a middle-income country, an economic, trade and communication hub, the Government of Rwanda identified the financial sector as a key enabler towards achieving the goal. For the last decade, the GoR has taken lead in economic liberation of the economy with privatization of several financial institutions owned by the government. This has encouraged investors and for the most part financial services are now market driven.

The Financial Sector Development Program (FSDP) in Rwanda was initiated in order to support the Financial Sector Reform and Strengthening (FIRST) initiative with technical assistance from the World Bank Africa Finance and Private Sector Development Unit. This is a multi-donor grant facility that provides technical assistance in promotion of financial sector strengthening. As a result, the banking system is sounder and more competitive and asset quality has improved quite dramatically. Regulation and supervision have strengthened considerably, and there has been comprehensive legal and regulatory reforms, and significant growth in insurance, pensions and capital markets.



Structure of Rwanda's Economy

The table below shows the percentage contribution to GDP of the agricultural, industrial and services sectors as well as their respective real annual growth rates for the period 2011 to 2016.

Table: Breakdown of GDP by sector for the period 2011 to 2016

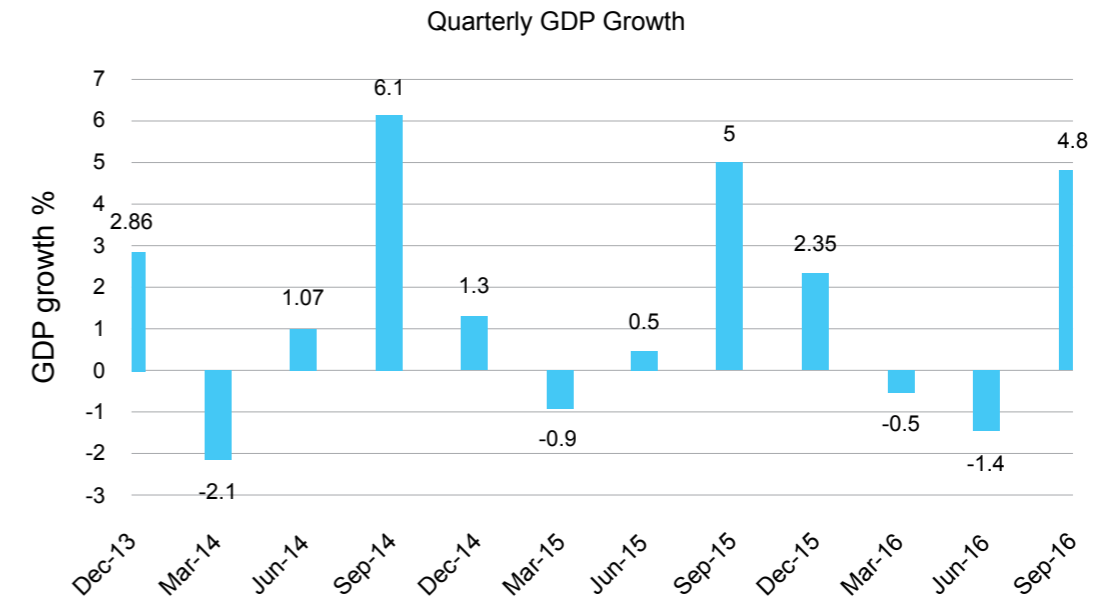
	2011	2012	2013	2014	2015	2016	
						Q1	Projection
GDP	7.8	8.8	4.7	7.0	6.9	7.3	6.0
AGRICULTURE	5.0	6.0	3.0	5.0	5.0	7.0	4.3
Food crops	5.0	7.0	4.0	6.0	4.0	4.0	4.7
Export crops	3.0	9.0	-5.0	-2.0	13.0	86.0	-2.6
Livestock & livestock products	3.0	6.0	7.0	8.0	9.0	9.0	8.5
Forestry	3.0	4.0	3.0	2.0	3.0	3.0	2.5
Fishing	3.0	-2.0	5.0	3.0	3.0	3.0	3.7
INDUSTRY	18.0	8.0	9.0	6.0	7.0	10.0	5.6
Mining & quarrying	50.0	-7.0	20.0	11.0	-9.0	-5.0	-10.1
Manufacturing	8.0	6.0	5.0	1.0	8.0	10.0	7.0
Electricity	15.0	17.0	8.0	9.0	8.0	25.0	8.3
Water & waste management	15.0	8.0	5.0	3.0	1.0	3.0	17.9
Construction	24.0	15.0	11.0	8.0	10.0	13.0	7.6
SERVICES	8.0	12.0	5.0	9.0	7.0	7.0	7.1
Trade & Transport	7.0	15.0	6.0	9.0	6.0	10.0	6.6
Maintenance and repair of motor vehicles	8.0	8.0	6.0	3.0	7.0	7.0	5.0
Wholesale & retail trade	8.0	14.0	6.0	10.0	7.0	11.0	6.5
Transport services	4.0	19.0	7.0	8.0	4.0	7.0	7.0
Other services	9.0	10.0	5.0	9.0	8.0	5.0	7.4
Hotels & restaurants	4.0	6.0	3.0	4.0	4.0	5.0	4.3
Information & Communication	4.0	33.0	0.0	17.0	16.0	0.0	10.0
Financial services	20.0	13.0	10.0	5.0	10.0	7.0	9.5
Real estate activities	0.0	0.0	1.0	8.0	7.0	4.0	7.5
Professional, scientific and technical activities	0.0	6.0	4.0	3.0	7.0	0.0	4.7
Administrative and support service activities	0.0	6.0	4.0	6.0	8.0	6.0	7.0
Public administration	15.0	22.0	9.0	6.0	5.0	7.0	6.1
Education	18.0	7.0	4.0	8.0	6.0	4.0	6.1
Human health and social work activities	2.0	23.0	6.0	9.0	8.0	11.0	6.1
Cultural, domestic & other services	-1.0	11.0	12.0	19.0	11.0	12.0	9.4
Taxes less subsidies on products	2.0	2.0	-3.0	3.0	14.0	3.5	6.9

Source: National Institute of Statistics of Rwanda

Recent Economic Performance

GDP

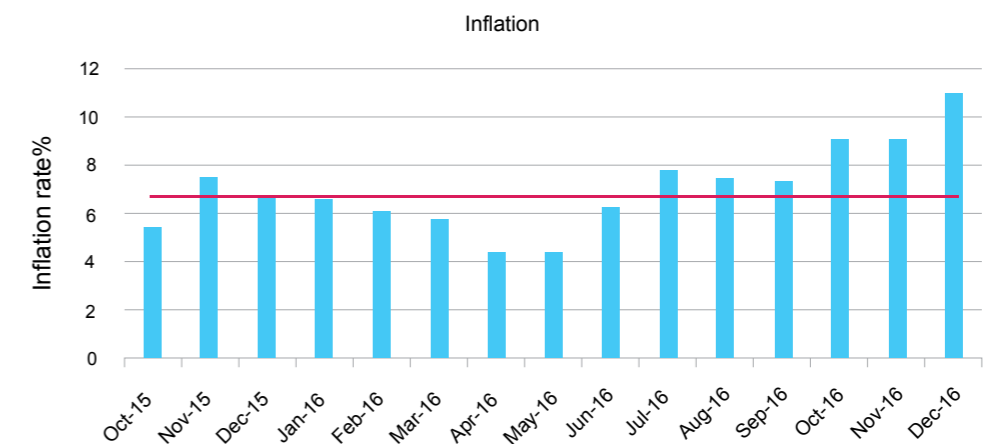
In Q3 2016, estimates calculated in 2011 prices shows that GDP was 5.2% higher in real terms compared to the same quarter in 2015. Agriculture sector grew by 1% and contributed 0.4% to the overall GDP growth. Industry sector increased by 7% and contributed 1% while the services sector expanded by 6% and contributed 3% to the overall GDP Service sector. The GDP growth rate averaged 5.44% between 2000 and 2016, reaching an all-time high of 13.40% in the first quarter of 2007 and recording a low of -5.10% in the first quarter of 2013 (NISRQ3 2016 report).



Source: National Institute of Statistics of Rwanda

Inflation

Consumer prices in Rwanda increased by 11% year-on-year in December 2016, following a 9.1% rise in the previous month. It was the highest inflation rate since October 2012, as food and non-alcoholic beverages, transport and furnishings rose at a faster pace going up by 20.9%, 4.9%, and 2.1%, compared to 16.3%, 4.7% and 1.8% respectively in the previous year. On a monthly basis, consumer prices fell 0.2%. Inflation rate has averaged 6.12% between 1997 and 2016, reaching an all-time high of 28.10% in February 1998 and a record low of -15.80% in February 1999. However, in the last one year, the inflation averaged 6.7%.



Source: National Institute of Statistics of Rwanda

Monetary Policy

BNR uses the key repo rate and discount rate as its key monetary policy tools. The repo rate is the rate of interest that banks earn from deposits placed with BNR. The discount rate is the rate of interest that BNR charges banks for short term accommodation. In the context of slowing global economic growth, BNR will continue to implement its monetary and exchange rate policy to keep inflation low and currency stable.

BNR Policy Rates

The repo rate is the actual average rate that banks earn from deposits placed with BNR. The T-bill rate is the discount rate offered on treasury bills. The table below depicts the Treasury bill and repo rates from 2010 – 2016. The BNR lowered its benchmark interest rate by 25 bps to 6.25% in December 2016 to stimulate lending and lower pressures on inflation. It was the first time the bank lowered the rate since 2014.

## COUNTRY AND FINANCIAL SECTOR OVERVIEW

Year	2014					2015					2016					
Month	Dec	Mar	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Dec
Key Repo rate	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.25
Discount Rate	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	7.75
Repo rate	2.8	1.9	2.0	2.1	1.9	1.9	1.8	1.8	2.4	3.9	3.5	3.1	3.1	3.1	3.6	

Source: BNR

### Commercial Bank Rates

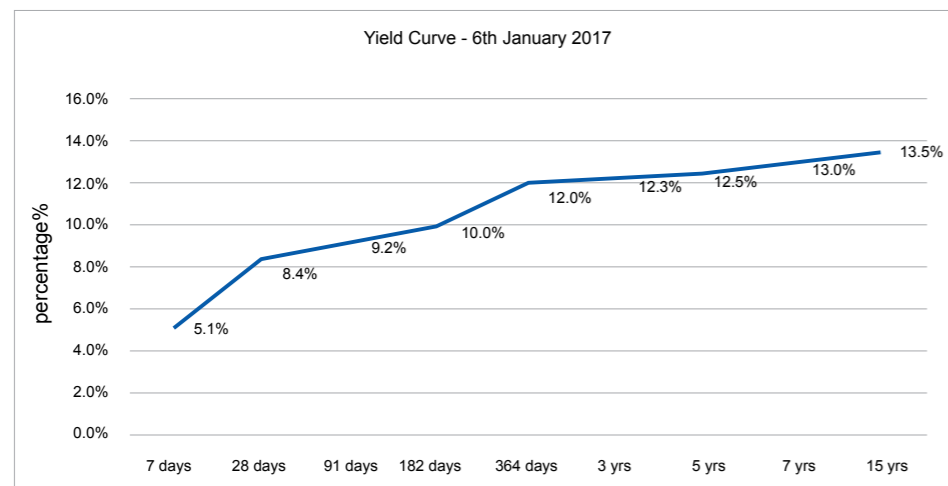
The table below shows the average commercial bank lending, deposit and inter-bank rates from Dec 2014 – June 2016.

Year	2014		2015					2016						
Date	Dec	Jun	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Nov
Interbank rate	4.7	4.0	3.4	3.7	3.5	3.5	3.7	4.9	4.8	5.2	5.6	5.9	5.9	6.61
Deposit Rate	7.8	8.8	8.2	8.3	7.9	8.1	7.6	7.6	8.2	7.3	8.1	8.7	7.9	8.01
Lending	17.7	17.	17.4	17.2	17.2	17.1	17.0	16.7	17.6	17.1	17.2	17.3	17.0	17.2
Spread	9.9	8.5	9.3	8.9	9.3	8.9	9.4	9.1	9.4	9.8	9.1	8.7	9.0	9.21

Source: BNR

The chart below shows the domestic market interest rate yield curve as of 6 January 2017.

Chart: Yield Curve as at 6 January 2017



Source: BNR

### International Trade

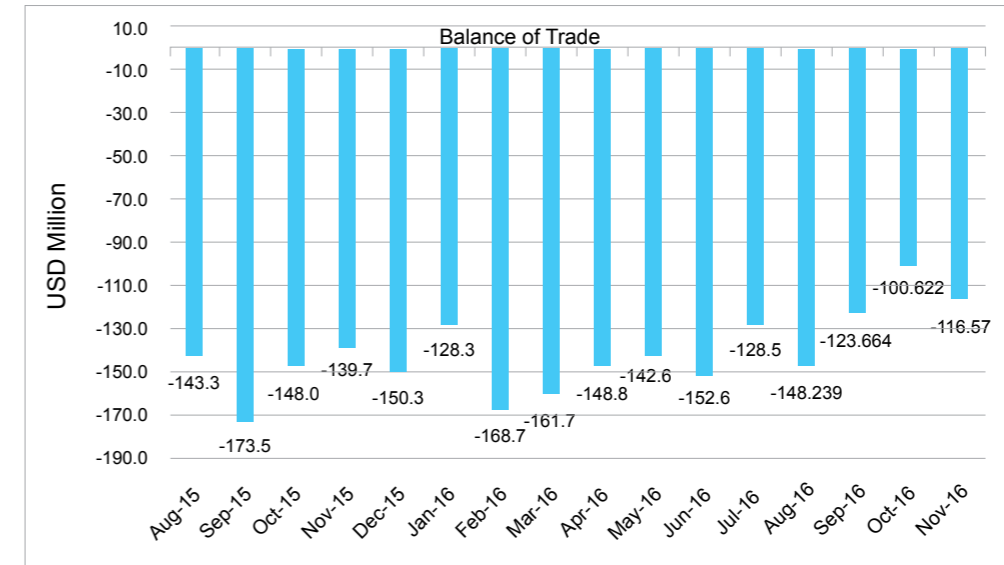
The share of earnings from re-exports in total exports receipts increased to 40.0% in the first half of 2016, from 30.8% recorded in the first half of 2015, surpassing that of traditional exports (36.7%) and non-traditional exports (23.3%). Traditional exports are composed of tea, coffee, minerals, pyrethrum, as well as hides and skins. The change observed in the exports structure was mainly due to the poor performance recorded in the mining sector, in both value and volume, as international commodity prices remain low compared to last year. The deficit in the balance of formal trade in goods was USD 108.27 million in June 2016, an increase of 1.31% compared to the previous month of May 2016. Year-over-year, the formal trade in goods deficit increased by 22.36% on the deficit of June 2015.

## COUNTRY AND FINANCIAL SECTOR OVERVIEW

Rwanda is emerging as a conference destination. This has resulted in a substantial increase in hotel beds and connectivity with the rest of world as more international airlines are flying to Kigali International airport. Rwandair, the national carrier has also expanded its reach through a steady expansion and modernisation of its fleet.

Chart: Rwanda Balance of Trade

Rwanda recorded a trade deficit of USD 116.57 Million in November 2016. The Balance of Trade in Rwanda has averaged USD -216.59 Million between 1998 and 2016. The lowest Balance of Trade was USD -100.62 Million recorded in October 2016 while the highest was record in December 2012 when the country recorded a balance of -1,268 million.



Source: National Institute of Statistics of Rwanda

### Rwanda's Main Trading Partners

Tables: Key Trading Partners of Rwanda

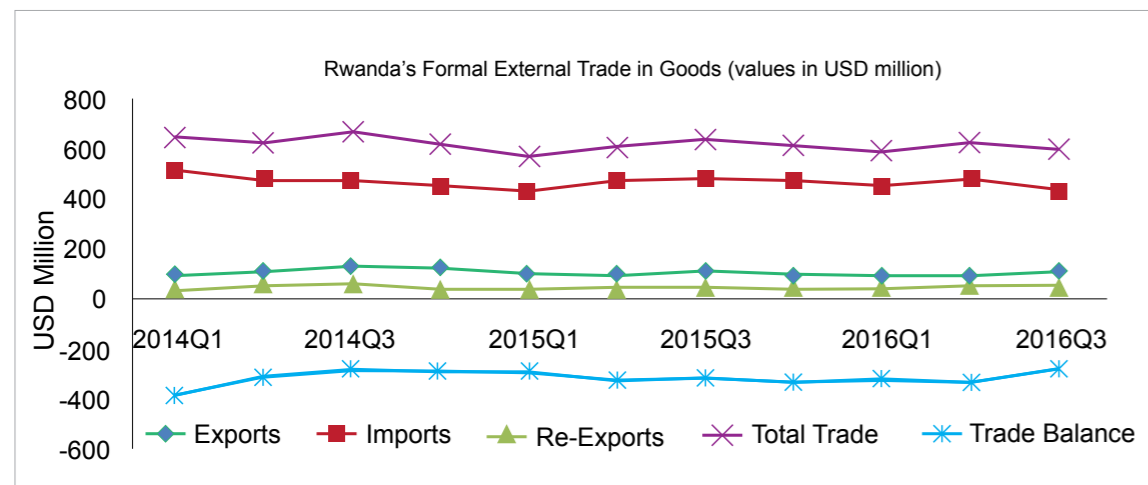
Main Destination of Exports 2016	%	Main Origin of Imports 2016	%
Kenya	31.01	China	21.83
United Arab Emirates	15.21	Uganda	10.60
Switzerland	13.15	India	7.31
Democratic Republic of Congo	11.31	Kenya	7.23

Source: National Institute of Statistics of Rwanda

Rwanda's exports to other East African Community (EAC) member countries, which represented 33.3% of total exports in the first half of 2016 against 22.5% in the same period of 2015, increased by 25.7%, to USD 83.48 million from USD 66.4 million in the first half of 2015. Imports decreased by 7.4%, from USD 201.2 million recorded in the first half of 2015 to USD 186.3 million in the first half of 2016. As a result, the trade deficit eased by 24.4%, to USD 143.3 million in the first half of 2016 from USD 189.6 million in the same period of 2015.

The Rwandan trade deficit has been widening as the import bill has continued to outpace export receipts minerals and other commodities following a sharp drop in global prices and in demand. Among other consequences of the high and persistent trade deficit are the shrinking of import coverage by exports and pressures on Rwf exchange rate.

Chart: Rwanda's Formal External Trade in Goods (USD Millions)

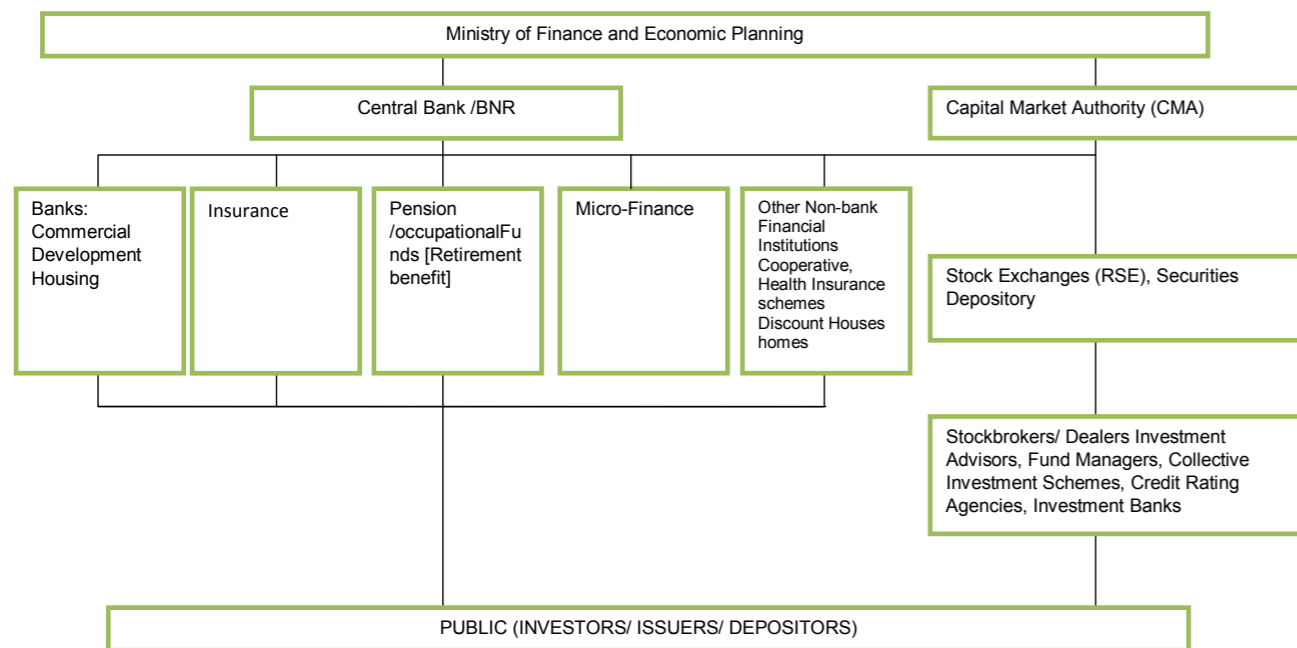


Source: National Institute of Statistics of Rwanda

**An Overview of the Financial Sector**

The Rwandan financial system is largely dominated by the Banking sector, it also comprises of the Capital Markets Industry ,Micro-Finance Institutions (MFIs) and SACCOs, and Non-Bank Financial institutions. The chart below further displays the various players within the Rwanda Financial Sector.

Chart: The Financial Sector



According to the Rwanda Financial Sector Strategy 2013-2018, the key challenges identified under the sector include;

- Rwanda's low savings rates resulting from a low savings culture,
- Limited access to banking products and services in the rural areas,
- Low incomes that translate into low savings, and
- The country's inability to mobilize long term stable financing given that Rwanda's capital market is small and underdeveloped to enable public and private sector access long term financing .

Furthermore, 28% of the Rwandan population have no access to finance and are financially excluded exacerbated by MFI/banks/SACCOs inability to reach out to the rural areas due to the fact that most MFIs are concentrated in urban and major cities. The strategy also highlights that there is also a need to create a supporting infrastructure through the expansion of electronic payments systems for credit and debit cards, Automated Teller Machines (ATMs), Point-of-Sale (POS) terminals and, harmonizing the integration of supporting pillars for the payment and settlement systems with the EACs .

Against these challenges the Government has formulated a five year strategy to ensure the financial sector growth. The priorities of the strategy to be pursued during the planned five years are; savings and investments, access to finance, financial inclusion, modern payment system, skills development and creating an international service centre for Rwanda. Ultimately, once these priorities are achieved, there is no doubt that the strategy will have contributed to fostering economic growth and poverty reduction .

**National Bank of Rwanda**

As a banker of last resort, National Bank of Rwanda (BNR) is mandated to ensure price and financial stability in the financial system. The bank is driven by its core strategic pillars that include price stability, financial system stability and inclusion, foreign reserve management, payments systems and currency management and institutional development.

During FY2014-2015, BNR managed to maintain inflation at single digit level with a stable exchange rate throughout the period. The key Repo rate was maintained at 6.5% during the year reflecting an accommodative stance which was subsequently reflected in the behaviour of money market and deposit rates. The bank ensured low and stable inflation rate where headline inflation stood at 1.3 % on average while the core inflation was 2.4%. The stability in the money markets was also notable with the Rwandan Franc depreciating 7.3% only over the period compared to other frontier economies that saw their currencies depreciate in double digits figures. See the table below.

Table: Currencies performance during the year Jan-to December 2015

	USD/Local currency	4-Jan-15	31-Dec-15	%change
Mozambique	USDMZN	34.0000	48.0000	-29.2%
Namibia	USDNAD	11.5480	15.4685	-25.3%
Lesotho	USDLSL	11.7077	15.4685	-24.3%
South Africa	USDZAR	11.7077	15.4685	-24.3%
Tanzania	USDTZS	1,730.0000	2,149.3300	-19.5%
Uganda	USDUGX	2,800.0000	3,372.0000	-17.0%
Ghana	USDGHS	3.2100	3.7350	-14.1%
Kenya	USDKES	90.8500	102.2200	-11.1%
Cameroon	USDXAF	549.4970	609.9559	-9.9%
Nigeria	USDNGN	183.4600	199.3000	-7.9%
Ethiopia	USDET	20.2135	21.8300	-7.4%
Rwanda	USDRWF	699.2080	744.9950	-6.1%

Source: Bloomberg

Regional inflation has been stable but increased during the second half of the FY2014-2015 due to high depreciation of the regional currencies against the US dollar and partly due to seasonal factors that affect food production.



**Commercial Banks in Rwanda**

There are twelve (12) Commercial Banks, one (1) development bank and three (3) microfinance bank institutions registered in Rwanda. They are licensed, supervised and regulated by the National Bank of Rwanda (BNR). The purpose of supervising these institutions is to protect the interest of depositors by ensuring that financial institutions are financially strong and economically stable.

The table below shows the list of financial institutions (Commercial and Microfinance) that are licensed by BNR.

*Table: Microfinance Banks, Commercial and Development Banking Institutions Licensed By the National Bank of Rwanda*

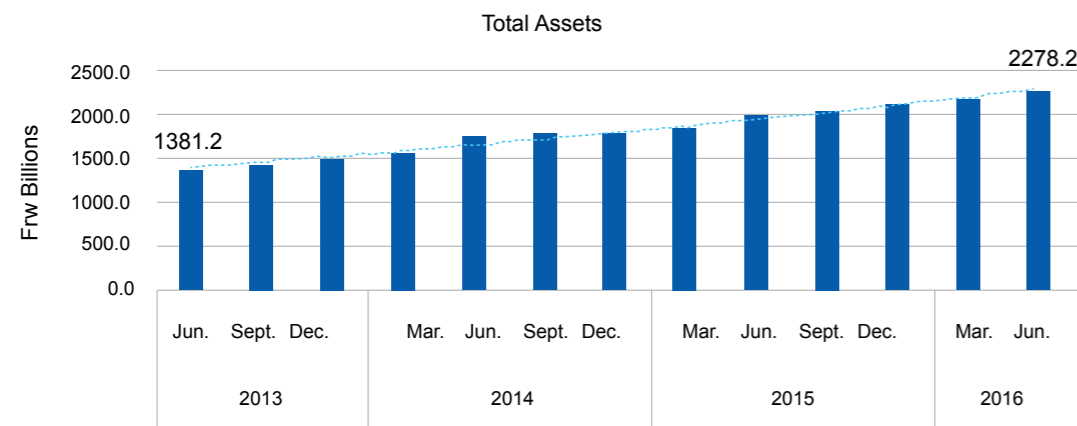
	Name Of Institution	Category	Year Licensed
1	I&M Bank Rwanda (Limited) Ltd.	Commercial Bank	1963
2	Bank of Kigali Limited	Commercial Bank	1966
3	Development Bank of Rwanda Ltd (BRD)	Development Bank	1967
4	Guaranty Trust Bank Rwanda Ltd	Commercial Bank	1983
5	ACCESS Bank Rwanda Ltd	Commercial Bank	1995
6	Ecobank Rwanda	Commercial Bank	1995
7	COGEBANQUE Ltd	Commercial Bank	1998
8	Banque Populaire du Rwanda Ltd	Commercial Bank	2008 <sup>1</sup>
9	Kenya Commercial Bank Rwanda Ltd (KCBR)	Commercial Bank	2008
10	Equity Bank Rwanda	Commercial Bank	2011
11	Urwego Opportunity Bank (UOB)	Micro Finance Bank	2007
12	Unguka Bank Ltd	Micro Finance Bank	2011 <sup>2</sup>
13	Zigama CSS	Cooperative Bank	2011 <sup>3</sup>
14	AB Bank Rwanda Ltd	Micro Finance Bank	2013
15	Crane Bank Rwanda Ltd	Commercial Bank	2014
16	BRD Commercial Bank Ltd	Commercial Bank	2015
17	Bank of Africa Rwanda (-Former AGASEKE Bank)	Commercial Bank	2015

Source: BNR

The National Bank of Rwanda is mandated to regulate and supervise the Non-Bank Financial Institutions (NBFIs) which are mainly insurance and pension sectors. The insurance sector comprises of both private and public insurance companies and insurance intermediaries (insurance brokers, insurance agents and loss adjusters). The main purpose of regulating the sector is to protect the interest of policy holders and pensioners by ensuring that these institutions are financially sound and stable. Other non-bank financial institutions regulated by BNR are credit and forex bureaus.

Rwanda, regarded as one of the fastest growing economies in Africa has seen its banking sector grow remarkably over the last three (3) years. From a base of Frw 1,381 billion in June 2013, the total assets held by the banking sector increased at a compounded quarterly rate of 4.3% to Frw 2,278 billion by June 2016, a change of 65% over the period.

**Chart: Growth in Total Assets**



Source: BNR

The growth in assets was chiefly driven by customer deposits which increased by over 60% in the period, moving from Frw 940.7 billion to Frw 1,507.1 billion. In tandem with the growth in deposits, the total gross loans and overdraft advanced to customers grew to Frw 1,307.6 billion by June 2016 from Frw 822.4 billion in June 2013, a growth of 67%.

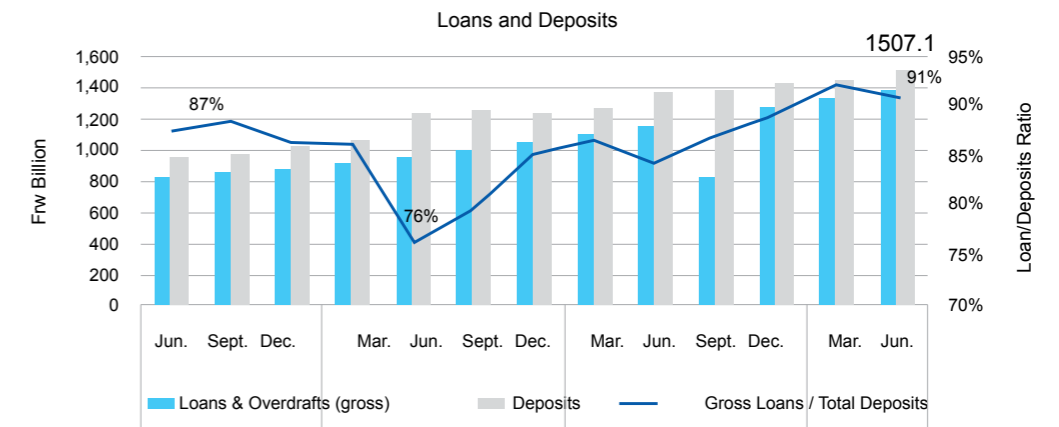
**Market Size**

According to information available from BNR, the Rwandan market is dominated by Corporate and SME segments. The table below depicts the current absolute revenue pool – figures are in USD million. I&M Bank (Rwanda) Limited market share is currently at 11%.

Segments	CASA <sup>4</sup>	Fixed Term Deposits	Mortgages	Credit Cards and Over-drafts	Term loans <sup>5</sup>	CIMIB <sup>6</sup>	Total
Mass	25	0	0	0	7	0	32
Middle	34	3	3	0	11	0	51
Affluent	20	7	16	5	13	1	62
SME	43	5	0	20	25	1	94
Corporate	80	6	0	36	44	8	174
Client driven Revenues	<b>203</b>	<b>21</b>	<b>19</b>	<b>61</b>	<b>100</b>	<b>9</b>	<b>402</b>
<b>Total including Treasury</b>							<b>418</b>

Source: McKinsey Global Banking Pools, Team Analysis

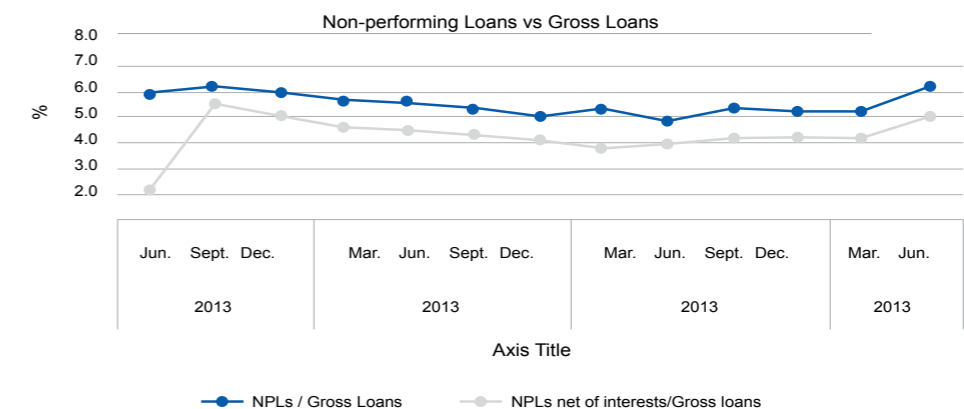
**Chart: Growth in Loan and Deposits**



Source: BNR

The quality of assets held by the banks largely remained stable over the period 2013-2015. The ratio of non-performing loans to gross loans varied between a low of 6% and a high of 7.2% while the net non-performing loans (net of interest) to gross loans increased over the period moving from 3.2% in June 2013 to 6.1% in June 2016.

**Chart: Non-Performing Loans vs Gross Loans**

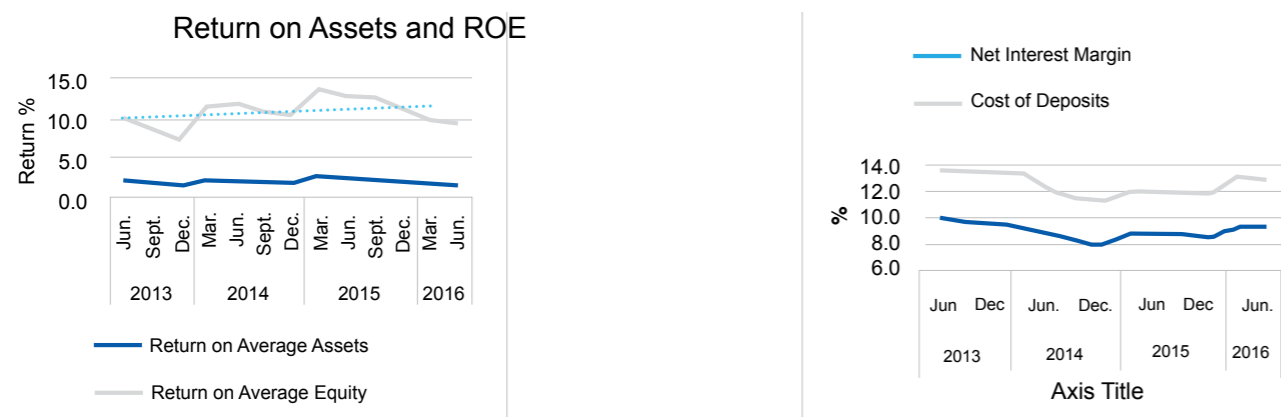


Source: BNR, Bank Supervision Department

During the financial year 2014/15, the Rwandan banking sector remained adequately capitalized. Between June 2014 and June 2015, total capital adequacy ratio (CAR) improved from 23.6% to 24.3% which remained significantly above the regulatory floor of 15%. In the same period, tier-1 risk-based capital ratio (core capital) rose from 21.2% to 21.6% - which was significantly above regulatory floor of 10%. The leverage ratio, another indicator of the banking system exposure, also improved from 8% in June 2014 to 9% by June 2015 – this too was significantly above Basel III threshold of 3%.

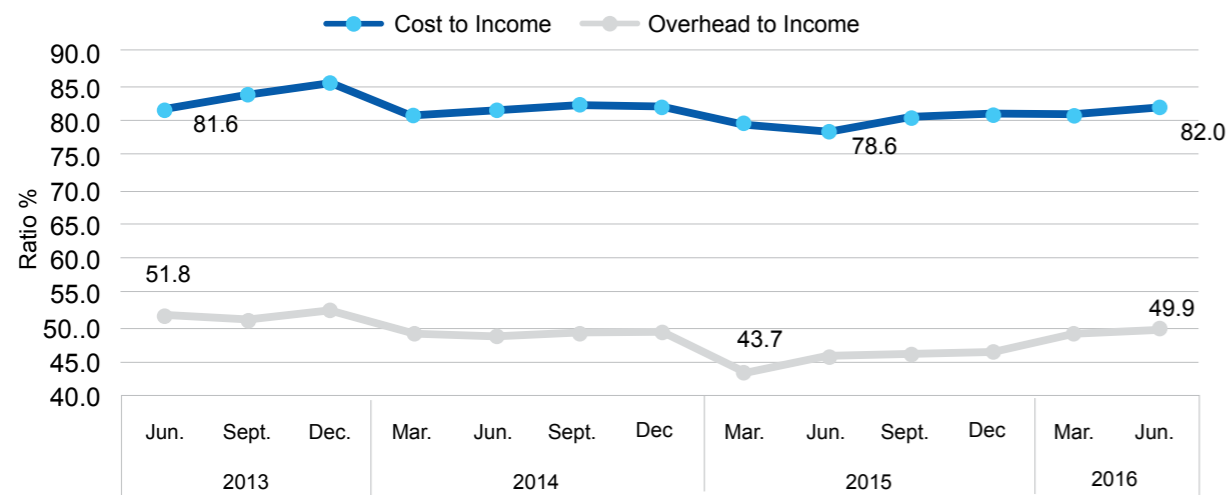
In spite of the overall cost to income ratio remaining high (above 80%), a shrinking net interest spread (from 10% in June 2013 to 7.9% in June 2016) and an overall fall in the return on assets (2.1% to 1.9%), the average return on equity increased from 9.9% in June 2013 to reach 10.5% by June 2016. This was as a result of marginal decreases in the cost of deposits from 3.5% to 3.3% and a decline in overheads to income ratio (51.8% to 49.4%) over the period

Charts: ROE, ROA, Net Interest Margin and Cost of Deposits



Source: BNR

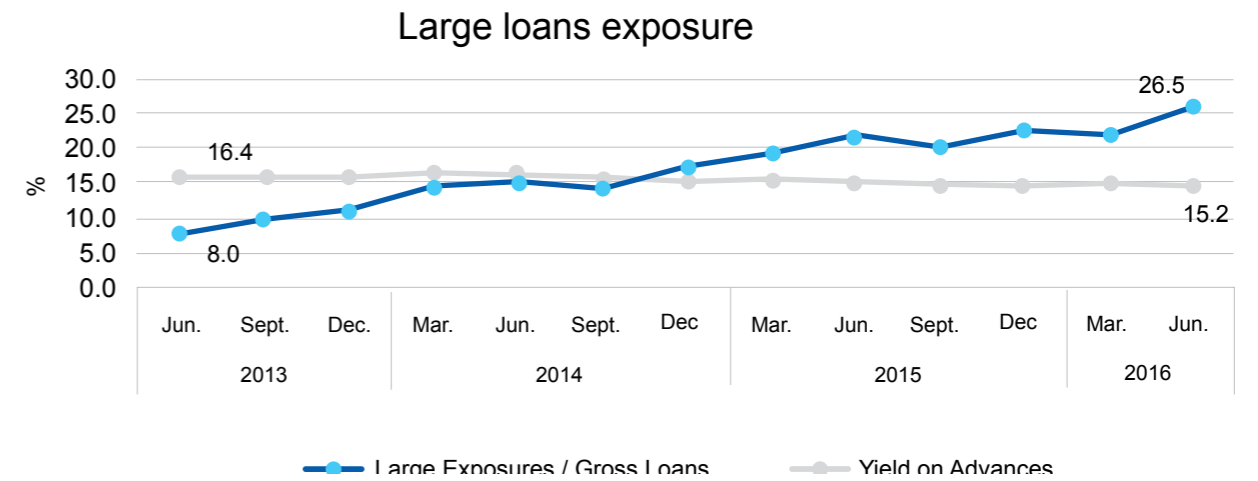
Chart: Cost to Income and Overhead to Income Ratios



Source: BNR

The last three years have seen a considerable increase in exposure to large borrowers. This has been accompanied by falling yields on advances as large borrowers tend to have greater bargaining power.

Chart: Banking Sector Exposure to large Loans



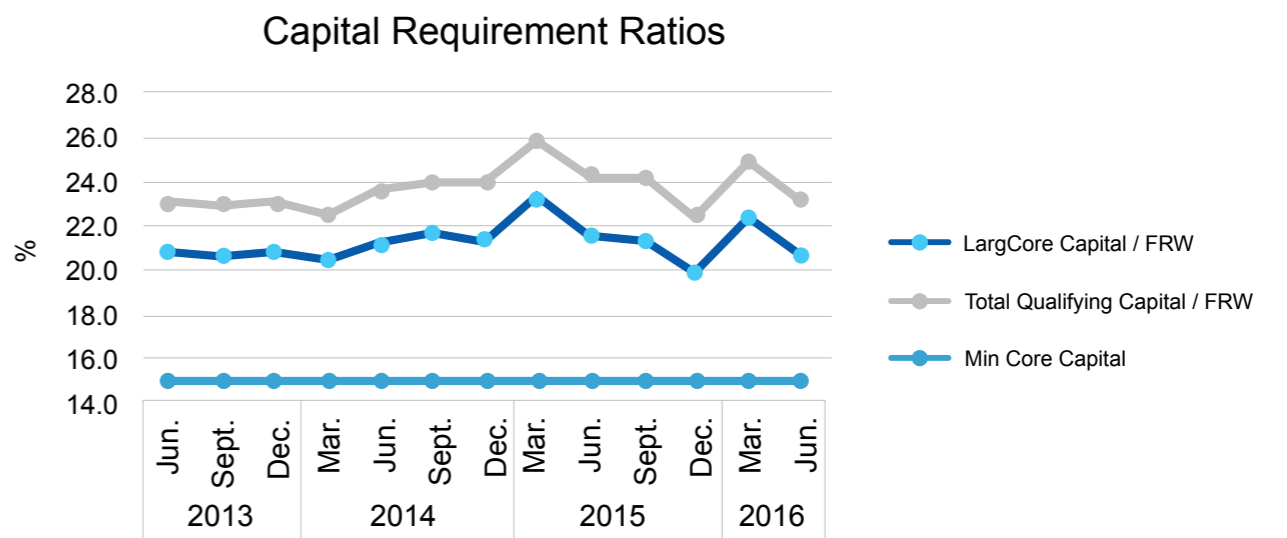
Source: BNR

Banks' concentrated lending is a key concern in the sector. Presently concentrated lending is in the mortgage, hotels and, trade sectors. Between 2014 and 2015, the share of mortgage loans from total loans was 33% by June last year, up from 29.6% in June 2014. Trade and hotels loans were 31% of total loans as at the end of June 2015. The combined Asset Book under both mortgage and "Trade and Hotels" was 64% of the total loans book at the end of the period.

While these positions present a concentration risk to players in the sector, the NPL rates remain significantly low. This could attest to the prudent lending practices and effective credit risk management in the market as a whole.

The general health of the banking sector remained solid throughout the period under review. The ratio in the sector of Core capital to Risk Weighted Assets ranged between 19.9% and 23.3% while the Total Qualifying Capital to Risk weighted Assets swung between 22.5% and 25.9% respectively. The ratios were well above the regulatory mandatory requirement of 10% and 15% in that order.

Chart: Banking Sector Capital Level



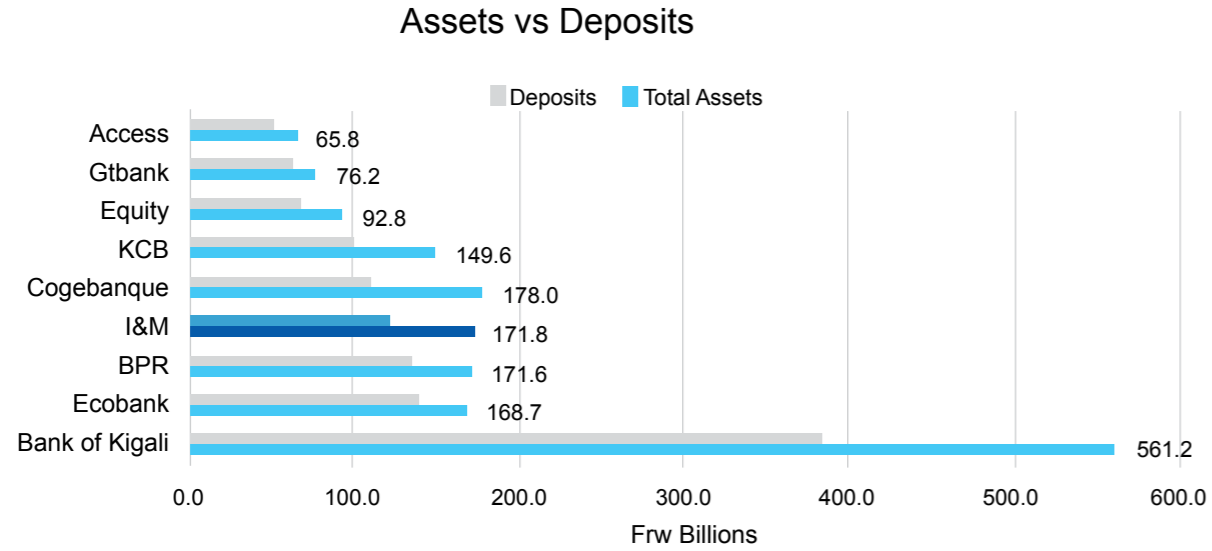
Source: BNR

In summary, Rwandan banks are capitalized; they hold adequate capital buffers capable of withstanding any financial sector loss from either credit or market risks.

**I&M Bank (Rwanda) Limited Vs Peers**

Of all the banks that operate in Rwanda and are licensed by BNR, I&M Rwanda is ranked third in terms of Total assets and fourth in terms of deposits at Frw 171.8 billion and Frw 119.9 billion respectively as at December 2015.

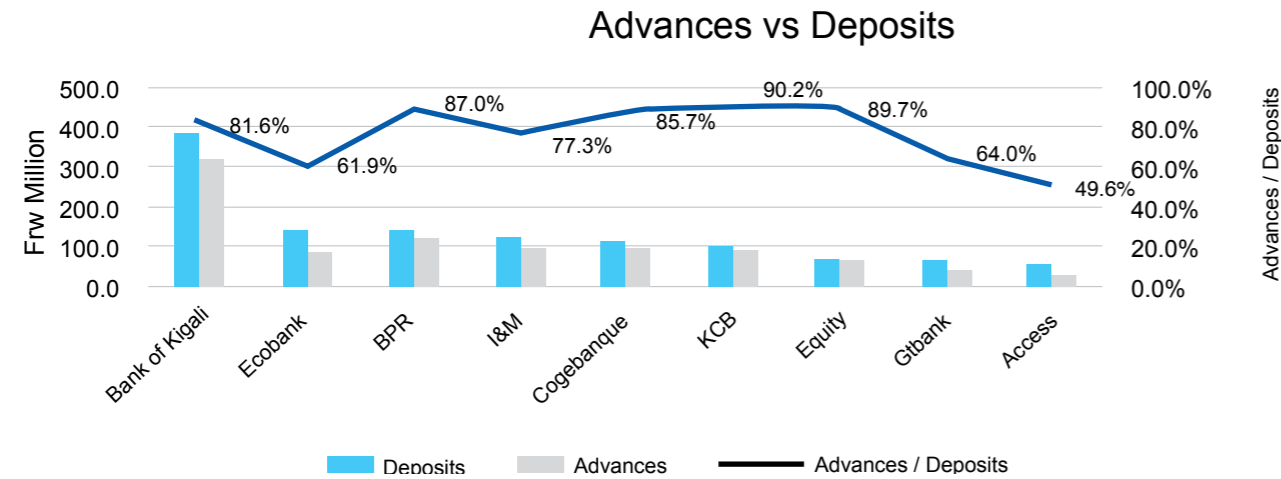
Chart: Top 9 Banks- Assets and Deposits in 2015



Source: Audited Financial Statements FY 2015

At the end of FY 2016, the banking industry had attained a deposit mobilization rate of 76.3% and a median of 82%. On the other hand, I&M had a deposit mobilization rate of 77.3% which was well below the industry median thus providing room for growth for the bank.

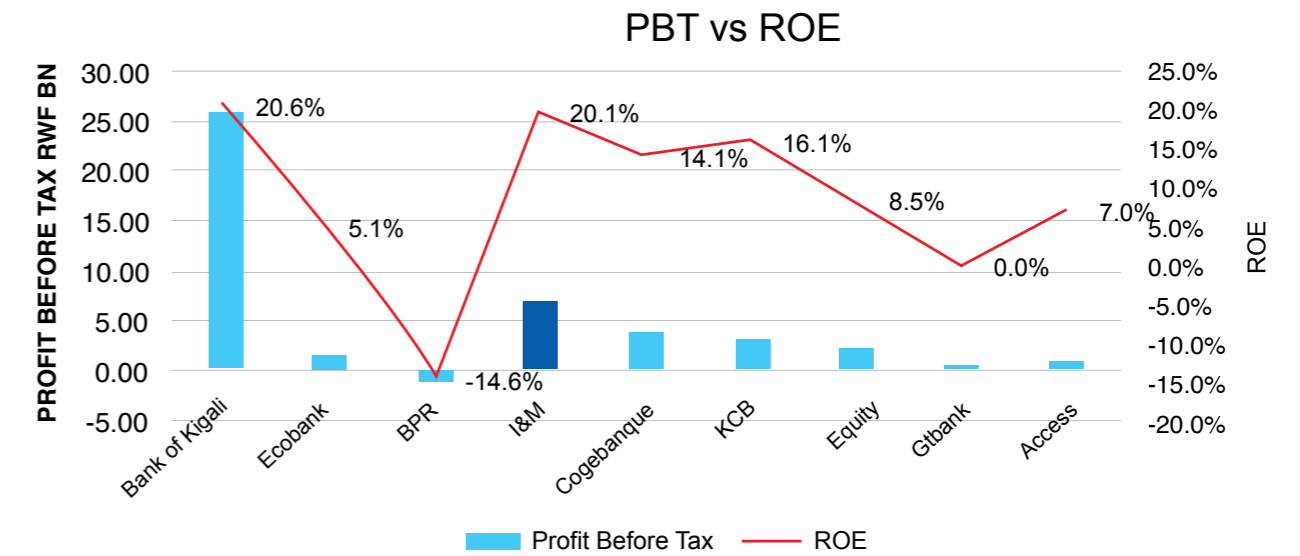
Chart: Top 9 Banks- Advances and Deposits in 2015



Source: Audited Financial Statements FY 2015

I&M is ranked as the second most profitable bank in the market.

Chart: Top 9 Banks- Profit Before Tax and Return on Equity in 2015



Source: Audited Company Accounts FY 2015



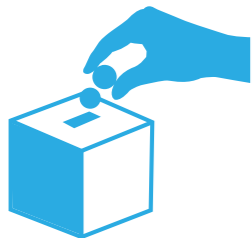
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PART THREE

**BUSINESS OVERVIEW OF  
I&M BANK (RWANDA) LIMITED**

## BUSINESS OVERVIEW OF I&M BANK (RWANDA) LIMITED

### Introduction

Established in 1963, I&M Bank (Rwanda) Limited (erstwhile Banque Commerciale du Rwanda Limited - BCR) was the first bank to be incorporated in Rwanda.

In December 2004, The Bank was restructured and recapitalized which resulted in Actis, a leading emerging market private equity fund, acquiring 80% of the shareholding from the Government of Rwanda.

In July 2012, a consortium led by I&M Holdings along with two leading European Development Financial Institutions, DEG and PROPARGO, acquired 80% stake from Actis. In 2013, the Bank was renamed I&M Bank (Rwanda) Limited.

The table below depicts the shareholding structure of the Bank;

Name	% of Shareholding
I&M Holding Limited (through BCRICL)	55.00
DEG (through BCRICL)	12.50
PROPARGO (through BCRICL)	12.50
Government of Rwanda	19.80
Individual Investors	0.20
<b>Total</b>	<b>100</b>

I&M Bank (Rwanda) Limited, remains a leading financial services provider in the country with a proven track record in pioneering innovation in various products and championing financial inclusion.

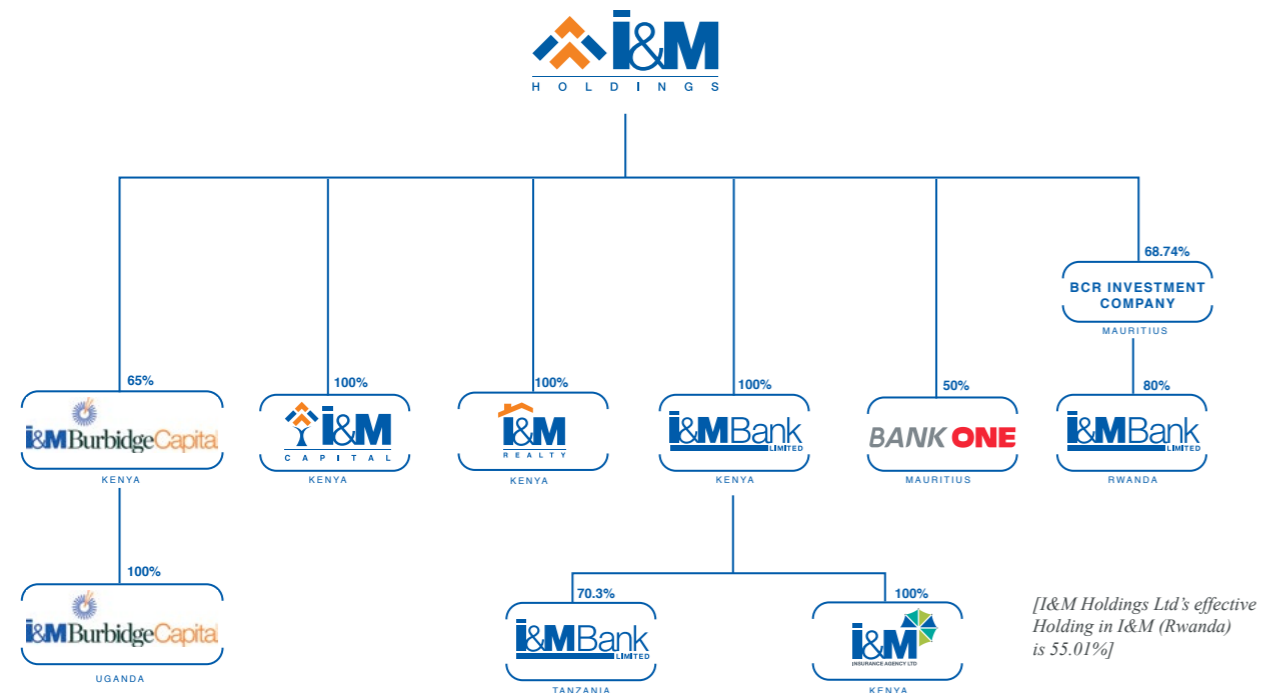
I&M Bank (Rwanda) Limited is the most efficient bank in terms of operational cost. According to statistics released by BNR, I&M emerged as the bank with the lowest cost to income ratio in the year 2015. The bank was ranked the most efficient bank in the sector with a ROE of 22.17% as of September 2016 and the third largest bank in terms of Total Assets at the end of FY 2015 in Rwanda with a network of 17 outlets across the country.

The bank had 312 employees as at 31 December 2016.

### Group Structure

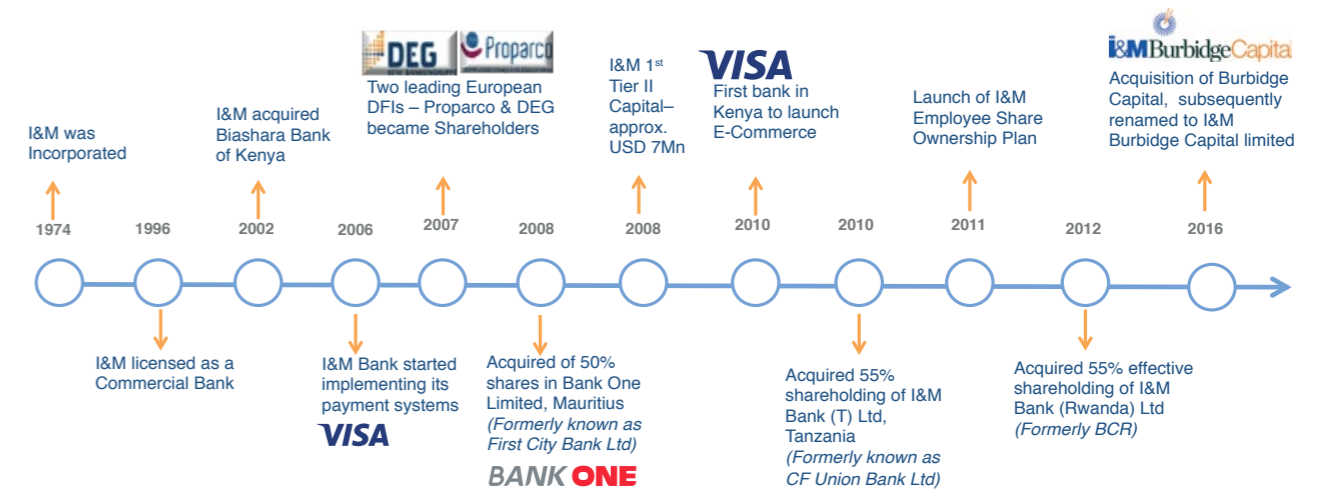
I&M Bank (Rwanda) Limited is a part of a regional banking group under the umbrella of a non-operating holding company headquartered in Nairobi, I&M Group Holdings Ltd., which is listed on the Nairobi Securities Exchange. I&M has a long history in banking and has established a wide network of correspondent banks across the globe and enjoys a strong relationship with the leading International Development Finance Institutions. The group has 74 outlets across East Africa and Mauritius.

Chart: The Group Organizational Structure



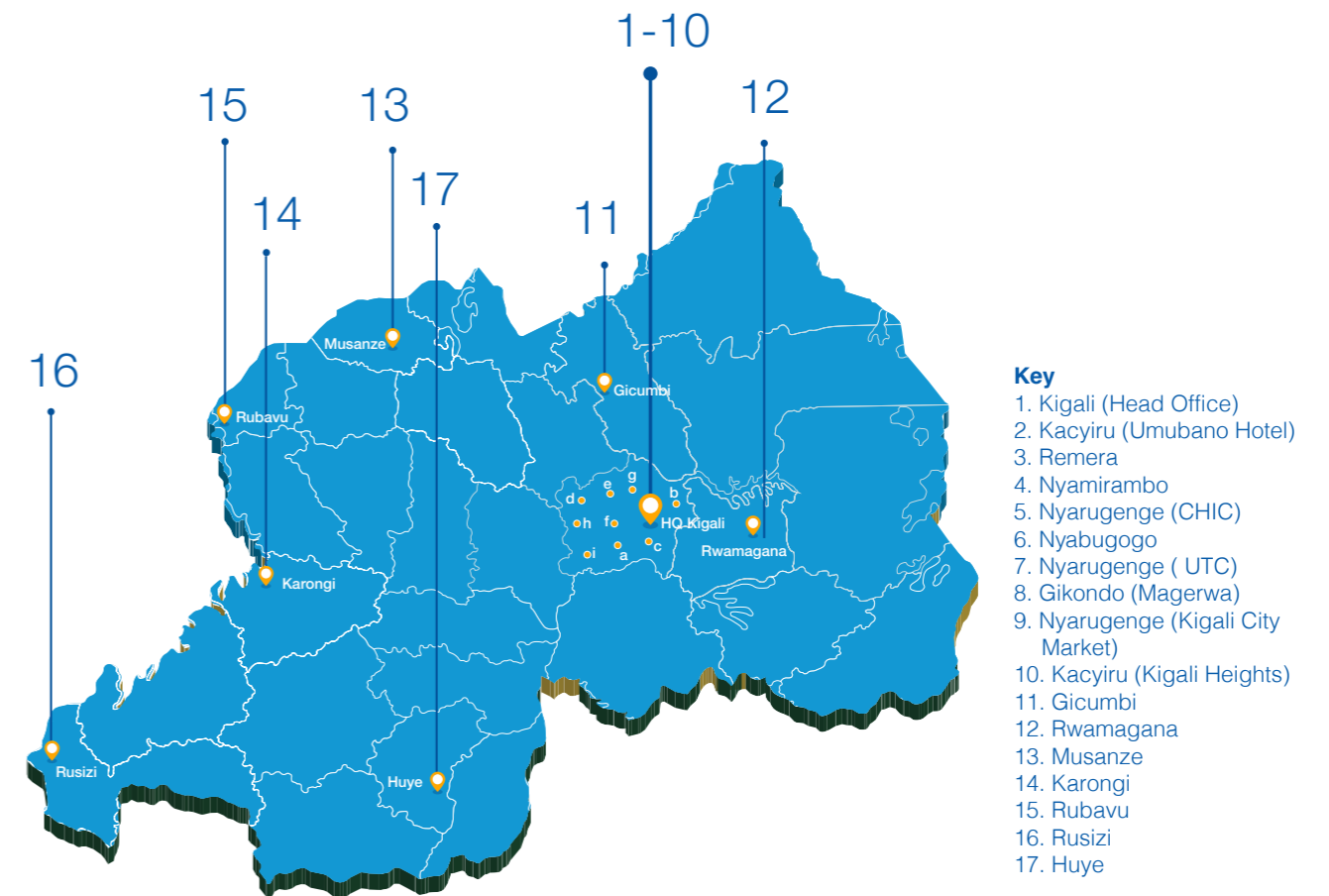
## BUSINESS OVERVIEW OF I&M BANK (RWANDA) LIMITED

### Important milestones of the Group's history:



### I&M Bank (Rwanda) Limited Branch Network

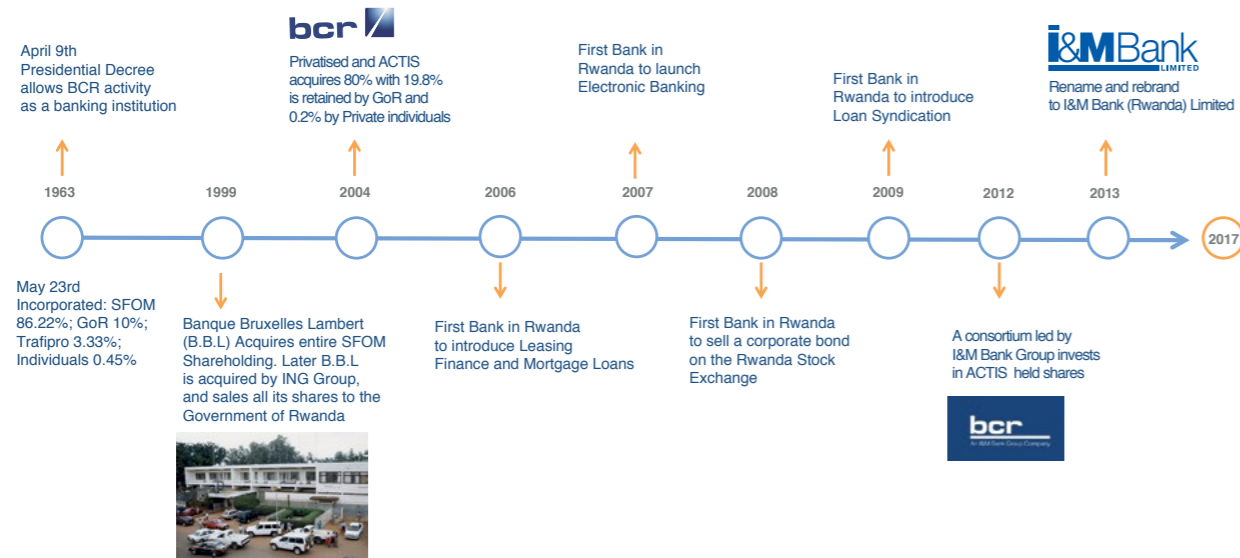
The outlets are as follows:





**History and Key Milestones for I&M Bank (Rwanda) Limited**

I&M Bank (Rwanda) Limited (erstwhile Banque Commerciale du Rwanda Limited - BCR) is the Rwanda subsidiary of I&M Holdings Limited. It is the oldest financial institution with over 50 years of existence and the first bank in Rwanda, having been incorporated in 1963.



The most notable achievements of the Bank recently include the following;

- A quality asset book base that has delivered good bottom line numbers. This asset book resulted from revisions in the lending product profiles, processes and policies. This constitutes the Bank’s core competence and competitive advantage.
- Through process re-engineering and innovative initiatives, the Bank’s cost structure has yielded efficiencies within the organization and has resulted in a more efficient cost to income ratio.
- The Bank has leveraged on technology to introduce new products and services into the market. These include Transactional Banking Services, m-Visa payments, Visa cards (for Credit, Debit and Prepaid), integrations with Mobile Network Operators to support Bank-to-Mobile wallet transactions, and e-Tax.
- Refined the organizational structure to drive a sales focus under the differentiated SBUs. These have supported relational customer management both at individual/account levels and regional levels (i.e. Kigali and outside Kigali). The structure ensures that the sales units maintain linkages into the internal control functions such a Centralized Operations unit and strong risk management framework.
- As part of a regional group, the Bank has widened its footprint to become a competitive player in the region. This makes for easier banking for its clients who require cross border financial services.
- Talent pipeline has remained a staple aspect within the organization with succession planning and pipelines in place as well as encouraging a localization of the Human Capital within the Bank. From the turnover ratios shared, the Bank has been able to retain its staff levels and promote growth from within. I&M remains a net supplier of talent to the market.

The Bank had a paid up capital of Frw 5 Billion and a total net worth of Frw 30.4 Billion as at the end FY 2016. The Bank is regulated by the National Bank of Rwanda (BNR) as a Commercial bank and has branches in all major provinces in the country. I&M Bank (Rwanda) Limited offers the full range of personal, business, institutional and corporate banking products throughout all its locations in Rwanda as well as through the presence of its sister banks in Kenya, Tanzania and Mauritius.

**Products**

I&M Bank (Rwanda) Limited offers a broad range of banking products and services to all customer segments i.e. Corporate, Institutional, Business (SMEs) and Retail.

*Loans and Deposits*

**For large and small businesses:**

- Working Capital Financing e.g. Overdrafts, Revolving Lines, Contract Financing, Invoice Discount;
- Bonds and Guarantees;
- Asset Based Financing e.g. equipment;
- Investment Loans e.g. real estate development, industries;
- Cash and Liquidity Management;
- Fixed and Call Deposits;
- Electronic Banking e.g. Online payments (local and cross border), eTax, Straight Through Processing and Reconciliations;

**For Individuals**

- Debit, Prepaid and Credit Cards;
- Advances on Salary;
- Equity Financing;
- Vehicle Loan;
- Home Loans e.g. Mortgage, Construction and Home Equity;
- Savings Products;
- Electronic Banking e.g. mVISA, Mobile and Online Banking;

*Treasury and Trade Finance*

Product	Offering	Forex trading
Trade Finance & Treasury Services	<ul style="list-style-type: none"> <li>■ Inward &amp; Outward transfers</li> <li>■ Letters of Credit</li> <li>■ Bills Negotiated</li> <li>■ Collections</li> <li>■ Purchase &amp; sale of Foreign currencies</li> <li>■ Forward Contracts</li> <li>■ Treasury Bills</li> <li>■ Treasury Newsletters</li> </ul>	<ul style="list-style-type: none"> <li>■ Trading in USD, Yen, Euro, SA Rand and EAC Currencies</li> <li>■ Largest volumes in the market</li> <li>■ Two way quotes</li> <li>■ Spot and Forward</li> </ul>

*Transaction Banking Services and Products*

Transaction banking products include; Mobile Banking, Cards, eTax, Straight Though Processing, online Banking, eCommerce, mVisa, MNO Integration, eUniversity, offering dedicated counters to Institutional clients, online and Mobile Banking, Leasing, Loan Syndication, Mortgage Financing, Mobile Money Integration and offering dedicated counters to institutional investors.

**Recent changes within the Bank’s leadership**

In 2015, the Bank went through some significant reforms with the overall aim of achieving organizational efficiencies. Most notable were the appointments of; Mr. Robin Bairstow as the Managing Director and, Mr. Faustin Byishimo as the first ever staff member to serve on the Bank’s Board of Directors as an Executive Director.

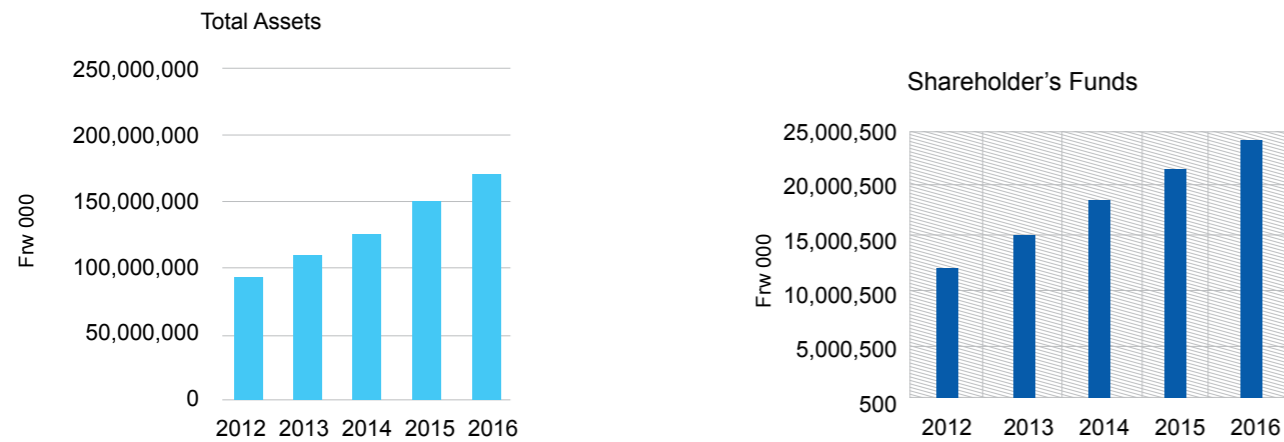
These leadership alignments provide the Bank’s management team with the required impetus to uphold the Bank’s strong organizational health attributes that, according to the Mckinsey & Company study, include the following practices

- Capabilities
- Work environment and
- Coordination and control.

**Summary of Financial Performance**

The Bank saw its total assets grow at a compounded average rate (CAGR) of 16.9% during the last five (5) years moving from Frw 110,598 million in 2012 to Frw 206,451 million in 2016. The shareholders' funds also increased from Frw 15,459 million to Frw 30,423 million over the same period, representing a CAGR of 18.4%.

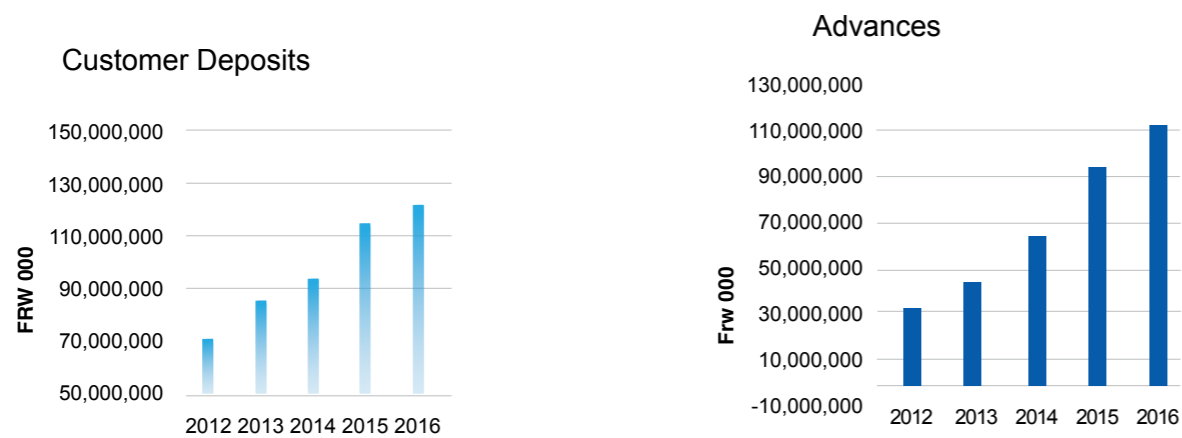
Charts: Concrete Growth in Assets and Shareholders' Funds



Source: Audited Annual Reports

The growth in assets was largely driven by the increase in customer deposits which grew at a five year CAGR of 11.82% rising from Frw 85,816 million in 2012 to Frw 134,152 million in 2016.

Charts: Solid growth in Customer Deposits and Loan & Advances



Source: Audited Annual Reports

Over the period under review, as the deposits grew, the Bank was able to mobilize the deposits and pushed the net loan book to Frw 111,083 million from Frw 52,471 million by the end of FY 2016. The drivers of the loan book growth were the construction, wholesale and retail, manufacturing and agricultural sectors. By the end of FY 2016, the Bank had loaned a total of Frw 79,519 million to the four sectors accounting for over 72% of the Bank's loan portfolio.

The growth in the Bank's loan book saw growth in profit before tax increase by 41.4% increasing from Frw 5,951 million in 2012 to Frw 8,415 million in 2016. At the same time, profit after tax improved by 36.9% increasing from Frw 4,238 million to Frw 5,803 million.

In the last five years, the Bank has maintained its strategic focus of corporate lending as shown in the graphs below. During the financial year 2016, corporate lending accounted for 40.6 % of the Bank's total portfolio.

Chart: The Bank's focused lending trends by Strategic Business Unit over the past 5 years

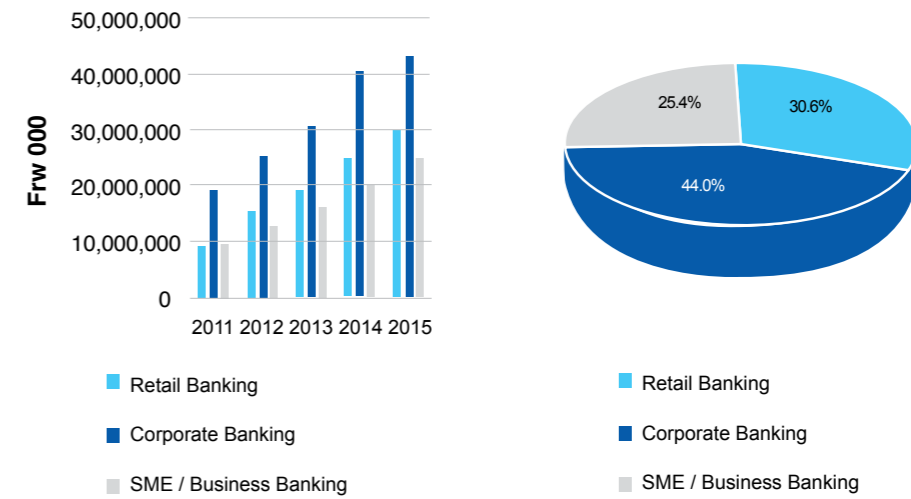


Chart: In line with focused lending, the Bank's sector wise lending

**Sector wise lending FY 2016**

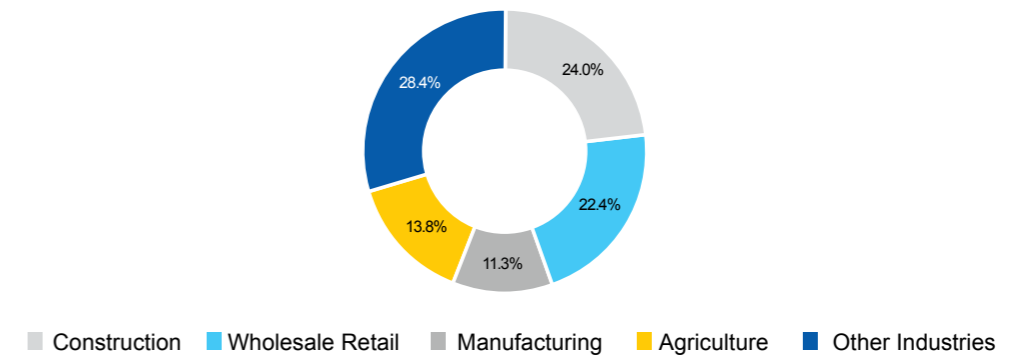
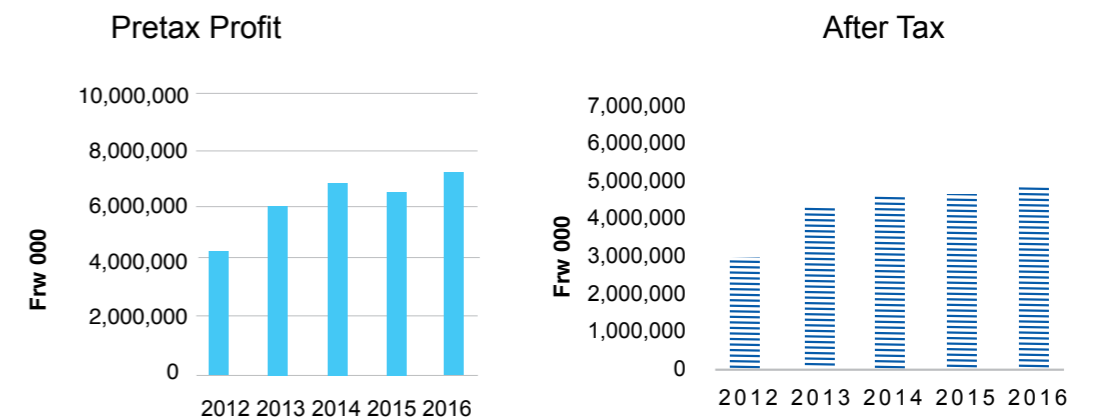


Chart: Robust returns to shareholders

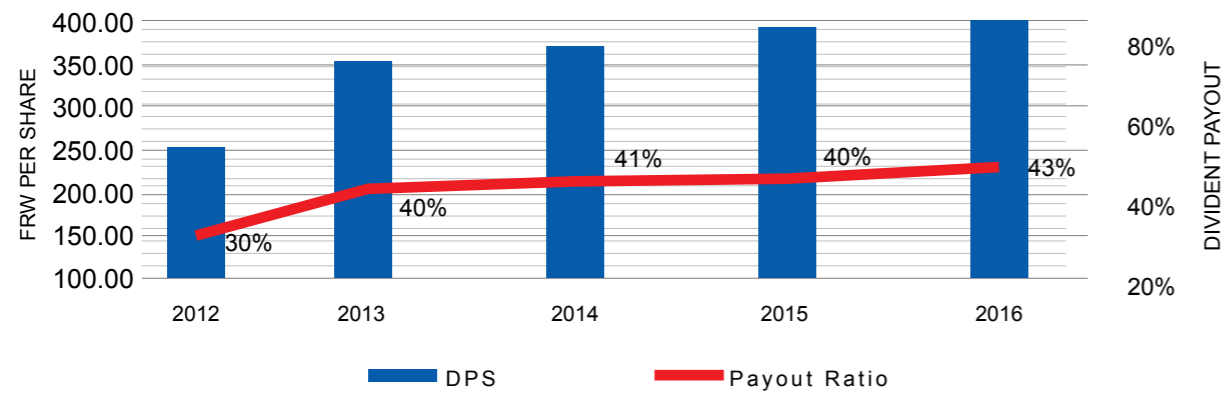


Source: Audited Annual Reports

The growth in profits has enabled the Bank to pay dividends consistently over the period. The total dividends paid between December 2012 and December 2015 amounted to Frw 6,891 million. On average, the Bank maintained an average payout ratio of 38.1% over the period.

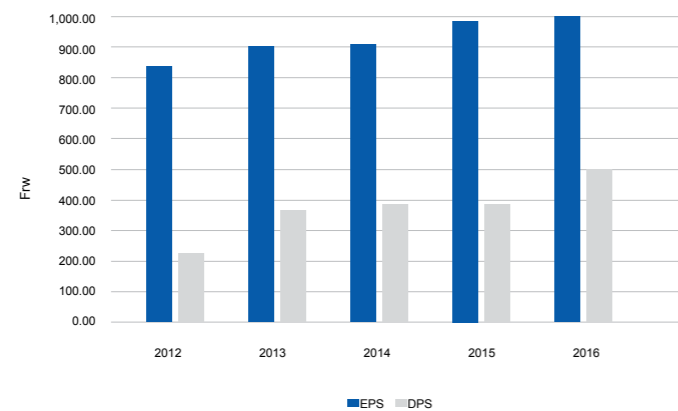
Charts: Strong Earnings Accompanied by attractive Dividends and Payout

Earnings vs Dividend payout



Source: Audited Annual Reports

EPS Vs DPS

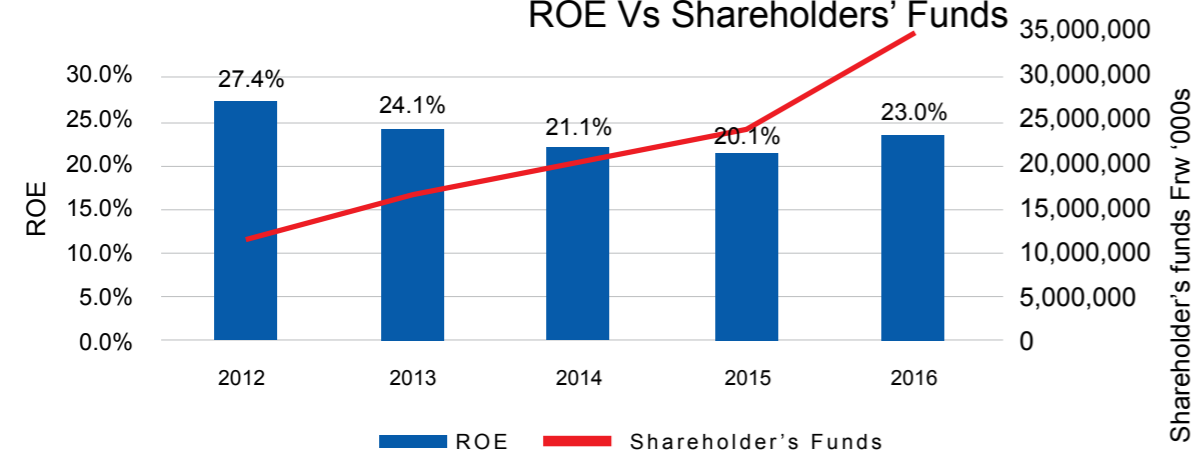


Source: Audited Annual Reports

\*Please note that the figures above are historical (EPS and DPS) calculated on pre-split share numbers

Chart: Stable Return to Shareholders

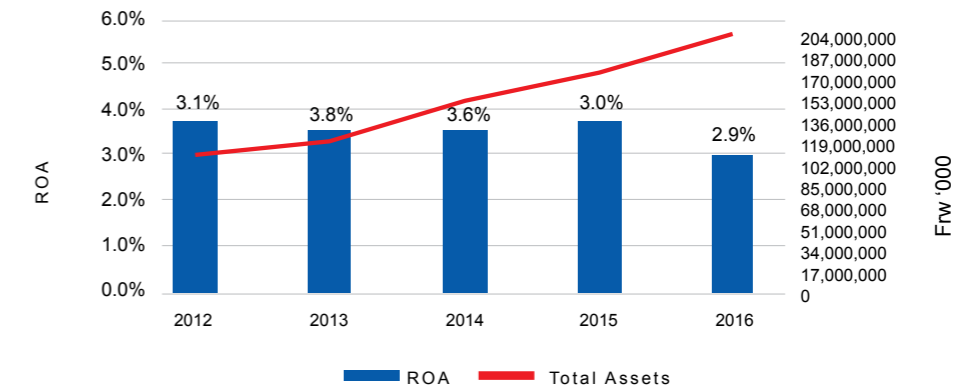
ROE Vs Shareholders' Funds



Source: Audited Annual Reports

Chart: Efficient Utilization of Assets

ROA vs Total Assets



Source: Audited Annual Reports

The tables below shows a more detailed extracts of the past 5 year financial periods ended 31 December 2015 which have been obtained from the reporting accountant's report.

Extracts from Income Statements

Profit & Loss Account	2012	2013	2014	2015	2016
Frw 000					
Interest Income	9,628,860	12,196,881	14,073,054	15,762,012	20,341,263
Interest Expense	1,895,206	3,366,867	4,096,748	4,491,131	5,836,180
<b>Net Interest Income</b>	<b>7,733,654</b>	<b>8,830,013</b>	<b>9,976,306</b>	<b>11,270,881</b>	<b>14,505,083</b>
<i>Non-Interest Income</i>					
Fees & Commission Income	2,371,957	2,305,018	2,661,970	3,285,613	3,135,392
Treasury Income	5,032,236	5,214,700	4,239,208	4,829,660	3,664,936
Dividend Income	0	0	0	0	0
Recoveries	1,061,830	720,240	577,237	578,333	838,117
Other Income	371,324	320,457	555,732	480,611	83,153
<b>Total Income</b>	<b>16,571,001</b>	<b>17,390,429</b>	<b>18,010,453</b>	<b>20,445,099</b>	<b>22,226,680</b>
<i>Expenses</i>					
Staff Costs	5,601,927	5,755,046	6,238,915	5,978,969	6,769,300
Other Operating Costs	3,598,631	3,710,424	3,385,316	4,498,343	4,913,760
Depreciation & Amortisation	979,705	870,316	814,973	789,054	735,926
Loan Loss Provisions	438,792	299,170	1,113,335	2,054,647	1,392,489
<b>Total Expenses</b>	<b>10,619,055</b>	<b>10,634,956</b>	<b>11,552,539</b>	<b>13,321,012</b>	<b>13,811,475</b>
<b>Profit Before Tax</b>	<b>5,951,946</b>	<b>6,755,473</b>	<b>6,457,914</b>	<b>7,124,086</b>	<b>8,415,205</b>
<b>Taxation</b>	<b>-1,713,285</b>	<b>-2,246,724</b>	<b>-1,896,312</b>	<b>-2,199,787</b>	<b>-2,612,054</b>
<b>Profit After Tax</b>	<b>4,238,662</b>	<b>4,508,749</b>	<b>4,561,603</b>	<b>4,924,299</b>	<b>5,803,151</b>
Earnings Per Share (based on 5,000,000 shares)	847.73	901.75	912.32	984.86	1,160.63



Extracts from Balance Sheet

Balance Sheet	2012	2013	2014	2015	2016
	<b>Frw 000</b>				
Net Loans & Advances	52,471,671	65,636,408	82,749,132	94,028,874	111,083,056
Cash in hand	3,102,967	3,828,106	3,850,368	3,632,003	5,048,664
Balances with BNR	5,002,851	5,338,826	3,888,910	8,054,234	14,202,956
Placements & balances with banks	30,218,783	22,573,577	31,493,452	16,818,145	31,844,955
Investment in Govt. Securities)	12,981,869	23,051,205	22,543,923	43,470,797	33,408,984
Financial Instruments - (Unquoted shares)	157,691	254,680	394,650	16,688	826
Investment Properties	-	-	-	-	-
Net Fixed & Intangible Assets	4,518,578	4,152,704	4,235,264	4,134,337	9,331,495
Other Assets	<u>2,143,662</u>	<u>968,273</u>	<u>1,151,951</u>	<u>1,671,690</u>	<u>1,530,339</u>
<b>Total Assets</b>	<b>110,598,072</b>	<b>125,803,779</b>	<b>150,307,650</b>	<b>171,826,768</b>	<b>206,451,275</b>
Customer Deposits	85,816,091	94,062,954	114,467,526	119,884,096	134,152,364
Deposit from / due to BNR	143,477	110,739	81,929	69,236	70,286
Deposits from Other Banks	800,934	5,007,816	5,985,162	17,327,252	26,707,032
Corporate Bond	1,046,375	941,737	732,462	523,188	313,913
Long Term Borrowing	1,272,790	813,418	1,806,772	2,569,837	5,916,989
Tax Payable	717,653	801,159	156,657	544,282	978,698
Other Liabilities	<u>5,340,828</u>	<u>5,319,296</u>	<u>5,462,562</u>	<u>6,448,201</u>	<u>7,888,868</u>
<b>Total Liabilities</b>	<b>95,138,148</b>	<b>107,057,119</b>	<b>128,693,073</b>	<b>147,366,092</b>	<b>176,028,150</b>
<b>Shareholders' Funds</b>					
Share Capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained Earnings	9,102,658	11,811,407	14,530,653	17,478,880	20,250,802
Proposed Dividend	1,271,598	1,800,000	1,850,000	1,970,000	2,322,000
Other Reserves	<u>85,668</u>	<u>135,253</u>	<u>233,924</u>	<u>11,796</u>	<u>2,850,323</u>
<b>Total Shareholders' Funds</b>	<b>15,459,924</b>	<b>18,746,660</b>	<b>21,614,577</b>	<b>24,460,676</b>	<b>30,423,125</b>
<b>Total Liabilities + Total Shareholders' Funds</b>	<b>110,598,072</b>	<b>125,803,779</b>	<b>150,307,650</b>	<b>171,826,768</b>	<b>206,451,275</b>

Key Ratios

Key Ratios	2012	2013	2014	2015	2016
	%	%	%	%	%
Capital Adequacy Ratio (CC/RWA)	21	23	22	23	22
Capital Adequacy Ratio (TC/RWA)	21	23	22	23	22
Liquidity	55	54	50	52	55
ROE	27	24	21	20	19
ROA	4	4	3	3	3
Efficiency Ratio	61	59	58	55	58
% Increase in Core Profit	93	26	-7	14	24
Loans to Deposits	61	70	69	69	70
Loans to Deposits (incl Tier II)	61	70	69	69	70
Fixed assets to net worth	32	25	21	18	33
Non Interest Income to Total Income	53	49	45	45	35

Future Outlook

A recent deep dive study by Mckinsey & Company revealed that clear strengths exist in capabilities and the current work environment

in the Bank.

The review also identified areas where changes or enhancements present clear opportunities. The business will therefore be focused on the following areas; the Risk function to create scale, increasing automation and enhancing customer value proposition.

Changes to the organization's structure

The Business Development Division was created in 2016 to have the Bank's sales related SBUs report into one functional head. These SBUs are: Corporate Banking, Business / SME Banking, Retail Banking, Product Development & TBS. The formation of this unit is to drive sales synergies and ensure that customers receive holistic relationships that are relevant to their needs and are value adding. This realignment of reporting lines not only provides enriched service delivery but keeps the customer at the heart of the Bank's value propositions.

Over the next 5 years, the Bank will continue making a number of structural changes to the existing structure to deliver: organizational efficiencies, clearer role segregation, and promote a culture of accountability.

Enhancing capabilities

In light of the fact that the Bank's aggressive growth plans over the next five years are heavily dependent on the IT function, a keen focus has been taken to streamline the unit. This aims to ensure that all disciplines of the IT team are supported and harnessed to establish long term efficiencies within the organization.

The IT function will strategically support the Bank's key projects over the next five years to ensure; a seamless migration of the Core Banking System, a coordinated move of the Head Quarter office into new premises, and the establishment of new customer touch points - under the Bank's network expansion plan. These requirements of the IT team will have to be achieved within a set up that remains cognizant of all potential risks within management's radar.

Expected Capital Expenditures over the next 5 years

**USD 4 million will be invested in new state-of-the-art core banking system that will improve the Bank's competitiveness in a number of areas.**

The new system will allow:

- detailed analytics for a pro-active approach in identifying customers' requirements;
- products offering customized to meet customers' needs;
- quicker turnaround time in processing loans applications since related process will be automated;
- enhanced electronic banking offering with new services/products features and capabilities for further development and integrations;
- customers to save time by using latest technologies and tools for self-review of the Bank's offerings, products' affordability and other financing plans;
- customers will be able to do cross-border transactions within the I&M Bank group network at more competitive rates.

Once the system is rolled out, the Bank will save cost in the long term while significantly improving customers' experience.

**USD 25 million has been earmarked for the construction of a new signature head office building.** The two-tower complex will have a low carbon footprint and will be energy efficient. The project has been three years in planning and commenced in January 2017. The building will create a modern working environment for staff and enhance our customers' experience.

Other investments;

- To set up a fully-fledged brick-and-mortar branch in Muhanga. This Branch setup has been costed at a total capital investment of Frw 180 Million;
- To upgrade the existing branches of Musanze, Gicumbi, Rubavu and Rusizi over the next 5 years. The individual branch upgrades will ensure there is brand consistency across the Bank's distribution network. However, keen focus will be for areas where demolition works are scheduled to ensure alternative locations are quickly identified and setup;
- With the Bank's aspirations to "lean-in" into Group experiences and emerging technologies, 3 smart branches are to be set

- up over the next 5 years. Each smart branch requires an initial capital investment of Frw 90,430,417. 00 (USD 110,000);
- To set up 5 ATMs per year. These will cater for new off-site locations as well as any necessary replacement of the existing old machines. The ATM implementation will also take up a mix of “through-the-wall” machines and lobby ATMs;
- To establish a fully-fledged call centre by end 2017.

## Paving the way in banking. Since 1963.

Creating innovative financial solutions that keep people and businesses moving forward.





PART FOUR

# CORPORATE GOVERNANCE



The hallmark of I&M Bank Group's Corporate Governance Framework is a Group-wide commitment to ensuring that the highest standards of corporate governance are implemented and upheld in all its entities. This in turn ensures that the Group maintains and promotes high standards of integrity, transparency and accountability across all levels.

The Group has in place a Code of Conduct and Code of Ethics that binds all its directors and employees to ensure that the Group's business is carried out in an ethical, fair and transparent manner, in keeping with the local regulations and international best practices.

The recent restructuring of I&M Bank Group resulted in the creation of the Bank's holding company – I&M Holdings Limited ("IMHL"). IMHL is listed on the Nairobi Securities Exchange and regulated by Capital Market Authority, and the Central Bank of Kenya. Set up of the holding company structure is expected to aid in enhancing the levels of accountability and governance within the Group as it continues to expand its presence in the region.

The Corporate Governance Framework, established by the Board of Directors of I&M Bank (Rwanda) Limited includes a robust management structure built on a platform of stringent internal control and pre-approved policies, practice and procedures to deliver sustainable value to its shareholders, whilst also remaining focused on the Group's wider role and responsibility to society at large.

### Risk Management Framework

I&M Bank Group has over the years maintained a keen focus on risk management, both in its business processes and products, and which have supported the Group's steady and sustainable growth.

The Risk Management Framework in place ensures that risks are identified and effectively managed on an on-going basis.

Given that risk taking is core to the Bank's innovation capacity and ultimately its entrepreneurial success, I&M Group's approach to Risk Management is characterized by a strong risk oversight at the Board level and a strong risk management culture at all levels across the Bank. This approach supports and facilitates decision making process which not only ensures that the risk reward trade-off is optimized but also that risks assumed are within the overall risk appetite and risk tolerance levels as laid down by the Board of Directors.

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I&M's Risk Management Process is guided by the following principles:

- a) Its Risk Appetite & Risk Tolerance Levels
- a) An Independent Audit
- a) A Compliance & Internal Control Department
- a) Zero Tolerance for violations
- a) Protection of Reputation
- a) Enhanced Stakeholder Satisfaction

The Bank endeavors to be compliant with best practices in its Risk Management.

### The Board of Directors

#### Constitution, Appointment and Composition

The Bank's Articles of Association provides for a unitary Board of up to ten Directors and the number of Directors of the Company are required by BNR to be at least five.

The Bank's Board, led by a non-executive Chairman, consists of seven Non-executive Directors, the Executive Director and the Managing Director. Of the seven non-executive Directors, more than 50% are independent. The Directors, collectively have vast experience stemming out of their varied backgrounds in different disciplines, which include, inter alia Banking, General Management, Law, Ac-

counting and Investment Analysis, apart from hands on experience in various industries. The unique collective experience of the Board members provides a superior mix of skills as required by the Board, in not only discharging its responsibilities and providing a strategic vision and direction for the Bank, but more importantly also adds value to, and brings in the element of independent judgment and risk assessment to bear on the decision making process.

I&M Bank recognizes and appreciates that all Directors make valuable contributions to the Board and to the Bank by virtue of their experience and judgment.

The table below contains the names, positions and academic/professional qualifications of the Directors and their profiles:

Name	Committee Membership	Academic/ Professional qualification	Director's Profile
<b>Bill IRWIN</b> <b>Independent Non-Executive</b>  <b>Year of Birth: 1944</b>	Board Chairman 1. BALCO 2. BRC, Chairman 3. BCC 4. BAPRECO	AIB (Irl)	Mr. Irwin was appointed as the Board Chairman on October 2009. He is an experienced banker with extensive cultural and commercial experience in strategy, business development and risk, and change management. Prior to joining I&M Bank Rwanda, he was employed for more than thirty years by Standard Chartered Bank serving in Africa, the US and Asia. Latterly he was Area General Manager with responsibility for their various businesses in South, Central, and East Africa.
<b>Arun S MATHUR</b> <b>Non-Executive Director</b>  <b>Year of Birth: 1953</b>	1. BAC 2. BALCO 3. BRC 4. BCC 5. BAPRECO	B. Tech (Hons) Metallurgical Eng. Banaras Hindu University (BHU) Varanasi, India	Mr. Mathur joined the Bank's Board in July 2012. He is an experienced Banker with his career spanning over 40 years in India, Kenya, and the Middle East. He started his banking career in 1976 with the State Bank of India. He later joined Grindlays Bank, India in 1982, and worked in their office in Nairobi, Kenya from 1990 to 1994. He then worked for several banks in Eastern Africa until he joined I&M Bank (Rwanda) Limited in 2000 and was promoted as CEO in 2002.  Mr. Mathur has served as a director of I&M Bank Ltd (Kenya) until May 2016 until his retirement as the CEO after a successful stint of 14 years, Bank One Mauritius, I&M Bank (T) in Tanzania as well as Kenswitch in Kenya.
<b>Jonathan NZAYIKORERA</b> <b>Non-Executive Director</b>  <b>Year of Birth: 1983</b>	1. BAC 2. BALCO 3. BCC	Master of Sciences in Economics at the National University of Rwanda, Kigali	Mr. Jonathan Nzayikorera was appointed to the Board in May 2013 as a Government representative on the Board of Directors.  He is currently working as the Director General of National Budget in the Ministry of Finance and Economic Planning of Rwanda and has occupied several other positions over the last 8 years in the Ministry.  With his experience in public finance management, economic policy management as well as in revenue mobilization, he constitutes a valuable asset to the sound management of the bank.  Academic/ Professional qualification Master of Sciences in Economics at the National University of Rwanda, Kigali;

<b>Richard MUGISHA</b> <b>Independent Non-Executive Director</b>  <b>Year of Birth: 1969</b>	1. BCC 2. BAPRECO, Chairman	Master of Laws (LLM), New York University, School of Law	<p>Mr. Mugisha was appointed to the Board on February, 2010. He is a lawyer by profession and currently serves as the Managing Partner at the Trust Law Chambers which specializes in commercial Litigation and conveyance. Richard brings to the board depth and expertise from managing transactions in the Energy, Banking and Finance sectors in Rwanda; as a current Member of Governing Council Kigali Bar Association and Disciplinary Committee of Chartered Public Accountants. He also participated as a member on the Rwanda Financial Sector deepening planning committee and the National Committee for Regional integration.</p> <p>In November 2016, he was elected as the President of the East Africa Law Society.</p>
<b>Bonaventure NIYIBIZI</b> <b>Independent Non-Executive Director</b>  <b>Year of Birth: 1954</b>	1. BAC 2. BALCO 3. BCC	Degree in Agricultural Economics; Currently pursuing a MBA (Finance) program	<p>Mr. Niyibizi joined I&amp;M's Board in December of 2015. He comes with an extensive experience in the public and private sector and has played a major role in the creation and implementation of policies during his service at the Ministry of Commerce, Cooperatives and Industries and the Ministry of Energy and Natural Resources. Before joining the public, Mr. Niyibizi had long served with the United States Agency for International Development and Managing Director of Compagnie Generale de Banque (COGEBANK) for almost 4 years.</p>
<b>M. SOUNDARARAJAN</b> <b>Independent Non-Executive Director</b>  <b>Year of Birth: 1950</b>	1. BAC, Chairman 2. BALCO, Chairman 3. BCC, Chairman 4. BRC	Master of Arts, Madras University, India	<p>Mr. Soundararajan was appointed to the Board in September 2012 as an independent non-executive director.</p> <p>He is a career banker and financial services professional with extensive experience spanning 44 years in commercial and corporate banking, investment banking, general and life insurance, fiduciary services and wealth management.</p> <p>He held senior positions in State Bank of India in India and New York, Standard Chartered group in India and Kenya, Commercial Bank of Africa and CFC Bank in Kenya where he served as Managing Director of both commercial banking and investment banking businesses. After a brief engagement as a consultant on the transaction advisory panel with PwC Kenya between 2011 and 2013, he is currently leading the Kenyan associate of a fiduciary services and corporate finance business with its head office in Jersey, Channel Islands. Mr Soundararajan serves on the Board of I&amp;M Bank Kenya, insurance companies in Kenya and Tanzania and a logistics and equipment distribution business, listed on the Nairobi Securities Exchange.</p>
<b>Andreas GRENACHER</b> <b>Non-Executive Director</b>  <b>Year of Birth: 1974</b>	No subcommittees	Master of Finance at the Westfaelische Wilhelms University Muenster, Germany	<p>Mr Andreas Grenacher was appointed to the Board in February 2017. He is currently working as the Regional Director East Africa for the German Development Finance Institute, DEG. Before joining DEG, Mr. Grenacher held senior positions in the investment banking and asset management divisions of Deutsche Bank and Credit Suisse and worked in London, Frankfurt and Zurich. He has more than 16 years of experience in the finance sector.</p> <p>Academic/ Professional qualification: Master of Finance at the Westfaelische-Wilhelms University Muenster, Germany.</p>

<b>Robin BAIRSTOW</b> <b>Managing Director</b>  <b>Year of Birth: 1966</b>	All save for BAC	Graduate of the SMNA General Botha  Dip. Bus Man.  CIBM(SA)	<p>Mr. Bairstow joined the Bank and was appointed as an Executive Director in September 2015 and has 23 years of experience in the financial services sector, having worked in both local and international banking organizations. Prior to his appointment, he held senior positions at Standard Chartered Bank across Central Africa, East Africa and South-East Asia.</p>
<b>Faustin BYISHIMO</b> <b>Executive Director</b>  <b>Year of Birth: 1978</b>	All save for BAC	BBA in Accounting	<p>Mr. Byishimo was appointed as an Executive Director in December, 2015. He has served the Bank under various senior positions that include his recent tenures as Head of Corporate Banking and previously Head of Retail Banking. As the Division Head for Business Development, he oversees all the business segments i.e. Corporate, Business and Retail Banking as well as the Transactional Banking Service, Electronic Banking and Product Development functions of the Bank</p>

### Roles & Responsibilities

Entrusted with the overall responsibility of the Bank, the Board's key role is to provide effective, responsible leadership characterized by the ethical values of responsibility, accountability, fairness and transparency.

The Board ensures that appropriate steps are taken to protect and enhance the value of the assets of the Bank in the best interests of its shareholders and other stakeholders. This entails the approval and oversight of the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values, as well as the oversight of Senior Management. Further, the Board ensures that at the heart of the organization, there is a culture of honesty, integrity and excellent performance.

### Board Meetings

The Board meets at least quarterly each year for scheduled meetings and on other occasions when required to deal with specific matters between scheduled meetings. During the last financial year, four scheduled Board meetings were held. All members attended at least 75% of the meetings held during the year.

Board members receive board papers well in advance of their meetings, thereby facilitating meaningful deliberations therein. They also have full and unlimited access to the Bank's records and consult with employees and independent professional advisors, as the Board or its committees deem appropriate.

### Board Evaluation

The Bank has an established and effective process of evaluating the Board's Chairman's and individual Directors performance, on an annual basis. This performance evaluation process is reviewed periodically to incorporate global best practice and any amendments issued by the National Bank of Rwanda, the regulator, from time to time.

### Conflict of Interest

Directors are committed to avoiding instances that may give rise to conflicts of interests or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest must be made known to the Board and fellow directors and the onus will be on the directors to advise the Board on any change in their situation.

On declaration of his/her interest, the concerned Director shall not participate in the discussions and /or decision making process on

the transaction in relation to which conflict arises. The transaction may however be concluded and approved at market terms and conditions. Related party transactions will also be disclosed in accordance with disclosure requirements and accounting policies and standards.

#### Governance Principles

The Board ensures that Accountability among staff is enhanced through a system of objective goal setting and periodic performance appraisals. Additionally, the Board has delegated financial and other powers with clearly defined accountabilities for each.

In order to ensure that high levels of efficiency and effectiveness are maintained, the Bank has a good pool of well-trained staff with the appropriate skills required to perform their duties. Further, the Bank ensures that all staff undergo regular training to improve and develop their skills.

The Code of Ethics that all staff are expected to adhere to, encompasses, inter alia, matters touching upon safety and health, environment, compliance with laws and regulations, confidentiality of customer information, financial integrity and relationships with external parties. This Code of Ethics is reviewed periodically and amendments incorporated if necessary. The Board has set up five Board Committees and several top level Management Committees to assist in discharging its responsibilities.

These include:

#### Board Audit Committee (BAC)

An independent non-executive Director chairs this Committee consisting of five (5) members. BAC, which meets at least once every quarter, assists the Board in fulfilling its responsibilities by reviewing the financial condition of the Bank, its internal controls, performance and findings of the Internal Audit functions.

The members of the Audit Committee comprise 4 members:

- Chairman- Independent Non-Executive Director
- Four (4) Non -Executive Directors
- Group Head of Internal Audit
- (Alternate Secretary)

Invitees

- Managing Director
- Executive Director
- Heads of Business

The main functions of the committee are to;

- Ensure establishment of an adequate, efficient and effective internal audit function
- Review structure and adequacy of internal controls
- Review and co-ordinate between External Auditors and Internal Audit Department
- Review and receive BNR Inspection Report, and ensure implementation of recommendations therein.
- Review internal audit reports and their overall effectiveness
- Review Management reports and reports from external auditors and recommending to the Board of Directors.

#### Board Risk Committee (BRC)

The BRC, comprising four (4) members, is chaired by an independent non-executive Director, and meets at least once every quarter. Through the Bank's risk management function, BRC is responsible for translating the Risk Management Framework established by the Board of Directors into specific policies, processes and procedures that can be implemented and verified within the different business units, so that risks faced by the Bank are adequately considered and mitigated.

The members of the Board Risk Committee comprise of:

- Chairman- Independent Non-Executive Director
- Three (3) Non -Executive Directors

Invitees are;

- Managing Director (MD)
- Head of Risk
- Executive Director

The main functions of the committee are to;

- Ensure that the Risk Management Framework and the processes as approved are implemented
- Review, monitor and deliberate on the appropriate risk mitigation approach
- Ensure that the Business Continuity Plan (BCP) is formulated, tested and reviewed periodically
- Review of policies, procedures and exposure limits
- Review of proposed strategic initiatives
- Create awareness

#### Board Credit Committee (BCC)

The BCC, which consists of six (6) members is chaired by an independent non-executive Director and is responsible for the review of the Bank's overall lending policy, conducting independent loan reviews, delegation and review of lending limits, ensure statutory compliance and be overall responsible for the overall management of credit risk. The Credit Risk Management Committee (CRMC) assists the BCC in its role.

The members of the Board Credit Committee comprise of:

- Chairman- Independent Non-Executive Director
- Five (5) Non - Executive Directors
- Managing Director
- Head of Credit (Secretary)

Invitees:

- Heads of Business
- Head of Credit
- Executive Director

The main functions of the committee are to;

- Review lending policy
- Consider loan applications beyond discretionary limits granted to CRMC
- Review lending by CRMC
- Direct, monitor, review all aspects that will impact upon present and future Credit risk management at the Bank
- Ensure compliance with Banking Act and Prudential Guidelines
- Conduct independent loan reviews as and when appropriate.

#### Board Administration Procurement and Remuneration Committee (BAPRECo)

The BAPRECo comprising four (4) members, is chaired by an independent non-executive Director, and meets at least once every quarter and on other occasions to deal with specific matters. The BAPRECo is responsible for reviewing and approving significant procurement proposals as well as proposed consultancy assignments and unbudgeted capital expenditure. This committee also vets any agreements with and procurements from related parties. In addition, the BAPRECo provides a formal forum for communication between the board and management on Human Resource matters.

The members of the Board Administration Procurement and Remuneration Committee comprise of:

- Chairman- Independent Non-Executive Director
- Three (3) Non -Executive Directors

Invitees are:

- Managing Director
- Head of Human Resources
- Executive Director



The main functions of the committee are;

- Succession planning for key Management members Induction programs for new members and development programs to build individual skills and improve Board effectiveness
- Board and Senior Management succession planning
- Performance evaluation of the Board of Individual Directors and of the Executive Director and Managing Director
- Set remuneration policies & strategic objectives of Board a

#### Board Assets and Liabilities Committee (BALCO)

The Board Assets & Liability Management Committee is comprised of five (5) members and is chaired by an independent non – executive director and meets at least once every quarter. Board ALCO (as delegated by the board) is ultimately responsible for effective asset/liability Management and for establishing and reviewing the asset/ liability Management Policy and ensuring that the Bank's funds are managed in accordance with this policy.

The members of the BALCO Committee comprise of:

- Chairman- Independent Non-Executive Director
- Three (3) Non -Executive Directors

Invitees:

- Managing Director
- Head of Treasury
- Chief Finance Officer
- Executive Director

The main functions of the committee are to;

- Establish and Review the asset/liability Management Policy and ensure that the Bank's funds are managed in accordance with this policy. The Board ALCO may review the policy on an annual basis or more frequently if circumstances dictate.
- Set policy, establish broad guidelines on the Bank's tolerance for risk, review performance against limits and approve approaches to opportunities and threats.
- Review the Bank Budget before recommending the same to the full Board. Potential impacts of changes in rates on new product introduction, growth, deposit and loan pricing, investment strategy and customer behavior, will all be considered

#### Senior Management

*The table below contains the names, positions, academic and professional qualifications of the senior management of the Bank.*

Name	Academic / Professional qualification	Management Profile
<b>Robin BAIRSTOW</b> Managing Director  Year of Birth: 1966	Graduate of the SMNA General Botha  Dip. Bus Man.  CIBM(SA)	Mr. Bairstow joined the Bank and was appointed as an Executive Director in September 2015 and has 23 years of experience in the financial services sector, having worked in both local and international banking organizations. Prior to his appointment, he held senior positions at Standard Chartered Bank across Central Africa, East Africa and South-East Asia.

Name	Academic / Professional qualification	Management Profile
<b>Faustin BYISHIMO</b>  Executive Director and Div. Head for Business Development  Year of Birth: 1978	BBA in Accounting	Mr. Byishimo was appointed as an Executive Director in December, 2015. He has served the Bank under various senior positions that include his recent tenures as Head of Corporate Banking and previously Head of Retail Banking. As the Division Head for Business Development, he oversees all the business segments i.e. Corporate, Business and Retail Banking as well as the Transactional Banking Service, Electronic Banking and Product Development functions of the Bank
<b>Lena MILITISI</b>  Company Secretary  Year of Birth: 1976	Law degree from the University of Saint Louis in Brussels and Master (LLM) from University of Toulouse I.	Lena Militisi is the bank's Company Secretary. She previously served the bank as Head of the Legal Department for 11 years. Prior to this, she was the Legal Advisor attaché to the cabinet of Minister of Finance and Economic Planning then Treasury Counselor within the same Ministry.
<b>John GATASHYA</b>  Chief Finance Officer  Year of Birth: 1969	Bachelor Degree in Management from Universite Libre de Kigali	John Gatashya has worked with I&M Bank Rwanda for the last 17 years. In this time he has served the bank in a variety of positions. He started out as an accountant and has gradually risen through the ranks to the position of Chief Finance Officer. In this role his responsibility relates to ensuring financial information provided is accurate, timely and reliable; compliance with regulatory requirements; and supporting the strategic decision making process of the Bank.
<b>Michael OBIERO</b>  General Manager - Operations & Internal Services  Year of Birth 1957	An Associate of the Chartered Institute of Bankers (ACIB) London, UK.  MBA- General and Certificate in Management from the Management College of South Africa (MANCOSA)  Diploma certificate in Banking from the Kenya National Examination Council	Michael Obiero was appointed as the General Manager – Operations, Internal Services and Branches in November 2014. He joins the bank from GT Bank (Kenya Ltd) where he worked for 5 years as Head of Operations, overseeing all aspects of operational processes in mainstream banking including branches and other networks and managing 60% of the bank's total staff. Michael is a professional banker with over 30 years of experience in the banking industry with special focus in operations, mitigating operational risk and ensuring organizational growth through increased efficiency and effectiveness in operational processes.  Throughout his career he has worked with reputable banks such as Commercial Bank of Africa where he held various positions from 1980 until 1998 and then CFC Bank (now Stanbic Bank, Kenya) where he worked from 1998 to 2009 in various managerial appointments in areas of operations, risk, compliance and strategy.

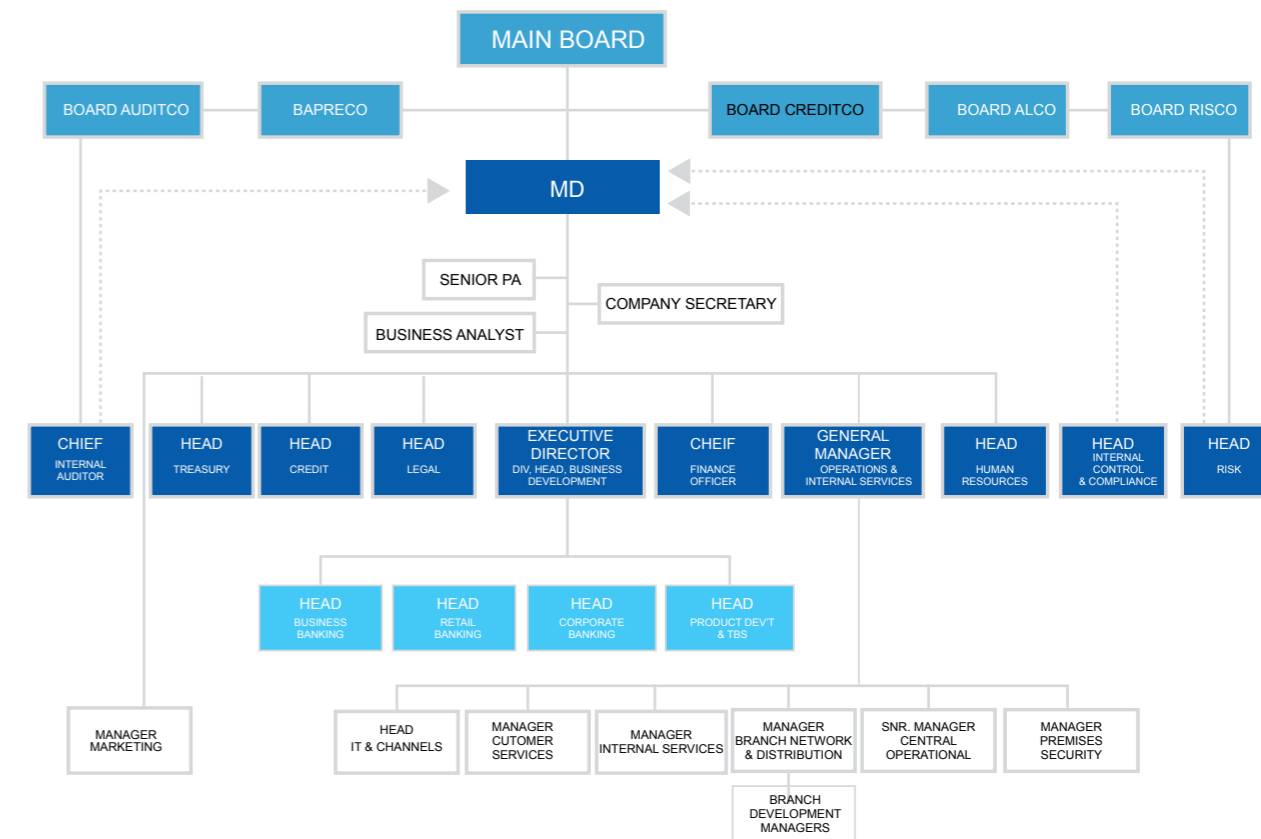
Name	Academic / Professional qualification	Management Profile
<b>Marie Louise KAGAJU</b> Chief Internal Auditor  Year of Birth: 1963	Bachelor Degree in Economics Sciences from University of Kinshasa, DRC.	Marie Louise Kagaju joined the bank in 1996 with 17 years of broad experience in banking, tax assessment and planning, accounting and finance. Proven leadership skills involving managing, developing and motivating teams to achieve their objectives. Marie Louise Kagaju has joined I&M Bank Rwanda as coordinator of the management control in the accounting department. She rose through the ranks to become the head of Finance, the position she held till she was assigned the Internal Audit role in 2003. As Chief Internal Auditor, she has the mission to be a business partner that adds value and improves the organization processes by evaluating and improving the effectiveness of risk management, control, and governance processes.
<b>Ngagi KABAREGA</b> Head of Risk  Year of Birth: 1981	Holds BBA degree in Accounting and currently pursuing an ACCA.	Ngagi is the Head of Risk with over 8 years' banking experience. He joined the bank in 2007 as an auditor in the Audit Department deputizing the Head of Audit and was subsequently appointed as the Head of Recoveries and later, the Head of Internal Control and Compliance.  Ngagi has been key in the implementation of the bank's major projects that has led in improving the control and compliance environment, and the bank's Risk Management Framework
<b>Alfred BAGUMA</b> Head of Credit  Year of Birth: 1977	Bachelor's degree in management from National university of Rwanda (NUR) and currently pursuing Master in Business Administration at Maastricht School of Management.	Alfred Baguma is the Head of Credit and has served the bank for over 9 years in different managerial positions. As head of credit he ensures that credit portfolio is adequately managed through independent processes, effective portfolio management, maintaining the portfolio quality and full adherence to internal and statutory guidelines and procedures.  Prior to his current position, Alfred was Head of Leasing and Business Banking. He also worked as Credit Analyst, Account Relationship Officer, Credit Review Team Leader and Leasing Manager. As Business Banking Head, he was involved in identifying customer needs and assisting in designing, structuring and offering appropriate products to fit in their business needs. He contributed in pioneering the Leasing product offerings and Initiating and implementation of the bank's capacity building project of Accounting skills training for SMEs.
<b>Benjamin MUTIMURA</b> Head of Corporate Banking  Year of Birth: 1978	Bachelor Degree in Economic Sciences and Management  Master Degree in Economic Sciences of University Notre Dame de la Paix, Namur, Belgium	Benjamin Mutimura is the Head of Retail Banking, and has served the bank for over 10 years under different managerial positions.  He has in-depth strategic management and operational experience that has been acquired through various top level assignments within the company that include: Finance, Internal Audit, Branches Operations, Business Development, Marketing and Retail

Name	Academic / Professional qualification	Management Profile
<b>Callixte NYILINDEKWE</b> Head of Business Banking  Year of Birth: 1967	Bachelor Degree in management from National University of Rwanda (NUR) and is pursuing his MBA with University of Eastern Africa Baraton.  Callixte is a certified Credit Analyst by OMEGA Performance UK.	As Head of Business Banking, Mr Callixte NYILINDEKWE is responsible for the quality and growth of bank's SME portfolio.  He joined the Bank in 2002, with prior experience in banking and Insurance. His focus is SME Banking for over 10 years: deals structuring, products development and SME policy set up. Prior to SME banking, he has been extensively involved in bank back office operations and bank network as branch manager. He has a strong customer focus and his experience gives to him a profound knowledge of the Rwanda market.
<b>Norbert MWANANGU</b> Head of Retail Banking Designate  Year of Birth: 1975	Bachelor Degree in Management from Universite Libre de Kigali	Norbert Mwanangu has 19 years' experience - 12 years in the Banking Sector and 7 years in Private Sector.  During the past 5 years, he worked in Retail credit department as Retail Sales Manager and Deputy to the Head of Retail Banking and since June 2016, he is acting as Head of Retail Banking.
<b>Diana KWARISIMA</b> Head of Human Resources  Year of Birth: 1976	Bachelor of Arts with Education from Kigali Institute of Education	Diana Kwarisiima has been with the bank for over 9 years and in that time has worked fundamentally within every field of HR – Training and Talent management, Administration, Payroll, Employee Relations, as well as deputizing for the Head of Human Resources. In October 2014 she was appointed as Acting Head of Human Resources following the departure of her then Manager.  Her current responsibilities include developing and implementing the Performance Management System in order to ensure that the Bank is following best practice in terms of performance and that regular and formal feedback is provided to employees for the successful implementation of their personal development plans. The HR head is also responsible for resourcing, talent identification and developing reward structures to meet the requirements of the bank.
<b>Blaise Pascal GASABIRA</b> Head of Treasury  Year of Birth: 1979	Bachelor Degree in Economics Sciences from National University of Rwanda	Blaise Pascal Gasabira joined I&M Bank Rwanda in 2010. Before joining I&M Bank Rwanda he was heading the treasury department at Access Bank Rwanda.  During his Banking career, Blaise has earned immense experience to effectively manage and control I&M Bank Rwanda's treasury in line with local and international best practices. His abilities range from trade finance management, international banking transactions and payment related products and systems, exchange control systems, correspondent banking, treasury products' marketing, market research, to risk management of the bank's liquidity, interest rates and foreign currency. He holds a bachelor's degree in Economics, with a major in International Economics, Certified in Access Bank school of Banking in Nigeria. He is currently pursuing CFA.

Name	Academic / Professional qualification	Management Profile
<p><b>Nicolas Uwimana</b></p> <p>Head of Legal</p> <p>Year of Birth 1976</p>	<p>Masters and Bachelor's degree in Law respectively from the University of Turin, Italia and the University of Rwanda.</p>	<p>Nicolas joined the bank in 2009 and served as Deputy Head of Legal. Before this, he worked for the Public Sector where he served as Legal Advisor at Rwanda Public Procurement Authority and Legal Expert in the Procurement Reform Task Force within the Ministry of Finance and Economic Planning.</p> <p>With 13 years experiences (in both public and private) he has been involved in legal drafting (laws, Ministerial Orders and other documents); Contract drafting and reviewing (supply, service, and work contracts); take part solving conflicts, and regulatory investigations.</p> <p>With the extensive legal advisory services, Nicolas has earned required experience and skills in legal complex problem solving.</p>
<p><b>Cynthia Rwamarara</b></p> <p>Head of Internal Control and Compliance</p> <p>Year of Birth 1981</p>	<p>Bachelor's degree in Accounting Sciences</p>	<p>Cynthia is well seasoned professional with over 10 years' experience in the Rwandan banking industry mainly in the fields of audit, compliance and risk.</p> <p>She joined I&amp;M Bank (Rwanda) Limited in 2009 as the Deputy Manager in the Internal Control and Compliance until June 2016 when she was promoted to Head of Internal Control and Compliance. Prior to this, Cynthia worked as an Internal Auditor at Access Bank Rwanda.</p> <p>She holds a bachelor's degree in Accounting Sciences obtained in 2005 from the National University of Rwanda and is pursuing ACCA studies.</p>
<p><b>Patrick Ntwali</b></p> <p>Head of IT and Channels</p> <p>Year of Birth 1982</p>	<p>Bachelor's degree in Business Administration (Information Technology)</p>	<p>Mr Patrick NTWALI has 9 years of experience in the IT industry in Rwanda and Africa. He is equipped with nearly 8 years in the banking industry where he worked on various projects including IT Management, core banking migration, CRM systems and software integration.</p> <p>At several occasions, he has been a database administrator, IT Manager and Head of Technology departments.</p>

I&M Bank (Rwanda) Limited undertakes continued retention of suitably qualified management during listing and no change of management for a period of 12 months following the listing other than for reason of serious offence that may affect the integrity or be inappropriate for management of a listed company.

**I&M Bank Rwanda Organizational Structure**



- These roles report directly to the Board of Directors under specified Board Committees but also maintain an indirect report into the Managing Director role. As such these roles are also considered as being part of the Bank's Management structure.
- While this role reports into the Managing Director, it has an indirect report into the Board of Directors. Hence the role is therefore not part of the Bank's management structure.

**General information on Directors and Executive Officers**

No director or executive officer of the Bank has been;

- involved with a company or partnership which has filed a petition under any bankruptcy law
- convicted in criminal proceedings

Except for local directors, no other director has options to purchase the shares of the Bank.

The directors have no other dealings or transactions with the Bank apart from:

- director fees' to serve as directors
- one loan issued to a director which was approved by the Board.

The Directors believe that the Bank has adequate working capital for the purposes of conducting the business



PART FIVE

STATUTORY AND  
GENERAL INFORMATION



**Shares and Share Capital**

The issued share capital of the Bank is Frw 5,000,000,000 which is divided into 500,000,000 Shares. The share capital structure of the Company as at the date of this Prospectus was as follows:

	Nominal Value Frw	Total Number of Shares
Authorized Capital	6,000,000,000	600,000,000
Issued & fully paid Capital	5,000,000,000	500,000,000

The Bank has 100,000,000 unissued shares with a par value of Frw 1,000,000,000. The bank has set aside 5,000,000 shares which are to be issued to the trustees of the ESOP for the benefit of the employees and directors of the bank. The Bank has not made any other commitments to issue any remaining part of its share capital to any person, nor does any person have preferential subscription rights for the Bank's share capital.

**Alterations to Share Capital**

Following the Resolution passed by the shareholders on 25 November 2016, the Bank's total number of authorized shares was increased from 5,000,000 to 6,000,000. And each share was split in the ratio of 100:1. Par value changed from Frw 1,000 to Frw 10 per share

SHARE STATISTICS PRE- SPLIT	
Total number of Authorised Shares	5,000,000
Total number of Issued and Fully Paid Shares	5,000,000
SHARE STATISTICS POST-SPLIT	
Split Ratio	100:1
Total number of Authorised Shares	600,000,000
Total number of Issued and Fully Paid Shares	500,000,000

**Issue of New Shares**

There have been no changes in the percentage ownership held by any major shareholders during the past three years. The company issued 5,000,000 New Shares which shall form part of the ESOP scheme created by the Bank for the benefit of the Employees and Directors.

**Shareholders**

*Ownership*

As at the date of this Prospectus, the names of the shareholders of the Bank and their respective holdings of issued and allotted share capital of the Bank before the offer are as set out in the table below:

Shareholder's Name	Number of Shares	% Shareholding
A consortium led by I&M Bank Group (including I&M Holdings – 55%, DEG – 12.5% and Proparco 12.5%) BCR Investment Company Limited	400,122,300	80.02%
Government of Rwanda	99,030,400	19.81%
Private Local Nationals	847,300	0.17%
<b>TOTAL</b>	<b>500,000,000</b>	<b>100.00%</b>

PROPARCO is a Development Financial Institution partly owned by Agence Française de Développement (AFD) and private shareholders from the developed countries and developing nations. PROPARCO promotes private investment in developing countries to reach established Millennium Development Goals (MDGs). PROPARCO finances operations which are economically viable, financially profitable, environmentally sustainable and socially equitable.

DEG is a German development finance institution with limited liability ultimately owned by the Federal Republic of Germany and the federal states of Germany. DEG finances investments of private companies in developing and emerging economies. As one of Europe's largest development finance institutions, it promotes private business structures to contribute to sustainable economic growth and improved living conditions in these countries.

DEG focuses on project and corporate finance in Africa, Asia, Latin America as well as in Central, Eastern and South-Eastern Europe. Its financing products, are offered at market-oriented conditions, comprise of; long-term loans, mezzanine financing, guarantees and equity capital.

**Voting Rights**

Each Shareholder is entitled to attend general meetings of the Bank. The holders of the Shares are entitled to one vote per Share at general meetings. The Offer Shares will rank pari passu with each other and with all other Shares with respect to voting rights and distributions.

**Material Litigation**

The material litigations, arbitration, prosecution and other civil or criminal legal action in which the Bank or its Directors as Directors of I&M Bank Rwanda are involved and which may have a material effect on the business of the Bank are as listed below:

Number	Case	Amount of Claim (Frw)	Provision Made (Frw)
1	Musonera	281,000,000	281,000,000
2	Rwasibo	Bank claimed 200, 000, 000 and counter-claim of 540,000,000 made	50, 000,000
3	Bader	57,800, 000	60, 000, 0000
4	Etablissement Rwandais	250,000,000	250,000,000

**Expenses of the Offer**

Item	Amount Frw	Taxes
Lead Transaction Advisors	71,882,733	Inclusive
Reporting Accountant	16,838,600	Inclusive
Legal Advisor	31,388,000	Inclusive
Receiving Bank	70,151,590	Inclusive
Registrar	20,846,170	Inclusive
Public Relations	36,662,264	Inclusive
Marketing and Advertising	187,713,639	Inclusive
Printing	63,417,920	Inclusive
Rwanda Stock Exchange	0.15% of issue size	Exclusive
Capital Markets Authority	0.025% of the Issue size	Exclusive
Placement Fee to ASA's	1.5% of Offer Shares value	Exclusive

**Directors' Declaration**

At the date of the application, the issuer is not in breach of any of its loan covenants particularly in regard to the maximum debt capacity. As at the date of the application and for a period of at least two years prior to the date of the application, no director of the issuer has:

- a) Any petition under bankruptcy or insolvency laws in any jurisdiction pending or threatened against the director (for director and for individuals), or any winding-up petition pending or threatened against criminal proceedings in which the director was convicted of fraud or any criminal offence, nor be named the subject of pending criminal proceeding, or any other offence or action either within or outside Rwanda
- b) Been the subject of any ruling of a court of competent jurisdiction or any governmental body in any jurisdiction, that permanently or temporarily prohibits such director from acting as an investment Advisor or as a director or employee of a stockbroker, dealer, or any financial service institution or engaging in any type of business practice or activity in that jurisdiction.

## STATUTORY AND GENERAL INFORMATION

### Documents available for Inspection

The following documents will be available for inspection at the Bank's headquarters during the Offer Period;

- a) The Memorandum and Articles of Association of the Bank;
- b) The audited financial statements of the Bank in respect of the financial years ended 31st December 2016, 2015, 2014, and 2013;
- c) The most recently available published interim financial statements of the Bank;
- d) The Reporting Accountants report as reproduced in this Prospectus and their written consent to the issue of this prospectus with their reports included herein in the form and context in which it is so included;
- e) The legal opinion of the legal advisers to the Bank as reproduced in this prospectus and their written consent to the issue of this prospectus with their legal opinions included herein in the form and context in which they are so included;
- f) Copies of the Offer Agreement with advisors and the Agency Agreements;
- g) The approvals from the CMA and the RSE in respect of the Issue;
- h) A copy of the certificate of 'no objection' from the BNR; and
- i) The latest certified appraisals or valuations of the property and items of a similar nature;
- j) Certified true copies of the latest annual returns filed with the registrar of companies
- k) Certified true copies of the relevant AGM/EGM members' resolutions filed with the registrar of companies
- l) Consent of all advisors to the Transactions

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**i&M Bank**  
LIMITED

PART SIX

# RISK FACTORS



The following risk factors should be considered carefully in addition to the other information set out in this Prospectus, when analyzing the shares of I&M Bank. Any of the risks described could have a material adverse impact on the business, operations or financial condition of the Bank. The risks described herein therefore could have an adverse effect on the trading price of the shares of the Bank once listed on the RSE. The risks described below do not purport to be exhaustive. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on the financial condition or results of operations of the Bank and hence the price of its shares on the RSE.

## General Risks

### Risk Relating To Country Credit Rating

Standard & Poor's credit rating for Rwanda stands at B with stable outlook. Moody's credit rating for Rwanda was last set at B2 with stable outlook. Fitch's credit rating for Rwanda was last reported at B+ with stable outlook. Any downgrade in the rating of the country could result in deteriorating borrowing costs and thus the financial performance of the Bank.

### Risks Associated With Emerging and Developing Markets

Investors in frontier markets, such as Burundi, Rwanda, Kenya, Uganda, Tanzania and the greater Regional Community, should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved in investing in shares of the Bank and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Investors are thus urged to consult their own legal and financial Advisors before making an investment.

### Competition Risk

There are 12 Commercial banks operating in Rwanda licensed by BNR. These are both local and international banks. A good number of them are fully owned subsidiaries of regional banks. As such they make the banking industry in Rwanda very competitive. Any erosion in the market share of the bank could result in negative financial performance of the bank and subsequently the price of its shares.

I&M Bank (Rwanda) Limited will always strive to remain among the top banks in Rwanda through enhancing its IT systems to improve efficiencies and providing world class services to attract and retain customers.

### Market Risk

Market risk arises from a decrease in the market value of a portfolio of financial instruments caused by an adverse move in market variables such as equity, bond and commodity prices, currency exchange rates, interest rates and credit spread, and implied volatilities of the variables.

The Bank manages market risk through a range of market risk and capital risk limits. The Bank uses a suite of risk measurement methodologies and tools to establish limits, including Value at Risk, securities revaluation models, stress testing, loss triggers and other risk management measures.

### Currency Risk

The Bank undertakes transactions in foreign currencies and therefore is exposed to the effects of foreign currency exchange rates fluctuations. The fluctuations in exchange rates affects the financial position and cash flows of the Bank. To demonstrate the exposure, in January 2015, the average exchange rate was Frw 690 to the US dollar. In December 2015, the rate was Frw 745 per US dollar. By September 2016, the rate was at Frw 807, a depreciation of over 14% in a period of 20 months.

An adverse movement in foreign currency exchange rates on an open position could have a negative impact on the Bank's financial condition.

The responsibility for managing the foreign currency risks rests with ALCO.

### Compliance and Regulatory Risk

Compliance and regulatory risk includes the risk of bearing the consequences of non-compliance with banking regulations. I&M Bank (Rwanda) Limited carries its business under the regulations and guidelines laid down by BNR. BNR regulations subject banks to certain requirements, restrictions and guidelines designed to create market transparency between banking institutions and their customers.

The objectives of the regulation are many and varied. In general the main objectives are:

- a) *Prudential* — to reduce the level of risk to which bank depositors are exposed to;
- b) *Systemic risk reduction* — to reduce the risk of disruption resulting from adverse trading conditions for banks causing multiple or

major bank failures;

c) *To avoid misuse of banks* — to reduce the risk of banks being used for criminal purposes; and

d) *To protect banking confidentiality, among others.*

Due to the varying interests and objectives of the Bank and the regulator, I&M Bank may inadvertently find itself violating the set rules and guidelines and therefore risk losing its business license. I&M Bank (Rwanda) Limited however endeavors at all times to run its business according to the laid down guidelines and thus minimizing the risk of losing its banking license.

### Interest Rate Risk

The bank holds a considerable portfolio of fixed income instruments both for liquidity purposes, trading as well as investments. When interest rates rise, the value of these instruments fall resulting in a loss. Since the fixed income instruments are marked to market, a loss is realized as a result. In addition, a hike in interest rates means that the cost of funds will also rise leading to a lower interest spread.

## Specific Risks Related to the Bank

### Permits and Licenses Risk

Significant parts of the Bank's operations require licenses and permits from various governmental authorities. If the present permits and licenses are terminated, withdrawn or not renewed, such events could have material negative effect on the Bank's business, financial condition, prospects and the market price of its shares.

The Bank embarks on the process of renewing its permits and licenses well before they expire. This way, the Bank avoids situations where it could find itself without a valid and current license or permit to undertake its business.

### Risk of Losing Key Personnel

To a large extent, the success of any bank depends on its key employees and the management. The loss of key employees could have a negative effect on the Bank's operation. Attracting and retaining key personnel has remained a challenge in the industry as a whole as other regional banks enter the Rwandan banking market.

The Bank strives to create high levels of engagement by fostering a working environment that is conducive and attractive to skilled talent. The Bank maintains of the lowest staff turnover rates in the market. The Bank, as part of the listing will create an ESOP scheme with the aim of attracting and retaining key personnel and therefore further mitigating the risk of loss of key personnel.

### Litigation Risk

From time to time the Bank is involved in litigation, receives claims from tax authorities or claims arising from the conduct of its business. The occurrence of potential proceedings, or other claims leading to a substantial legal liability could have a material adverse effect on the Bank's business, results, operations, reputation and financial condition.

I&M Bank (Rwanda) acts within the Applicable Laws and thus whilst litigation may arise in the conduct of its business, none would have a material impact on the business.

The Bank's tax compliance has been recognized over the years through various awards from the Rwanda Revenue Authority.

### Liquidity Risk

Liquidity is generally defined as the ability of a financial firm to meet its debt obligations without incurring unacceptably large losses. Thus, "funding liquidity risk" is the risk that a firm will not be able to meet its current and future cash flow and collateral needs, both expected and unexpected, without materially affecting its daily operations or overall financial condition.

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

Liquidity Risk is managed through various committees both at board and executive level, monitored regularly and reviewed independently by the Market Risk unit.

### Credit Risk

Credit risk is the risk of default on a debt that may arise from a borrower failing to make the required payments. The Bank is exposed to credit risk from other banks and financial institutions, as well as credit exposures to customers for outstanding loans and other receivables due. Credit losses incurred by the Bank may have a material adverse effect on the Bank's financial performance and hence

affecting the price of its shares.

The Bank mitigates credit risk by undertaking the following actions:

- Developing and maintaining the Bank's risk grading in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures as follows:
  - The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the Bank's Credit Risk department.
  - Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Bank Credit on the credit quality of local portfolios and appropriate corrective action is taken.
  - Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.
  -

Each business unit is required to implement the Bank credit policies and procedures, with credit approval authorities delegated from the Bank's Board Credit Committee. Each business unit Head of department reports on all credit-related matters to the Executive Credit Risk Management Committee and the Board Credit Committee. The Head of Credit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in the portfolio, including those subject to Central Bank's approval. Regular audits of business units and Bank Credit processes are undertaken by Internal Audit.

#### *Operational Risk*

Operational risk arises from inadequate or failed internal processes, people and systems or from external events. The Bank strives to ensure that its internal processes are handled professionally, to ensure operations run as smoothly as planned.

The following are key measures that the Bank undertakes in managing operational risk:

- Documentation of procedures and controls, regular review and updates to reflect changes in the dynamic business environment.
- Appropriate segregation of duties, including the independent authorization of transactions
- Reporting of operational losses and ensuring appropriate remedial action to avoid recurrence.
- Development and implementation of Business Continuity and Disaster Recovery Plans
- Training and professional development of employees to ensure they are well equipped to identify and mitigate operational risks in a timely manner.
- Establishment of ethical practices at business and individual employee's level.
- Implementation of Risk mitigation parameters, including insurance where this is considered effective.

The entire operational risk management framework is subjected to periodic independent reviews by Internal Control and Compliance in order for the Bank to obtain an independent opinion on the effectiveness and efficiency of the framework. Further, the findings of the Internal Audit department are reviewed by the Board Audit Committee and recommendations made implemented in line with the agreed timeframe.

#### *Related Party Transactions Risk*

The Bank enters into related party transactions with other entities forming part of the I&M Group of companies. These related party transactions are entered into in the course of banking operations, including lending, acceptance of interbank deposits and corresponding banking transactions. The transactions are priced at the prevailing market rates at the time of the transactions.

The Bank ensures that all related party transactions are within applicable laws and are at arm's length.

#### *Concentration of Lending and Deposit Risk*

The Bank faces concentration risks in both its lending book and deposit base. Any weakening in the performance of large exposures and large deposit withdrawals could have a negative impact and affect the Bank's financial performance.

Concentration risk is managed in the Bank's management ALCO and reviewed on a regular basis by both the Compliance and Risk units. The Board ALCO is ultimately responsible for effective asset/liability Management and for establishing and reviewing the asset/liability Management Policy and ensuring that the Bank's funds are managed in accordance with the established policy.

#### *Dividend Risk*

The Bank has a clear policy of paying dividends whenever the financial performance of the Bank has been good. Payment of dividend will among other things depend on the Bank's business expansion capital needs as well as regulatory capital requirements.

#### *Technology Risks*

The Bank's operations rely heavily on the functionality of its information technology systems. Proper functioning of the systems at all times is critical for the performance of the Bank. Any disruption to the functionality of the IT system, e.g. during a system upgrade or normal maintenance routines, may lead to important business decisions being delayed or business opportunities forgone. Such a disruption may impact directly on the financial performance of the Bank and therefore its price on the RSE.

The Bank makes every effort to ensure that its IT system is always fully functional and will continue to invest in the latest technology to enhance reliability, efficiency and customer experience.

#### *Risks Associated with the Shares*

##### *Suitability of Investment*

Each potential investor must determine the suitability of investing in the shares of I&M Bank (Rwanda) in light of their own circumstances. In particular each potential investor should:

- Have sufficient knowledge and experience to make a meaningful evaluation of the shares, the merits and risks of investing in the shares and the information contained or incorporated by reference in this Prospectus;
- Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of their overall investment portfolio;
- Have sufficient financial resources and liquidity to bear all of the risks of an investment in the shares;
- Understand thoroughly and be familiar with the performance of any relevant financial markets; and
- Be able to evaluate possible scenarios for economic, interest rate and other factors that may affect their investment in the Bank and their ability to bear the applicable risks.

##### *Volatility of Price*

The market price of the I&M Bank (Rwanda) Limited shares could be subject to significant fluctuations in response to actual or anticipated variations in the Bank's operating results, adverse business developments, changes in the regulatory environment in Rwanda or changes in financial estimates by Investment professionals.

In particular the markets for emerging market securities, such as Rwanda, may be volatile and are to a varying degree, influenced by stock market conditions in other emerging market countries which may not be in the same geographic region as Rwanda. Although economic conditions are different in each country, investor reactions to the developments in one country may affect shares in other countries, including Rwanda. Accordingly the market price of the shares may be subject to significant fluctuations, which may not necessarily be related to the financial performance of I&M Bank. Each investor needs to assess the market for the right time to trade their shares.

##### *Dilution Risk*

The Bank may in the future see the need to raise capital by issuing additional shares. This may be through a Rights Issue, a secondary offer or by way of inviting a strategic or a financial investor such as an International Development Finance Institution. Such corporate actions may result in the dilution of existing shareholders if they do not participate in the equity issuances. In order to reduce the chances of the Bank's shareholders being diluted, the Bank will in future always endeavor to raise capital in such a manner that it gives the existing shareholders an opportunity to defend their shareholding. However, the Bank cannot guarantee that the current shareholders will not be diluted in the event that the Bank cannot obtain financing on desirable terms.

# APPENDICES

APPENDIX:  
LEGAL OPINION

A vertical grey bar is positioned to the right of the text 'APPENDIX: LEGAL OPINION', extending from the top of the text to the bottom of the page.





13 February, 2017

**The Permanent Secretary and Secretary to the Treasury**

**Ministry of Finance and Economic Planning**

**Kigali - Rwanda**

**The Board of Directors**

**I&M Bank Rwanda Limited**

**KN 03 AVE 9**

**P.O. Box 354**

**Kigali - Rwanda**

Dear Sirs

**OFFER FOR SALE OF 99,030,400 SHARES OF I&M BANK (RWANDA) LIMITED OF RWANDAN FRANCS 10 EACH IN THE SHARE CAPITAL OF I&M BANK RWANDA LTD**

We, the undersigned, have been instructed to act as legal advisors to the Government of Rwanda (duly represented by Ministry of Finance and Economic Planning (MINECOFIN) in relation to the offer for sale of approximately 19.81% of the issued capital being equivalent to 99,030,400 ordinary shares with a par value of Rwandan Francs 10 (the Offer) in I&M Bank Limited.

The legal advisory team consisting of the attorneys of the law firm Trust Law Chambers being a member of the Rwanda Bar Association and the East African Law Society, practicing and qualified as such to practice Rwanda and to advise upon the Laws of Rwanda.

**Documents and Records Examined**

1. In providing this Opinion for the purposes of the Prospectus relating to the Offer (the Prospectus), we have examined originals or copies of the certificate of incorporation of I&M Bank (Rwanda) Limited, its Articles of Association in force as at the date of the Prospectus, board resolutions, shareholder resolutions, documents evidencing title to material assets of the Company, material contracts and such other records and documents provided by the Company as we have considered necessary and appropriate for the purposes of this Opinion (collectively, the "Documents"). Where applicable, we have also carried out verification searches at public registries.
2. With respect to matters of fact, we have relied on the representations of I&M Bank (Rwanda) Limited and its officers. For the purposes of this opinion, we have assumed the following:
  - a. All written information supplied to us by I&M Bank (Rwanda) Limited and by its officers and advisors is true, accurate and up to date;
  - b. The authenticity of documents submitted as originals, the conformity with the original documents of all documents submitted as copies and the authenticity of the originals of such latter documents;
  - c. The authenticity of all signatures on all documents provided; and
  - d. All licenses, agreements and other relevant documents have been duly authorised, executed and delivered by the

parties to those documents other than I&M Bank (Rwanda) Limited

#### Opinion

3. In our opinion, based on the information made available to us by MINECOFIN and I&M Bank (Rwanda) Limited and subject to

- i. the foregoing;
  - ii. paragraph 4 of this Opinion;
  - iii. any matters set out in the Prospectus;
  - iv. the reservations set out below; and
  - v. any matters not disclosed to us:
- a. I&M Bank (Rwanda) Limited is duly incorporated and validly existing under the laws of Rwanda
  - b. I&M Bank (Rwanda) Limited has the corporate power and capacity to enter into each of the Documents and has taken the corporate and other action necessary under the laws of Rwanda to authorise the acceptance and due execution of each of the Documents and the acceptance and performance of its obligations under each of the Documents.
  - c. I&M Bank (Rwanda) Limited is a public company limited by shares, duly incorporated in Rwanda and has complied with the incorporation requirements of the Law No 07/2009 of 27/04/2009 relating to Companies (the "Companies Law"), with power to execute, deliver and exercise its rights and perform its obligations pursuant to the Offer, and such execution, delivery and performance have been duly authorised by appropriate corporate action;
  - d. The existing share capital of I&M Bank (Rwanda) Limited has been authorized and issued in conformity with all applicable laws and has received all necessary authorizations;
  - e. The rights and obligations of the Government of Rwanda as Vendor as contemplated in the Offer constitute valid and binding rights and obligations enforceable according to their terms;
  - f. The transactions contemplated by the Offer and the performance by the Government of Rwanda of their respective obligations there under will not violate any laws of Rwanda;
  - g. All authorisations, approvals, consents, licenses, exemptions, filings, registrations and notifications with governmental or public bodies or authorities of or in Rwanda required in connection with the Offer have been obtained and given in proper form and are in full force and effect;
  - h. I&M Bank (Rwanda) Limited continues to maintain its statutory books at its registered office;
  - i. There were no material contracts entered into falling outside the ordinary course of business.
  - j. Save for the litigation stated in 5.1.6 of this Prospectus there is no litigation or arbitration, prosecution or other civil or criminal legal action in which I&M Bank (Rwanda) Limited or its Directors are involved in which shall have a material effect on the business;
  - k. There are no other material items not mentioned in the Prospectus of which we are aware with regard to the legal status of I&M Bank (Rwanda) Limited and the Offer.

#### Further Opinions

4. Based upon and subject as aforesaid, and without prejudice to the generality of the foregoing, we are also of the opinion that:

- a. The Prospectus has been dated in accordance with Article 3 of the Instructions of the Registrar General No02/2010/ORG OF 16/11/2010 Modifying and Completing The Instructions On The Form and Content Of a Prospectus (henceforth referred to Prospectus Instructions);

- b. A copy of the Prospectus, together with the documents required under Article 29 of the Prospectus Instructions have been delivered to the Registrar of Companies for registration, duly signed by every person named in the Prospectus as a director of I&M Bank (Rwanda) Limited or by his agent duly authorized in writing, and a statement to such effect appears on the face of the Prospectus in accordance with Article 9 of the Prospectus Instructions;
- c. Each of the Documents constitutes the legal, valid and binding and enforceable obligations of I&M Bank (Rwanda) Limited .
- d. There are no stamp, registration or other similar duties or fees required to be paid in Rwanda with respect to or by virtue of the execution and performance by I&M Bank (Rwanda) Limited of the documents.
- e. This Prospectus contains statements made by Deloitte Rwanda Ltd, Certified Public Accountants and by ourselves, all of whom are experts for the purposes of Article 25 and 26 of the Prospectus Instructions. In accordance with Article 25 of the Prospectus Instructions, Deloitte Rwanda Ltd and we, the legal advisors, have given and have not before the delivery of this Prospectus for registration withdrawn our consent to the issue of the Prospectus with the statements by us included in the form and context in which they are included;
- f. The Offer Shares shall rank pari passu in all respects with the existing Ordinary Shares in the issued share capital of I&M Bank (Rwanda) Limited, including the right to participate in full in all dividends and/or other distributions declared in respect of such share capital;
- g. Application has been duly made to, and permission duly granted by, the Capital Markets Authority in respect of the Offer in accordance with the law;
- h. In addition to the information required to be included by the Companies Act, the Prospectus includes such information as investors would reasonably require and reasonably expect to find therein for the purpose of making an informed assessment of:-
  - i. The assets and liabilities, financial position, profits and losses, and prospects of the issuer of the securities; and,
  - ii. The rights attaching to those securities.
- i. A search of the Public Records today revealed no evidence of any current resolutions for winding up or dissolution of I&M Bank (Rwanda) Limited and no evidence of the appointment of any liquidator in respect of I&M Bank Rwanda Ltd or any of its assets.
- j. Based on the foregoing, we are of the opinion that the Offer is in conformity with all applicable laws and has received all necessary authorizations.

#### Reservations

5. This letter and the opinions given in it are governed by Rwandan law and relate only to Rwandan law as applied by the Rwandan courts as at today's date. We express no opinion in this letter on the laws of any other jurisdiction.

We as the Legal Advisors confirm that we have given and have not, prior to the date of the Prospectus, withdrawn our written consent to the inclusion of the legal opinion in the form and context in which it appears.

Apollo Nkunda

Legal Transaction Advisor

Partner, Trust Law Chambers

Kigali, Rwanda


**Appendix II: CONFLICT OF INTEREST STATEMENT**

I, Richard Mugisha, confirm that I am a Non-Executive Director in I&M Bank (Rwanda) Limited. I am also the Managing Partner of Trust Law Chambers who are the Legal Transaction Advisors to the Government of Rwanda (duly represented by Ministry of Finance and Economic Planning (MINECOFIN) in relation to the offer for sale of approximately 19.81% of the issued capital in I&M Bank Limited.

I am aware that by virtue of the aforementioned positions, which I hold, there is a potential conflict of interest.

I hereby confirm that I have not been involved in providing any legal advice in connection with the drafting of this Prospectus or the Legal opinion to the Prospectus.

Signed -13 February, 2017



Richard Mugisha

APPENDIX:  
CONFLICT OF INTEREST  
STATEMENT





APPENDIX:  
ACCOUNTANTS' REPORT

13 February, 2017

The Permanent Secretary and Secretary to the Treasury  
Ministry of Finance and Economic Planning  
Kigali, Rwanda

The Board of Directors

I&amp;M Bank (Rwanda) Limited

KN03 AVE 9

P.O. Box 354

Kigali, Rwanda

Dear Sirs,

Reporting Accountant's Report on I&amp;M Bank (Rwanda) Limited – Offer for sale

## A INTRODUCTION

We are pleased to submit our Reporting Accountant's Report (the "Report") in respect of the public offer for sale of shares by the Government in I&M Bank (Rwanda) Limited (the "Bank").

The financial information in respect of the report was provided by management and was prepared in accordance with International Standard on Related Services 4410 – Engagements to compile Financial Statements ("ISRS 4410") and is based on the audited financial statements of the bank for the 4 years ended 31 December 2013, 2014, 2015 and 2016.

## B DIRECTOR'S RESPONSIBILITIES

The directors of the Bank are responsible for the accuracy and completeness of the information used to compile the Reporting Accountant's Report. The directors of the bank are also responsible for the statutory financial statements of the Bank for the years ended 31 December 2013, 2014, 2015 and 2016, from which the Reporting Accountant's Report has been compiled.

## C OUR RESPONSIBILITIES

Our responsibilities are as contained in our contract with the Ministry of Finance and Economic Planning signed on 4 August 2016.

The objective of the engagement was for us to express a conclusion, based on our review, whether anything has come to our attention that causes us to believe that the financial information for the years ended 31 December 2013, 2014, 2015 and 2016 presented in Appendix 1 has not been prepared, in all material respects, in accordance with International Financial Reporting Standards.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We performed procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

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Directors: Norbert Kagoro\*\*\* Fred Okwiri\*\* Sammy Onyango\*\* Harveen Gadhoke\* David Waweru\*\* Joseph Eshun\*\*\*

\*British \*\*Kenyan \*\*\*Ugandan \*\*\*\*Ghanaian

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

You also required us to compile a Reporting Accountant's Report (the "Report") to be included in the prospectus to be issued to support the listing of the Bank's shares. We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.

## D SCOPE OF THE WORK PERFORMED

The financial information included in the prospectus of the Bank was compiled from the audited statutory financial statements of the Bank for the years ended 31 December 2013, 2014, 2015 and 2016. These financial statements were prepared in accordance with International Financial Reporting Standards.

To this end, we carried out the following procedures;

- reviewed the financial statements of the Bank for each of the four years ended 31 December 2013, 2014, 2015 and 2016 for compliance with International Financial Reporting Standards (IFRS) and consistency of application of accounting policies;
- made enquiries of the Bank's management with respect to significant matters relevant to the financial information;
- Reviewed other evidence relevant to the banks financial statements; and
- Reviewed the forecasts for the years ending 31 December 2017 and 2018.

The financial information to be included in the prospectus is set out in Appendix 1, which forms an integral part of this report.

## E. FINANCIAL INFORMATION

The statutory financial information prepared by the Bank for the years ended 31 December 2013, 2014, 2015 and 2016 were prepared in accordance with International Financial Reporting Standards therefore no adjustments have been made to the audited statutory financial statements.

## F AUDITORS

The statutory financial statements of I&M Bank (Rwanda) Limited for the year ended 31 December 2013 were audited by PricewaterhouseCoopers Rwanda Limited. The statutory financial statements of the Bank for the years ended 31 December 2014, 2015 and 2016 were audited by Ernst & Young Rwanda Limited. The audit opinions in respect of the financial statements for each of the 4 years were unmodified.

## G. CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the financial information of the Bank for the 4 years ended 31 December 2013, 2014, 2015 and 2016, presented in Appendix III does not give a true and fair view in accordance with International Financial Reporting Standards.

For Deloitte Rwanda Limited



David Waweru

Director

I&M BANK (RWANDA) LIMITED - OFFER FOR SALE  
REPORTING ACCOUNTANT'S REPORT  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOUR YEARS ENDED  
31 DECEMBER 2013, 2014, 2015 AND 2016

	Notes	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
Interest and similar income	3	19,717,625	15,830,877	14,073,054	12,196,881
Interest and similar expense	4	(5,836,180)	(4,491,131)	(4,096,747)	(3,366,867)
Net interest income		13,881,445	11,339,746	9,976,307	8,830,014
Fees and commission income	5(a)	3,519,831	3,483,970	2,810,279	2,439,454
Fees and commission expense	5(b)	(384,439)	(198,357)	(148,308)	(134,436)
Net fees and commission income		3,135,392	3,285,613	2,661,971	2,305,018
Net foreign exchange income		3,466,676	4,803,683	4,240,186	5,214,700
Net profit/ (loss) on financial assets and liabilities Designated at fair value through profit or loss	6	821,898	(42,888)	(978)	-
Instruments					
Other operating income	7	90,958	480,611	555,732	320,457
Operating income		21,396,369	19,866,765	17,433,218	16,670,189
Impairment losses on loans and advances	8	(554,373)	(1,476,314)	(536,098)	421,070
Operating income after impairment losses		20,841,996	18,390,451	16,897,120	17,091,259
Personnel expenses	9	(6,769,300)	(5,978,969)	(6,238,915)	(5,755,046)
Depreciation of property and equipment	10	(632,441)	(694,215)	(681,830)	(754,363)
Amortisation of intangible assets	11	(103,485)	(94,839)	(133,144)	(115,953)
Other operating expenses	12	(4,921,565)	(4,498,342)	(3,385,316)	(3,710,424)
Total operating expenses		(12,426,791)	(11,266,365)	(10,439,205)	(10,335,786)
Profit before tax		8,415,205	7,124,086	6,457,915	6,755,473
Income tax charge	17(b)	(2,612,054)	(2,199,787)	(1,896,312)	(2,246,724)
Profit for the year		5,803,151	4,924,299	4,561,603	4,508,749
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Fair value (loss)/ gain on available for sale financial assets		(15,862)	(114,864)	139,970	96,989
Reclassification to income statement on disposal		-	(202,462)	-	-
Deferred tax on (loss)/ gain	17(a)	4,759	95,198	(41,991)	(29,097)
Net change in available for sale financial assets		(11,103)	(222,128)	97,979	67,892
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Revaluation surplus on land and buildings	10	3,057,715	-	-	-
Deferred tax on revaluation	17(a)	(917,314)	-	-	-
Net gain on revaluation on land and buildings		2,140,401	-	-	-
			2,129,298	(222,128)	97,979

I&M BANK (RWANDA) LIMITED – OFFER FOR SALE  
REPORTING ACCOUNTANT'S REPORT  
STATEMENTS OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2013, 2014, 2015 AND 2016

	Notes	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
Cash in hand	13(i)	5,048,664	3,632,003	3,850,368	3,828,106
Due from the National Bank of Rwanda	13(ii)	14,202,956	8,054,234	3,888,910	5,338,826
Due from other banking institutions	13(iii)	31,844,955	16,818,145	31,493,452	22,573,577
Derivative Financial instruments	6	284,782	72,027	-	-
Financial instruments-Held for trading	14(a)	16,631,698	7,596,882	1,767,229	798,419
Loans and advances to customers	15	111,083,056	94,028,874	82,749,132	65,636,408
Financial investments-Available for sale	14(b)	826	16,688	394,650	254,680
Financial investments-Held to Maturity	14(c)	16,492,504	35,801,888	20,776,694	22,252,786
Other assets	16	1,217,924	1,454,348	937,693	652,087
Property and equipment	10	7,992,369	3,982,220	4,094,213	4,040,135
Intangible assets	11	139,126	152,117	141,051	112,569
Deferred tax assets	17(a)	312,415	217,342	214,258	316,186
Non-Current Assets Held for sale	18	1,200,000	-	-	-
<b>TOTAL ASSETS</b>		<b>206,451,275</b>	<b>171,826,768</b>	<b>150,307,650</b>	<b>125,803,779</b>
<b>LIABILITIES</b>					
Deposit from customers	19	134,152,364	119,884,096	114,467,526	94,062,954
Deposits from banks and other financial Institutions	20	26,707,032	17,327,252	5,985,162	5,007,816
Tax payable	17(b)	978,698	544,282	156,657	801,159
Other payables	21	5,565,809	5,338,661	4,266,885	3,971,099
Corporate bond	22	313,913	523,188	732,462	941,737
Derivative financial instruments	6	-	-	978	-
Borrowed funds	23	5,987,275	2,639,073	1,888,701	924,157
Provisions	24	803,247	616,166	595,258	828,247
Deferred tax liabilities	17(a)	1,519,812	493,374	599,444	519,951
<b>TOTAL LIABILITIES</b>		<b>176,028,150</b>	<b>147,366,092</b>	<b>128,693,073</b>	<b>107,057,120</b>
<b>EQUITY</b>					
Share capital	25(a)	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings		20,201,757	17,478,880	14,530,653	11,811,407
Available for sale reserve	25(b)	693	11,796	233,924	135,252
Revaluation reserve	25(c)	2,140,401	-	-	-
Other reserves	25(d)	758,274	-	-	-
Proposed Dividend	25(e)	2,322,000	1,970,000	1,850,000	1,800,000
<b>Total Equity</b>		<b>30,423,125</b>	<b>24,460,676</b>	<b>21,614,577</b>	<b>18,746,659</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>206,451,275</b>	<b>171,826,768</b>	<b>150,307,650</b>	<b>125,803,779</b>

I&M BANK (RWANDA) LIMITED – OFFER FOR SALE  
REPORTING ACCOUNTANT'S REPORT STATEMENTS OF CHANGES IN EQUITY

	Share capital Frw '000'	Retained Earnings Frw '000'	Available for sale reserve Frw '000'	Revaluation reserve Frw '000'	Proposed dividends Frw '000'	Total Frw '000'
At 1 January 2013	5,000,000	9,102,658	67,360	18,308	1,271,598	15,459,924
Total comprehensive income	-	4,508,749	-	-	-	4,508,749
Profit for the year	-	-	67,892	-	-	67,892
Other comprehensive income	-	-	-	(18,308)	-	(18,308)
Elimination on revaluation reserves	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Final for 2012 paid	-	(1,800,000)	-	-	(1,271,598)	(1,271,598)
Proposed for 2013	-	-	-	-	1,800,000	-
At 31 December 2013	<u>5,000,000</u>	<u>11,811,407</u>	<u>135,252</u>	-	<u>1,800,000</u>	<u>18,746,659</u>
At 1 January 2014	5,000,000	11,811,407	135,252	-	1,800,000	18,746,659
Total comprehensive income	-	4,561,603	-	-	-	4,561,603
Profit for the year	-	-	97,979	-	-	97,979
Other comprehensive income	-	-	693	-	-	8,336
Other transfers	-	7,643	-	-	-	8,336
Dividends	-	-	-	-	-	-
Final for 2013 paid	-	(1,850,000)	-	-	(1,800,000)	(1,800,000)
Proposed for 2014	-	-	-	-	1,850,000	-
At 31 December 2014	<u>5,000,000</u>	<u>14,530,653</u>	<u>233,924</u>	-	<u>1,850,000</u>	<u>21,614,577</u>

I&M BANK (RWANDA) LIMITED – OFFER FOR SALE  
REPORTING ACCOUNTANT'S REPORT STATEMENTS OF CHANGES IN EQUITY (Continued)

	Frw '000'	Frw '000'	Frw '000'	Rwf'000'	Frw '000'	Frw '000'
At 1 January 2015	5,000,000	14,530,653	233,924	-	-	21,614,577
Total comprehensive income	-	4,924,299	-	-	-	4,924,299
Profit for the year	-	-	(222,128)	-	-	(222,128)
Other comprehensive income	(1,536)	(4,536)	-	-	-	(6,072)
Cancellation of shares	1,536	(1,536)	-	-	-	-
Issue of bonus shares	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Final for 2014 Paid	-	(1,970,000)	-	-	(1,850,000)	(1,850,000)
Proposed for 2015	-	-	-	-	1,970,000	-
At 31 December 2015	<u>5,000,000</u>	<u>17,478,880</u>	<u>11,796</u>	-	<u>1,970,000</u>	<u>24,460,676</u>
At 1 January 2016	5,000,000	17,478,880	11,796	-	1,970,000	24,460,676
Total comprehensive income	-	5,803,151	-	-	-	5,803,151
Profit for the year	-	-	(11,109)	-	-	(11,109)
Other comprehensive income	-	-	-	758,274	-	758,274
Transfer to other reserves	-	(758,274)	-	-	-	-
Dividends:	-	-	-	-	-	-
Final for 2015 paid	-	(2,322,000)	-	-	(1,970,000)	(1,970,000)
Proposed Dividend for 2016	-	-	-	-	2,322,000	-
At 31 December 2016	<u>5,000,000</u>	<u>20,201,757</u>	<u>693</u>	<u>758,274</u>	<u>2,140,401</u>	<u>30,423,125</u>



I&M BANK (RWANDA) LIMITED – OFFER FOR SALE  
REPORTING ACCOUNTANT'S REPORT

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2013, 2014, 2015 AND 2

	Notes	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		8,415,205	7,124,086	6,457,915	6,755,473
Adjustments for:					
Depreciation for property and equipment	10	632,441	694,215	681,830	754,363
Amortisation of intangible assets	11	103,485	94,839	133,144	115,953
Loss/ (gain) on disposal of PPE		7,805	(68,274)	(58,503)	(69,232)
Finance costs	4	308,213	252,538	188,711	212,411
Gain on disposal of financial investments -available for sale		-	(202,462)	(60,000)	-
Dividend received		-	-	(34,527)	-
Operating profit before changes in operating working capital		9,467,149	7,894,942	7,308,570	7,768,968
<b>Changes in working capital:</b>					
Increase in loans and advances		(17,054,182)	(11,279,742)	(17,112,724)	(13,164,737)
Decrease/ (increase) in other assets		236,424	(516,655)	(274,266)	1,064,248
Increase in deposits from customers		14,268,268	5,416,570	20,404,572	8,246,863
Increase in deposits from banks		9,379,780	11,342,090	977,346	4,206,882
Financial investments - held to maturity		27,264,282	(23,826,090)	(340,734)	(5,332,731)
Financial investments - held for trading		(9,034,816)	(5,829,653)	(968,810)	397,314
Derivative financial instruments		(212,755)	(73,005)	978	-
Provisions		187,081	20,908	(232,989)	80,859
Restricted balances with the Central Bank		(1,242,124)	(986,624)	(1,086,290)	(471,622)
Increase in other liabilities		227,148	1,071,776	295,786	(71,199)
Cash generated from/(used in) operations		33,486,255	(16,765,483)	8,971,439	2,724,845
Income taxes Paid		(2,158,829)	(1,826,118)	(2,401,384)	(2,112,365)
Net cash from Operating activities		31,327,426	(18,591,601)	6,570,055	612,480
<b>Cash flows to/ from investing activities:</b>					
Purchase of property and equipment	10	(1,668,638)	(582,686)	(742,757)	(500,423)
Purchase of intangible assets	11	(47,491)	(105,905)	(157,796)	(35,305)
Purchase of a Non-Current Asset held for sale		(1,200,000)	-	-	-
Proceeds from sale of property and equipment		32,954	68,738	69,858	82,211
Proceeds from sale of shares		-	263,098	60,000	-
Dividends received		-	-	23,187	-
Net cash used in investing activities		(2,883,175)	(356,755)	(747,508)	(453,517)
<b>Cash flows from financing activities:</b>					
Dividend paid		(1,970,000)	(1,850,000)	(1,800,000)	(1,271,598)
Proceeds from borrowed funds		3,348,203	750,372	755,269	-
Repayment of borrowed funds		(209,275)	(209,274)	-	(596,748)
Interest paid on term borrowings		(269,538)	(192,571)	(98,178)	(113,230)
Interest paid on corporate bond borrowings		(38,675)	(59,967)	(90,533)	(99,181)
Cancelation of shares		-	(6,072)	-	-
Net cash used in financing activities		860,715	(1,567,512)	(1,233,442)	(2,080,757)
Net increase/ (decrease) in cash and cash equivalents	29,304,966	(20,515,868)	4,589,105	(1,921,794)	-
Net foreign exchange difference on cash and cash equivalents		(407,327)	(541,302)	(81,126)	-
Cash and cash equivalents as at 01 January		21,733,275	42,790,445	38,282,466	40,204,260
Cash and cash equivalents at Period end	13(iv)	50,630,914	21,733,275	42,790,445	38,282,466

I&M BANK (RWANDA) LIMITED – OFFER FOR SALE REPORTING ACCOUNTANT'S REPORT NOTES TO THE  
FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

I&M Bank (Rwanda) Limited (the bank) is a financial institution licensed to provide corporate and retail banking services to corporate, small and medium size enterprises and retail customers in various parts of Rwanda. The Bank is a limited liability company incorporated and domiciled in Rwanda. The ultimate parent of the Bank is I&M Holdings Ltd, a limited liability company registered and domiciled in Kenya.

## 2. ACCOUNTING POLICIES

*Basis of preparation*

The financial statements have been prepared on a historical cost basis, except for available for sale financial instruments, derivative financial instruments and corporate bond that have been measured at fair value. The financial statements are presented in Rwandan Francs (Rwf) which is the functional and reporting currency and all values are rounded to the nearest thousand (Rwf'000) except when otherwise indicated.

*Statement of compliance*

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Law No. 07/2009 of 27 April 2009 relating to companies.

*Changes in accounting policy and disclosures*

## New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations.

The following new and amended standards did not have an impact on the bank.

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements Cycle - 2012-2014 (IFRS 5 Non-current Assets Held for Sale and Discontinued Operations Assets (or disposal groups), IFRS 7 Financial Instruments: Disclosures - Servicing contracts and IAS 34 Interim Financial Reporting)
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
- IAS 19 Employee Benefits – Discount rate: regional market issue

*Revaluation of Land and Buildings*

The Bank elected to change the method of accounting for Land and Buildings classified as property and equipment. The bank had previously measured all property and equipment using the historical model whereby, after initial recognition of the asset classified as property and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. On 01 December 2016, the Bank elected to change the method of accounting for Land and Buildings classified as property and equipment, as the Bank believes that the revaluation model provides more relevant information to the users of its financial statements and is more aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the land and buildings fair value. The Bank applied the revaluation model prospectively. After initial recognition, land and buildings are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For details refer to Note 10 (a).

## ACCOUNTING POLICIES (continued)

*Changes in accounting policy and disclosures (continued)**Standards issued but not yet effective*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

*IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Bank plans to adopt the new standard on the required effective date.

*IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Bank as it does not receive any management services from other entities.

a) *Classification and measurement*

The Bank expects a significant impact on its statement of financial position on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

The Available for Sale (AFS) reserve currently presented as accumulated other comprehensive income (OCI) will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Bank expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Bank expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Bank were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans and advances, financial assets held to maturity and amounts due from other banks are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Bank expects that these will continue to be measured at amortized cost under IFRS 9. However, the Bank will analyze the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortized cost measurement under IFRS 9.

b) *Impairment*

IFRS 9 requires the Bank to record expected credit losses on all of its debt securities, loans and receivables, either on a 12-month or lifetime basis. The Bank expects to apply expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortized cost or at FVOCI, most loan commitments, financial guarantee contracts, and contract assets under IFRS 15 Revenue from Contracts with Customers and lease receivables under IAS 17 Leases. The Bank expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

## ACCOUNTING POLICIES (continued)

*Changes in accounting policy and disclosures (continued)*

Standards issued but not yet effective (continued)

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Bank plans to adopt the new standard on the required effective date. The Bank is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

*Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

*IAS 7 Disclosure Initiative – Amendments to IAS 7*

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendments are intended to provide information to help investors better understand changes in a company's debt. The amendments are effective for annual periods beginning on or after 1 January 2017.

*IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12*

The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application is permitted. If an entity applies the amendments for an earlier period, it must disclose that fact.

The amendments are intended to remove existing divergence in practice in recognizing deferred tax assets for unrealized losses. The amendments are effective for annual periods beginning on or after 1 January 2017.

## ACCOUNTING POLICIES (continued)

*Changes in accounting policy and disclosures (continued)*

Standards issued but not yet effective (continued)

*IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2*

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application is permitted.

The amendments are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement. The amendments are effective for annual periods beginning on or after 1 January 2018.

*IFRS 16 Leases*

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Key features

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

The lease expense recognition pattern for lessees will generally be accelerated as compared to today.

Key balance sheet metrics such as leverage and finance ratios, debt covenants and income statement metrics, such as earnings before interest, taxes, depreciation and amortization (EBITDA), could be impacted. Also, the cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The Bank plans to assess the potential effect of IFRS 16 on its financial statements in 2

## ACCOUNTING POLICIES (continued)

*Significant accounting judgments, estimates and assumptions*

In the process of applying the Bank's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows:

*Going concern*

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

*Fair value of financial instruments*

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. Refer to Note 28.

*Impairment losses on loans and advances*

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilization, loan to collateral ratios etc.), concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual Bank's). Refer to Note 14.

In addition to the measurement of impairment losses on loans and advances in accordance with International Financial Reporting Standards as set out above, the Bank is also required by the National Bank of Rwanda (BNR) Instruction No. 02/2011 to estimate losses on loans and advances. Where provisions determined using IFRS are lower than provisions determined using this regulation, the difference shall be treated as an appropriation from retained earnings and placed in a non-distributable reserve. Where provisions determined under IFRS are higher than those determined using this regulation, they will be considered to be adequate for the purpose of the regulation.

A specific provision for those loans and advances considered to be non-performing based on criteria and classification of such loans and advances is established by the National Bank of Rwanda.

## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

The Bank is required to make provisions for impairment in accordance with the National Bank of Rwanda Instruction No. 02/2011 as follows:

Class	Minimum provisions required
Normal (between 0-30 days)	0%
Watch list (between 31- 90 days)	0%
Substandard (between 91-180 days)	20%
Doubtful (between 181-360 days)	50%
Loss (over 360 days)	100%

In addition to the arrears period, banks must follow subjective criteria in arriving at the classification attributable to the assets.

*Impairment of available-for-sale investments*

The Bank records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost. The impairment loss on available-for-sale investments held by the Bank is disclosed in more detail in note 14(b).

*Deferred tax assets*

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. The deferred tax assets are disclosed in note 17(a).

(a) **Financial instruments – initial recognition and subsequent measurement**(i) **Date of recognition**

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) **Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities at fair value through profit or loss which are expensed in profit or loss.

(iii) **Derivatives recorded at fair value through profit or loss**

The Bank uses derivatives such as interest rate swaps and cross currency swaps. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in profit or loss.

## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

(a) **Financial instruments – initial recognition and subsequent measurement (continued)**(iv) **Financial assets held for trading**

Financial assets held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in Interest and similar income. Interest income is recorded in Interest and similar income.

(v) **Available-for-sale financial investments**

Available-for-sale investments include equity securities. Equity investments classified as available-for sale are those which are neither classified as held-for-trading nor designated at fair value through profit or loss. After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Unrealized gains and losses are recognized directly in other comprehensive income and accumulated in equity. Upon disposal, the gain/loss is recycled into profit or loss. Dividends earned whilst holding available-for sale financial investments are recognized in profit or loss as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognized in profit or loss in 'Impairment loss on financial assets' and removed from the 'Fair value reserve'.

(vi) **Held-to-maturity financial investments**

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which 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 ('EIR'), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest and similar income' in profit or loss. The losses arising from impairment of such investments are recognized in profit or loss line 'Impairment loss on financial assets'.

If the Bank were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Bank would be prohibited from classifying any financial asset as held to maturity during the following two years.

The Bank's held to maturity financial investments as at 31 December 2016 are disclosed in note 14 (c).

(vii) **Due from banks and loans and advances to customers**

Due from banks include 'Cash balances with the National Bank and 'Due from other banking institutions. Due from banks, 'Loans and advances to customers' and 'Other assets' (other than prepayments), include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank upon initial recognition designates at fair value through profit or loss;
- Those that the Bank, upon initial recognition, designates as available-for-sale; or
- Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts due from banks and 'Loans and advances to customers' are subsequently measured at amortized cost using the EIR, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest and similar income' in profit or loss. The losses arising from impairment are recognized in profit or loss in 'Impairment loss on financial assets'.



## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

(viii) *Due from banks and loans and advances to customers (continued)*

The Bank may enter into certain lending commitment. The commitment is recorded only when the commitment is an onerous contract and it is likely to give rise to a loss (for example, due to a counterparty credit event).

(ix) *Customer deposits, deposits from other banks and financial institutions and other payables*

Financial instruments or their components issued by the Bank, which are not designated at fair value through profit or loss, are classified as liabilities under 'Customer deposits', 'Deposits and balances with other banks and financial institutions', 'Other payables', where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt issued and other borrowings are subsequently measured at amortized cost using the EIR. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

(x) *Borrowings and Corporate bonds*

Borrowings and corporate bonds are recognized initially at fair value. After initial measurement borrowings are subsequently measured at amortized cost using effective interest rate. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest and similar expense in the statement of comprehensive income.

(b) *Derecognition of financial assets and financial liabilities*(i) *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - the Bank has transferred substantially all the risks and rewards of the asset, or
  - the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

(ii) *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where 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 recognised in profit or loss. Gains and losses on borrowings are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

(c) *Determination of fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available.

Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded (Day 1 profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 28.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

(d) **Impairment of financial assets**

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers are experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) **Financial assets carried at amortised cost**

For financial assets carried at amortised cost (such as placements and balances with other banking institutions, loans and advances to customers as well as held-to-maturity investments), the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Impairment loss on financial assets'.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

## Impairment of financial assets (continued)

(ii) **Financial assets carried at amortised cost (continued)**

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

See Note 8 for an analysis of impairment allowance on loans and advances.

(iii) **Available-for-sale financial investments**

For available-for-sale financial investments, the Bank assesses at each reporting date whether there is objective evidence that an investment is impaired. In the case of equity investments classified as available-for-sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss - is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in the fair value after impairment are recognised directly in other comprehensive income.

(iv) **Renegotiated loans**

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. The difference between the old carrying amount and the new carrying amount arising from impairment losses initially recognised are reversed. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

(e) **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in statement of financial position.

**ACCOUNTING POLICIES (continued)***Summary of Significant Accounting Policies (continued)***(f) Leasing**

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

**Bank as a lessee**

Leases which do not transfer to the Bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in statement of comprehensive income on a straight line basis over the lease term. Contingent rental payable are recognised as an expense in the period in which they are incurred.

**Bank as a lessor**

Leases where the Bank does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

**(g) Recognition of income and expenses**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the bank and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The following specific recognition criteria must also be met before revenue is recognised.

**(i) Interest and similar income and expense**

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recognised in profit or loss using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Other operating income'.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**ACCOUNTING POLICIES (continued)***Summary of Significant Accounting Policies (continued)**Recognition of income and expenses (continued)***(ii) Fees and commission income**

The Bank earns fees and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- Fees income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

- Fees income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

**(iii) Other income**

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities 'Held-for-trading' as well as gain and losses on sale of property and equipment and operational rental income.

**(h) Operating expenses**

All operating expenses include staff costs, office expenses, travel expenses, professional charges, audit fees, allowance for impairment losses on financial assets, depreciation, amortisation, postage and communication, training expenses and other operating expenses. General operating expenses incurred in the current year are recognised in profit or loss. Any payment in excess of the expenses incurred during the year is recorded in the statement of financial position under prepayments. Expenses incurred but not paid for in the current year are accrued in the current year.

**(i) Cash and cash equivalents**

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand, current accounts with National Bank of Rwanda, and amounts due from banks and government securities on demand or with an original maturity of three months or less.

**(j) Property and equipment**

Property and equipment are stated at cost or fair value less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognized after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

## Property and equipment (continued)

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

The Bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Bank estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining profit.

Freehold land is not depreciated. Depreciation on other assets is calculated on the straight line basis to allocate their cost or fair value less their residual values over their estimated useful lives, as follows:

Buildings	5%
Furniture, fittings	15%
Equipment	15%
Motor vehicles	25%
Computers	33%

Freehold land is not depreciated as it is deemed to have an indefinite life. Work in progress is stated at cost and not depreciated. Depreciation on work in progress commences when the assets are ready for their intended use.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in profit or loss in the year the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

(k) **Intangible Assets**

The Bank's intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in amortisation. Amortisation is calculated using the straight-line method to write down the cost of intangible assets over their estimated useful lives at 3 years.

## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

(l) **Impairment of non-financial assets**

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Such impairment is recognised in profit or loss.

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. In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used.

(m) **Financial guarantees**

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'Other payables') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in profit or loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee in terms of IAS 37.

Any increase in the liability relating to financial guarantees is recorded in profit or loss. The premium received is recognised in profit or loss in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

(n) **Statutory defined contribution pension scheme**

The Bank contributes to a statutory defined contribution pension scheme, the Rwanda Social Security Board (RSSB). Contributions are determined by local statute and are currently limited to 5% of an employee's basic salary. The Bank's RSSB contributions are charged to profit or loss in the period to which they relate.

(o) **Provisions**

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

(p) **Taxes**(i) **Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.



## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

## Taxes (continued)

(ii) *Deferred tax*

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in other comprehensive income or equity are also recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(q) *Dividends on ordinary shares*

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are declared and approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

## ACCOUNTING POLICIES (continued)

## Summary of Significant Accounting Policies (continued)

(r) *Foreign currency translation*

The financial statements are presented in Rwandan Franc (Rwf) which is the functional currency of the entity.

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date. All translation gains and losses arising on non-trading activities are taken to 'Other operating income' in the statement of comprehensive income.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
<b>3. INTEREST AND SIMILAR INCOME</b>				
Loans and advances	15,981,540	13,356,933	12,030,539	9,436,945
Government securities	3,363,724	2,017,245	1,396,165	2,063,323
Placements in other banks	<u>372,361</u>	<u>456,699</u>	<u>646,350</u>	<u>696,613</u>
	<u>19,717,625</u>	<u>15,830,877</u>	<u>14,073,054</u>	<u>12,196,881</u>

	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
<b>4. INTEREST AND SIMILAR EXPENSE</b>				
Deposits from banks	230,665	-	79,099	13,589
Borrowings	308,213	252,538	188,711	212,411
Deposit from customers	<u>5,297,302</u>	<u>4,238,593</u>	<u>3,828,937</u>	<u>3,140,867</u>
	<u>5,836,180</u>	<u>4,491,131</u>	<u>4,096,747</u>	<u>3,366,867</u>

## 5. FEES AND COMMISSION INCOME

a) Fee and commission income	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Current account ledger fees	988,586	1,002,620	920,573	835,175
Local and international local transfer	433,129	385,323	284,661	273,317
Credit related fees and commissions	723,881	702,416	560,932	373,032
Commissions on guarantees and letters of credits	371,453	503,707	291,146	220,207
Other commissions	<u>1,002,782</u>	<u>889,904</u>	<u>752,967</u>	<u>737,723</u>
	<u>3,519,831</u>	<u>3,483,970</u>	<u>2,810,279</u>	<u>2,439,454</u>
Other commissions relates to money transfer fees, VISA card commission, ATM card fees and other revenue on banking transactions.				
b) Fee and Commission Expense				
Banking services	104,931	71,641	62,635	67,245
Other commission expenses	<u>279,508</u>	<u>126,716</u>	<u>85,673</u>	<u>67,191</u>
	<u>384,439</u>	<u>198,357</u>	<u>148,308</u>	<u>134,436</u>

## 6. DERIVATIVE FINANCIAL INSTRUMENTS

The bank entered into a three year SWAP transaction with the National Bank of Rwanda that took effect on 28 November 2014. In the SWAP transaction, the bank paid to National Bank of Rwanda US\$ 2 million which was swapped with Rwf 1,382,764,094 that was received from the National Bank of Rwanda. The Bank will receive interest of 2% on the US\$2 million investment and will pay interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

On 19 August 2015, the bank entered into a second three year SWAP transaction with the National Bank of Rwanda. In this SWAP transaction, the bank paid to National Bank of Rwanda US\$ 3 Million which was swapped with Rwf 2,175,655,383 that was received from the National Bank of Rwanda. The Bank will receive interest of 2% on the US\$3 million investment and will pay interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

In the current year, the bank entered into a third two year SWAP transaction with the National Bank of Rwanda that took effect on 24 June 2016. In the SWAP transaction, the bank paid to National Bank of Rwanda US\$ 3 million which was swapped with Rwf 2,346,838,914 that was received from the National Bank of Rwanda. The Bank will receive interest of 2% on the US\$3 million investment and will pay interest of 8% to the National Bank of Rwanda on the Swapped local currency amount.

In line with IAS 39, financial instruments (Swap) are carried at fair value. As at 31 December 2016, the fair value of the derivative financial instrument (swap) was a net asset of Rwf 284,782,274 (2015: net asset of Rwf 72,027,000). The bank's exposure under derivative instruments is monitored as part of the overall management of its market risk.

## 6. DERIVATIVE FINANCIAL INSTRUMENTS

a. The table below shows the derivative financial instruments recorded as an asset at year-end.

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Balance as at 1 January	72,027	(978)	-	-
Payments under swap arrangement	3,782,140	571,543		
Fair value gain (loss)	198,260	25,977	(978)	-
Receipts under swap agreement	<u>(3,767,645)</u>	<u>(524,515)</u>	<u>-</u>	<u>-</u>
Net derivative asset/ (liability)	<u>284,782</u>	<u>72,027</u>	<u>(978)</u>	<u>-</u>

## b).Net profit/ (loss) on financial assets and liabilities designated at fair value through profit or loss

Financial instruments- held for trading	<u>623,638</u>	<u>(68,865)</u>	<u>=</u>	<u>-</u>
Derivative financial instruments	<u>198,260</u>	<u>25,977</u>	<u>(978)</u>	<u>-</u>
	<u>821,898</u>	<u>(42,888)</u>	<u>(978)</u>	<u>-</u>

## 7. OTHER INCOME

Operating Lease income	90,958	209,875	238,779	250,554
Gain on disposal of property and equipment	-	68,274	58,503	69,232
Gain on disposal of shares	-	202,462	60,000	-
Other income	<u>-</u>	<u>-</u>	<u>198,450</u>	<u>671</u>
	<u>90,958</u>	<u>480,611</u>	<u>555,732</u>	<u>320,457</u>

## 8. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Balance as at January	4,661,822	2,630,288	1,266,558	1,366,047
Specific provisions for the year	1,381,183	2,023,571	1,086,490	207,887
General provisions for the year	-	-	-	84,080
Recoveries on provisions	(449,004)	(352,526)	(67,408)	(147,220)
Loans written off	(2,737,645)	(302,859)	(99,895)	(161,810)
Interest suspended during the year	<u>(942,095)</u>	<u>663,348</u>	<u>444,543</u>	<u>(82,426)</u>
Balance as at period end	<u>1,914,261</u>	<u>4,661,822</u>	<u>2,630,288</u>	<u>1,266,558</u>
Charge for the year:				
Specific provisions	(1,381,183)	(2,023,571)	(1,086,490)	(207,887)
General provisions	-	-	-	(84,080)
Loans written off	(11,306)	(31,076)	(26,845)	(7,203)
Recoveries on amounts previously provided for	449,004	352,526	67,408	147,220
Recoveries on amounts previously written off	<u>389,112</u>	<u>225,807</u>	<u>509,829</u>	<u>573,020</u>
Impairment (loss)/recoveries on loans and advances	<u>(554,373)</u>	<u>(1,476,314)</u>	<u>(536,098)</u>	<u>421,070</u>

## 9. PERSONNEL EXPENSES

Salaries and wages	6,011,400	5,288,593	5,639,138	5,109,258
Medical Insurance Costs	234,970	208,408	182,350	154,855
Mileage allowances	105,414	112,845	106,568	121,685
Other personnel expenses	150,927	120,649	85,428	158,896
Contribution to defined contribution plan	<u>266,589</u>	<u>248,474</u>	<u>225,431</u>	<u>210,352</u>
	<u>6,769,300</u>	<u>5,978,969</u>	<u>6,238,915</u>	<u>5,755,046</u>

## 10. PROPERTY AND EQUIPMENT

	Land and Buildings Frw'000'	Motor vehicles Frw'000'	Equipment Frw'000'	Computers Frw'000'	Furniture and fittings Frw'000'	Work in progress Frw'000'	Total Frw'000'
<b>COST</b>							
At 1 January 2013	3,349,844	1,086,156	1,163,014	1,063,271	684,191	97,748	7,444,224
Additions	290,010	-	63,896	53,496	14,210	78,811	500,423
Elimination of revaluation Reserves	(18,308)	-	-	-	-	-	(18,308)
Transfer from Work in Progress	-	-	14,448	(138,381)	(10,432)	(14,448)	-
Disposal	(58,849)	-	(26,417)	-	-	-	(234,079)
At 31 December 2013	<u>3,562,697</u>	<u>1,086,156</u>	<u>1,214,941</u>	<u>978,386</u>	<u>687,969</u>	<u>162,111</u>	<u>7,692,260</u>
At 1 January 2014	3,562,697	1,086,156	1,214,941	978,386	687,969	162,111	7,692,260
Additions	6,016	194,775	22,601	53,025	13,015	453,325	742,757
Other transfers	8,336	-	-	-	-	-	8,336
Transfer from Work in Progress	60,131	-	108,629	698	-	(173,288)	(3,830)
Disposal	(26,304)	(137,388)	(250)	-	(1,913)	-	(165,855)
At 31 December 2014	<u>3,610,876</u>	<u>1,143,543</u>	<u>1,345,921</u>	<u>1,032,109</u>	<u>699,071</u>	<u>442,148</u>	<u>8,273,668</u>
At 1 January 2015	3,610,876	1,143,543	1,345,921	1,032,109	699,071	442,148	8,273,668
Additions	-	31,899	92,116	175,940	10,666	272,065	582,686
Transfer from Work in Progress	-	-	127,030	3,894	-	(130,924)	-
Disposal	-	(287,610)	(15,285)	(37,471)	(21,112)	-	(361,478)
At 31 December 2015	<u>3,610,876</u>	<u>887,832</u>	<u>1,549,782</u>	<u>1,170,578</u>	<u>692,519</u>	<u>583,289</u>	<u>8,494,876</u>
At 1 January 2016	3,610,876	887,832	1,549,782	1,170,578	692,519	583,289	8,494,876
Additions	124,086	22,750	57,662	62,434	40,868	1,360,838	1,668,638
Revaluation	3,057,715	-	-	-	-	-	3,057,715
Transfer from WIP	757,534	9,750	121,175	-	586	(889,045)	-
Write off	(1,035,567)	-	(298,532)	(127,198)	(189,552)	-	(1,650,849)
Transfer to Intangibles	-	-	-	-	-	(43,003)	(43,003)
Disposal	-	(157,661)	-	-	-	-	(157,661)
At 31 December 2016	<u>6,514,644</u>	<u>762,671</u>	<u>1,430,087</u>	<u>1,105,814</u>	<u>544,421</u>	<u>1,012,079</u>	<u>11,369,716</u>

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## 10 PROPERTY AND EQUIPMENT

	Land and Buildings Frw'000'	Motor vehicles Frw'000'	Equipment Frw'000'	Computers Frw'000'	Furniture and fittings Frw'000'	Work in progress Frw'000'	Total Frw'000'
<b>DEPRECIATION</b>							
At 1 January 2013	613,508	700,050	552,954	904,235	348,115	-	3,118,862
Charge for the year	294,248	150,991	140,904	83,851	84,369	-	754,363
Eliminated on disposal	(48,888)	-	(23,399)	(138,381)	(10,432)	-	(221,100)
At 31 December 2013	<u>858,868</u>	<u>851,041</u>	<u>670,459</u>	<u>849,705</u>	<u>422,052</u>	<u>-</u>	<u>3,652,125</u>
At 1 January 2014	858,868	851,041	670,459	849,705	422,052	-	3,652,125
Charge for the year	232,515	142,527	143,395	84,446	78,947	-	681,830
Eliminated on disposal	(26,304)	(126,033)	(250)	-	(1,913)	-	(154,500)
At 31 December 2014	<u>1,065,079</u>	<u>867,535</u>	<u>813,604</u>	<u>934,151</u>	<u>499,086</u>	<u>-</u>	<u>4,179,455</u>
At 1 January 2015	1,065,079	867,535	813,604	934,151	499,086	-	4,179,455
Charge for the year	209,817	135,333	174,944	100,858	73,263	-	694,215
Eliminated on disposal	-	(287,610)	(14,821)	(37,471)	(21,112)	-	(361,014)
At 31 December 2015	<u>1,274,896</u>	<u>715,258</u>	<u>973,727</u>	<u>997,538</u>	<u>551,237</u>	<u>-</u>	<u>4,512,656</u>
At 1 January 2016	1,274,896	715,258	973,727	997,538	551,237	-	4,512,656
Charge for the period	215,894	85,746	161,237	94,912	74,652	-	632,441
Eliminated on disposal	-	(157,661)	-	-	-	-	(157,661)
Write off	(994,807)	-	(298,532)	(127,198)	(189,552)	-	(1,610,089)
At 31 December 2016	<u>495,993</u>	<u>643,343</u>	<u>836,432</u>	<u>965,252</u>	<u>436,337</u>	<u>-</u>	<u>3,377,347</u>
<b>NET BOOK VALUE</b>							
At 31 December 2016	<u>6,018,661</u>	<u>119,328</u>	<u>593,655</u>	<u>140,562</u>	<u>108,084</u>	<u>1,012,079</u>	<u>7,992,369</u>

## 10. PROPERTY AND EQUIPMENT (Continued)

	Land and Buildings Frw '000'	Motor vehicles Frw '000'	Equipment Frw '000'	Computers Frw '000'	Furniture and fittings Frw '000'	Work in progress Frw '000'	Total Frw'000'
At 31 December 2015	<u>2,335,980</u>	<u>172,574</u>	<u>576,055</u>	<u>173,040</u>	<u>141,282</u>	<u>583,289</u>	<u>3,982,220</u>
At 31 December 2014	<u>2,545,797</u>	<u>276,008</u>	<u>532,317</u>	<u>97,958</u>	<u>199,985</u>	<u>442,148</u>	<u>4,094,213</u>
At 31 December 2013	<u>2,703,829</u>	<u>235,115</u>	<u>544,482</u>	<u>128,681</u>	<u>265,917</u>	<u>162,111</u>	<u>4,040,135</u>

*Revaluation of Land and Buildings*

Management determined that the land and buildings constitute a separate class of property, plant and equipment, based on the nature, characteristics, and risks of the property. The fair value of the investment property has been determined on a market value basis in accordance with the RICS Valuation Professional Standards (January 2014) ("Standards") which comply with the International Valuation Standards. The valuations were performed by Landmark Limited, an accredited independent valuer with a recognised and relevant professional qualification with recent experience in the category of the investment property being valued in 2016. A net gain from the revaluation of the land and buildings of Rwf 2,140,401 in 2016 was recognised in other comprehensive income. Fair value measurement disclosures for the revalued land and buildings are provided in note 28(f).

Work in progress is composed of leasehold improvements which relate mainly to furniture and fittings for new branches. These are capitalised when the improvements are complete on the leased property.

	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
<b>11. INTANGIBLE ASSETS</b>				
<b>Cost</b>				
As at 1 January 2016	1,598,449	1,492,544	1,330,918	1,295,613
Additions	47,491	105,905	157,796	35,305
Transfer from property, plant and equipment	<u>43,003</u>	<u>-</u>	<u>3,830</u>	<u>-</u>
At 31 December 2016	<u>1,688,943</u>	<u>1,598,449</u>	<u>1,492,544</u>	<u>1,330,918</u>
<b>Amortisation</b>				
As at 1 January 2016	1,446,332	1,351,493	1,218,349	1,102,396
Charge for the period	<u>103,485</u>	<u>94,839</u>	<u>133,144</u>	<u>115,953</u>
At 31 December 2016	<u>1,549,817</u>	<u>1,446,332</u>	<u>1,351,493</u>	<u>1,218,349</u>
<b>Net book value</b>				
At 31 December 2016	<u>139,126</u>	<u>152,117</u>	<u>141,051</u>	<u>112,569</u>
<b>12. OTHER OPERATING EXPENSES</b>				
Travelling cost	194,851	184,659	200,717	175,884
Professional Fees	360,283	99,097	91,668	62,664
Directors remuneration	188,450	126,760	95,820	123,948
Auditors remuneration	57,165	43,719	49,122	54,693
Communication expenses	322,489	323,703	319,586	185,495
Administrative local taxes	15,970	22,489	14,661	14,223
Insurance costs	104,842	110,849	191,031	225,482
Water and electricity	164,312	138,125	136,060	133,851
Fuel expenses	80,317	89,007	90,289	93,770
Bank supervision Fees	100,203	86,067	83,601	-
Operating licenses	113,668	89,404	44,800	70,382
Courier and postage	22,736	21,678	18,760	17,001
Consultancy fees	751,923	493,307	399,065	304,274
Security expenses	343,164	269,163	206,201	200,996
Printing and stationery	197,014	169,071	174,272	140,848
Advertising expenses	414,836	387,085	128,313	281,641
Rent and accommodation	455,855	409,400	402,805	392,835
Printing security instruments	59,968	50,684	48,430	56,221
Repairs and maintenance	405,919	416,571	388,175	392,309
Donations and membership	77,905	91,293	44,932	-
VISA fees	110,998	98,030	89,011	-
Provisions	21,220	290,259	137,793	-
Other tax charges	49	251,094	-	-
Loss on disposal of property and equipment	7,805	-	-	-
Other expenses	<u>349,623</u>	<u>236,828</u>	<u>30,204</u>	<u>783,907</u>
	<u>4,921,565</u>	<u>4,498,342</u>	<u>3,385,316</u>	<u>3,710,424</u>



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	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
<b>13. CASH AND BANK BALANCES</b>				
i) Cash on hand				
Cash in foreign currencies	2,917,649	1,986,740	1,919,424	1,953,523
Cash in local currency	2,131,015	1,645,263	1,930,944	1,874,583
	<u>5,048,664</u>	<u>3,632,003</u>	<u>3,850,368</u>	<u>3,828,106</u>
ii) Due from the National Bank				
Balances in foreign currencies	734,660	2,905,786	2,345,456	381,568
Balances in local currency	13,468,296	5,148,448	1,543,454	4,957,258
	<u>14,202,956</u>	<u>8,054,234</u>	<u>3,888,910</u>	<u>5,338,826</u>
iii) Due from other banking institutions				
Current accounts with other banks	22,810,256	11,603,320	15,256,797	11,456,438
Money market placements	9,034,699	5,214,825	16,236,655	11,117,139
	<u>31,844,955</u>	<u>16,818,145</u>	<u>31,493,452</u>	<u>22,573,577</u>

## iv) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following as at period end

	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
Cash in hand	5,048,664	3,632,003	3,850,368	3,828,106
Due from the National Bank	14,202,956	8,054,234	3,888,910	5,338,826
Restricted balances with the Central Bank	(8,389,184)	(7,147,060)	(6,160,436)	(5,074,146)
Placements with other banks	31,844,955	16,818,145	31,493,452	22,573,577
Short term Treasury Bills Securities	8,953,278	998,381	9,799,277	11,616,103
Unrealized exchange gains	(1,029,755)	(622,428)	(81,126)	-
Cash and cash equivalents	<u>50,630,914</u>	<u>21,733,275</u>	<u>42,790,445</u>	<u>38,282,466</u>

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand, current accounts with National Bank of Rwanda, amounts due from banks and government securities (treasury bills) with an original maturity of three months or less, and restricted balances with National Bank of Rwanda. Banks are required to maintain a prescribed minimum cash balances with the National Bank of Rwanda that is not available to finance day to day activities, The amount is determined as 5% of the average outstanding customer deposits over a cash reserve cycle period of one month.

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	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
<b>14. FINANCIAL INVESTMENTS</b>				
a) Held for trading				
Government debt securities -	<u>16,631,698</u>	<u>7,596,882</u>	<u>1,767,229</u>	<u>798,419</u>
Treasury bonds				
Maturing within five years from the date of acquisition	12,821,974	5,789,802	1,204,905	798,419
Maturing after five years from the date of acquisition	<u>3,809,724</u>	<u>1,807,080</u>	<u>562,324</u>	-
	<u>16,631,698</u>	<u>7,596,882</u>	<u>1,767,229</u>	<u>798,419</u>

Government debt securities - treasury Bonds held for trading are made up of financial instruments purchased with an intention to sell in the near future and are classified as Held for trading. The change in fair value adjustment recognized in profit or loss for the current year is a gain of Rwf 623,637,732 (2015: loss Rwf 68,864,893).

## b) Available for sale

	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
Investments in shares of unquoted entities:				
Development Bank of Rwanda (BRD)	-	-	402,962	278,854
Banque de Développement des Etats des				
Grand Lacs S.A (BDGL)	5,000	5,000	5,000	5,000
Rswitch Limited	83,566	99,428	99,428	83,566
Air Rwanda	4,000	4,000	4,000	4,000
King Faisal Hospital	-	-	-	60,000
SWIFT	<u>826</u>	<u>826</u>	<u>826</u>	<u>826</u>
Gross Investment	93,392	109,254	512,216	432,246
Less: Impairment losses	(92,566)	(92,566)	(117,566)	(177,566)
Net investment carrying value	<u>826</u>	<u>16,688</u>	<u>394,650</u>	<u>254,680</u>

Available for sale financial assets are valued using models which sometimes only incorporates data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

	2016 Frw '000'	2015 Frw '000'	2014 Frw '000'	2013 Frw '000'
c) Held to maturity				
Government debt securities - Treasury bill	15,906,034	34,451,824	19,212,254	20,186,656
Government development bond	208,200	401,874	582,037	1,311,640
Government debt securities -				
Treasury bonds	<u>378,270</u>	<u>948,190</u>	<u>982,403</u>	<u>754,490</u>
	<u>16,492,504</u>	<u>35,801,888</u>	<u>20,776,694</u>	<u>22,252,786</u>
Current	16,163,941	35,243,688	-	-
Non-Current	<u>328,563</u>	<u>558,200</u>	-	-
	<u>16,492,504</u>	<u>35,801,888</u>	<u>20,776,694</u>	<u>22,252,786</u>

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	Frw "000"	Frw "000"	Frw "000"	Frw "000"
<b>15. LOANS AND ADVANCES TO CUSTOMERS</b>				
Mortgage loans	36,394,999	27,573,747	27,203,310	18,911,459
Equipment loans	19,181,241	21,143,256	22,353,124	15,791,649
Consumer loans	21,623,395	16,737,597	15,744,250	13,772,669
Overdrafts	27,997,058	21,558,502	15,661,311	13,754,229
Others	<u>7,800,624</u>	<u>11,677,594</u>	<u>4,417,425</u>	<u>4,672,960</u>
	<u>112,997,317</u>	<u>98,690,696</u>	<u>85,379,420</u>	<u>66,902,966</u>
Individual impairment	(1,566,620)	(4,294,505)	(2,087,630)	(639,820)
Collective impairment	<u>(347,641)</u>	<u>(367,317)</u>	<u>(542,658)</u>	<u>(626,738)</u>
Total (Note 8)	<u>(1,914,261)</u>	<u>(4,661,822)</u>	<u>(2,630,288)</u>	<u>(1,266,558)</u>
Net Loans and advances	<u>111,083,056</u>	<u>94,028,874</u>	<u>82,749,132</u>	<u>65,636,408</u>
Current (settled no more than 12 months)	55,793,966	48,502,491	39,558,805	-
Non-current portion (settled more than 12 months after reporting period)	<u>55,289,090</u>	<u>45,526,383</u>	<u>43,190,327</u>	-
	<u>111,083,056</u>	<u>94,028,874</u>	<u>82,749,132</u>	<u>65,636,408</u>
<b>16. OTHER ASSETS</b>				
Items in the course of collection	305,829	441,810	282,567	39,257
Prepayments	245,803	345,736	332,779	425,290
Other commissions receivable	61,226	465,047	27,730	3,344
Other receivable	<u>605,066</u>	<u>201,755</u>	<u>294,617</u>	<u>184,196</u>
	<u>1,217,924</u>	<u>1,454,348</u>	<u>937,693</u>	<u>652,087</u>

Other receivables, Items in the course of collection, and other commissions receivable are non-interest bearing and are generally on short term period of 30 to 90 days.

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## 17 TAXES

(a) *Deferred tax*

The following table shows deferred tax recorded on the statement of financial position in other assets and other liabilities and changes recorded in the income tax expense or in OCI:

	1 January 2016	Current year charge/ (credit) to PL	Charge to OCI	31 Dec 2016
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Year ended 31 December 2016				
Property and equipment	485,795	116,702	917,314	1,519,812
Fair value gains on available for sale equity				
Investments	4,759	-	(4,759)	-
Leases		<u>2,820</u>	<u>(2,820)</u>	-
Deferred tax liability	<u>493,374</u>	<u>113,882</u>	<u>912,555</u>	<u>1,519,812</u>
Provisions	<u>(217,342)</u>	<u>(95,073)</u>	-	<u>(312,415)</u>
Deferred tax asset	<u>(217,342)</u>	<u>(95,073)</u>	-	<u>(312,415)</u>
Net deferred tax liability	<u>276,032</u>	<u>18,809</u>	<u>912,555</u>	<u>1,207,105</u>
	1 January 2015	Current year charge/ (credit) to PL	Charge to OCI	31 Dec 2015
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Year ended 31 December 2015				
Property and equipment	496,667	(10,872)	-	485,795
Fair value gains on available for sale equity				
investments	99,957	-	(95,198)	4759
Leases		<u>2,820</u>	-	-
Deferred tax liability	<u>599,444</u>	<u>(10,872)</u>	<u>(95,198)</u>	<u>493,374</u>
Provisions	<u>(214,258)</u>	<u>(3,084)</u>	-	<u>(217,342)</u>
Deferred tax asset	<u>(214,258)</u>	<u>(3,084)</u>	-	<u>(217,342)</u>
Net deferred tax liability	<u>385,186</u>	<u>(13,956)</u>	<u>(95,198)</u>	<u>276,032</u>

## 17 TAXES (continued)

## (a) Deferred tax (continued)

	1 January 2014	Current year charge/ (credit) to PL	Charge to OCI	31 Dec 2014
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Year ended 31 December 2016				
Property and equipment	459,165	37,502	-	496,667
Fair value gains on available for sale equity				
Investments	57,966	-	41,991	99,957
Leases		<u>2,820</u>	<u>(2,820)</u>	-
Deferred tax liability	<u>519,951</u>	<u>37,502</u>	<u>41,991</u>	<u>599,444</u>
Provisions	<u>(316,186)</u>	<u>101,928</u>	-	<u>(214,258)</u>
Deferred tax asset	<u>(316,186)</u>	<u>101,928</u>	-	<u>(214,258)</u>
Net deferred tax liability	<u>203,765</u>	<u>139,430</u>	<u>41,991</u>	<u>385,186</u>
	1 January 2013	Current year charge/ (credit) to PL	Charge to OCI	31 Dec 2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Year ended 31 December 2013				
Property and equipment	496,667	(10,872)	-	485,795
Fair value gains on available for sale equity				
Investments	28,869	-	29,097	57,966
Other temporary differences	13,886	(11,066)	-	2,820
Deferred tax liability	<u>551,143</u>	<u>(60,289)</u>	<u>29,097</u>	<u>519,951</u>
Provisions for impairment of loans	(28,011)	28,011	-	-
Other provisions	(399,316)	83,130	-	(316,186)
Net deferred tax liability	<u>123,816</u>	<u>50,852</u>	<u>29,097</u>	<u>203,765</u>

## 17 TAXES (continued)

## (b) Corporate tax

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Statement of financial position				
Balance brought forward	544,282	156,657	801,159	717,652
Charge for the period/year	2,593,245	2,152,728	1,909,773	2,172,630
Under/ (Over) provision of				
Current tax in prior years	-	133,015	(28,500)	23,242
Tax Credit from Rwanda				
Revenue Authority	-	(72,000)	(124,391)	-
Paid during the year	<u>(2,158,829)</u>	<u>(1,826,118)</u>	<u>(2,401,384)</u>	<u>(2,112,365)</u>
Tax payable	<u>978,698</u>	<u>544,282</u>	<u>156,657</u>	<u>801,159</u>
Profit and loss:				
Current tax at 30% on the taxable profit for the year	2,593,245	2,152,728	1,909,773	2,172,630
Deferred tax expense	18,809	(13,956)	139,430	50,852
Under/(over) provision of				
current tax in prior years	-	133,015	(28,500)	23,242
Tax Credit from Rwanda				
Revenue Authority	-	(72,000)	(124,391)	-
Income tax expense	<u>2,612,054</u>	<u>2,199,787</u>	<u>1,896,312</u>	<u>2,246,724</u>
Reconciliation of the total tax charge:				
Accounting profit before tax	8,415,205	7,124,086	6,457,915	6,755,473
At statutory income tax rate of 30%	2,524,562	2,137,226	1,937,375	2,026,642
Tax effect on non-deductible expenses	521,639	790,263	738,045	344,911
Tax effect on allowable deductions on income	(434,147)	(675,415)	(525,703)	(33,722)
Reversal of tax (over)/under provision	-	133,015	(28,500)	23,242
Tax credit from Rwanda Revenue authority	-	(72,000)	(124,391)	-
Tax discount in accordance with				
Rwandan tax laws	-	(113,302)	(100,514)	(114,349)
	<u>2,612,054</u>	<u>2,199,787</u>	<u>1,896,312</u>	<u>2,246,724</u>

**18. NON-CURRENT ASSET HELD FOR SALE**

During the year, the Bank acquired a commercial building through an auction and has a balance sheet value (fair value less cost to sell) of Rwf 1.2 billion at the year end, which the Bank is in the process of selling and which is included in non-current assets held for sale.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/ obligator

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>19. DEPOSITS FROM CUSTOMERS</b>				
Term deposits:	26,002,732	10,969,266	22,985,070	20,066,761
Current and demand deposits	90,110,496	94,637,165	78,175,685	61,587,530
Saving deposits	16,211,680	13,442,460	12,203,239	10,929,589
Interest payable	<u>1,827,456</u>	<u>835,205</u>	<u>1,103,532</u>	<u>1,479,074</u>
	<u>134,152,364</u>	<u>119,884,096</u>	<u>114,467,526</u>	<u>94,062,954</u>
Break down between current and non-current deposits:-				
Current	133,609,267	119,615,773	113,805,026	91,899,773
Non-current	<u>543,097</u>	<u>268,323</u>	<u>662,500</u>	<u>2,163,181</u>
Total	<u>134,152,364</u>	<u>119,884,096</u>	<u>114,467,526</u>	<u>94,062,954</u>

The summary of terms and conditions for the various categories of deposits are below:

- Term deposits - These are high interest-bearing accounts that are opened for a specific period of time at a fixed rate of interest. Funds are fixed on the account for specified term periods of time. Interest is calculated daily and paid only on maturity of the deposits. Interest rates are offered at competitive and attractive rates.
- Demand deposits – These are non-interest bearing accounts that are due on demand. They are operated by both individuals and institutions with the use of a cheque book. They are subject to transaction activity fees and/or monthly maintenance charges.
- Term and savings accounts - This is a deposit account designed for the average income earner that enables one to save some money and earn interest. The more one saves, the higher the interest. Interest on minimum monthly balances is paid into the account bi-annually.

**20. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**

Demand deposits	4,778,825	5,761,723	1,836,450	662,207
Term and savings deposits	21,928,207	11,565,529	4,148,712	2,845,609
Placements from banks and other financial institutions-	-	-	-	<u>1,500,000</u>
	<u>26,707,032</u>	<u>17,327,252</u>	<u>5,985,162</u>	<u>5,007,816</u>

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>21. OTHER PAYABLES</b>				
Cheque clearing accounts	2,416,683	2,232,954	1,410,747	1,397,739
Accruals	2,475,698	2,200,756	2,040,665	1,822,526
Others taxes payable	241,017	286,006	251,363	259,951
Other creditors	<u>432,411</u>	<u>618,945</u>	<u>564,110</u>	<u>490,883</u>
	<u>5,565,809</u>	<u>5,338,661</u>	<u>4,266,885</u>	<u>3,971,099</u>
Current	5,565,809	5,338,661	4,266,885	3,971,099
<b>22. CORPORATE BOND</b>				
Rwanda Social Security Board	109,869	183,116	256,362	329,608
CORAR	109,869	183,116	256,362	329,608
SORAS	62,511	104,637	146,492	188,347
SONARWA	<u>31,664</u>	<u>52,319</u>	<u>73,246</u>	<u>94,174</u>
	<u>313,913</u>	<u>523,188</u>	<u>732,462</u>	<u>941,737</u>
Current	213,913	223,188	-	-
Non-current	100,000	300,000	-	-
Total	<u>313,913</u>	<u>523,188</u>	<u>732,462</u>	<u>941,737</u>

The bank issued a corporate bond at an interest rate of 10.5% p.a. at a nominal value of Rwf 1 billion through the Rwanda over-the-counter market in January 2008. The bond has a maturity period of 10 Years and is unsecured.

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>23. BORROWED FUNDS</b>				
Loan from European Investment Bank	5,916,989	2,569,837	1,806,772	813,418
Business Development Fund (BDF)	30,271	29,221	29,221	49,163
Amount due to Development Bank of Rwanda (BRD)	<u>40,015</u>	<u>40,015</u>	<u>52,708</u>	<u>61,576</u>
	<u>5,987,275</u>	<u>2,639,073</u>	<u>1,888,701</u>	<u>924,157</u>
Current	1,146,393	281,828	354,726	-
Non-current	<u>4,840,882</u>	<u>2,357,245</u>	<u>1,533,975</u>	-
	<u>5,987,275</u>	<u>2,639,073</u>	<u>1,888,701</u>	<u>924,157</u>

At the end of the year, the following loan balances were outstanding:

a) *Loan from European Investment Bank –*

Long term loan of Euro 1,299,599, Euro 593,600, Euro 165,650, Euro 1,573,000, Euro 1,073,600 and USD 450,300, from European Investment Bank. The first five loans are denominated in Rwandan Franc equivalent whereas the last is denominated in USD and accrue interests at a fixed rate of 9.9% p.a., 8.8% p.a.; 7.8% p.a., 8% p.a., 8% p.a. and 4.4% p.a. respectively and will mature on 15 May 2023, 15 November 2021, 17 May 2021, 17 May 2021, 15 May 2021 and 15 May 2019 respectively. Interest of Rwf 270M (2015: Rwf 193M) has been included in profit and loss for the year. The loan is not secured.



**23. BORROWED FUNDS (CONTINUED)****b) Business Development Fund (BDF)**

The loan "CREDIT (IDA)" was given by National Bank of Rwanda to finance the rural sector support projects (RSSP) in agriculture related project through commercial banks in Rwanda at a nominal interest rate of 5%. On 09th July 2014, this loan was transferred to Business Development Fund (BDF). The loan is not secured.

**c) Amount due to Development Bank of Rwanda (BRD)**

A 20 year's housing loan was given to different customers through commercial banks by the National Bank of Rwanda in December 1998 at a fixed interest rate of 6%. This loan was later transferred to the Housing Bank in July 2008 that subsequently was transferred to Development Bank of Rwanda. A finance cost of Rwf Nil (2015: Rwf 6.5M) has been included in profit and loss for the year.

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>24. PROVISIONS</b>				
Balance as at 1 January 2016	616,166	595,258	828,247	747,388
Additional provisions	196,069	20,908	120,000	164,410
Unused provisions reversed	(8,988)	-	(264,898)	(8,471)
Utilised during the year	-	-	(88,091)	(75,080)
Balance as at 31 December 2016	<u>803,247</u>	<u>616,166</u>	<u>595,258</u>	<u>828,247</u>
Current	<u>803,247</u>	<u>616,166</u>	<u>595,258</u>	<u>828,247</u>

The provisions above relate to on-going legal disputes where the directors, having taken legal advice, are of the opinion that the judgement could be against the bank.

**25. SHARE CAPITAL AND RESERVES****a) Share capital**

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Issued and paid for share capital				
(5,000,000 shares @ Rwf 1,000 each)	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>

**b) Available for sale reserve**

The fair value reserve is attributable to changes in fair value of investment securities classified under the available-for-sale category. This is shown on the statement of comprehensive income and also in profit or loss when the underlying asset has been derecognised or impaired.

**c) Revaluation reserve**

Revaluation reserve represents revaluation surplus on land and buildings.

**d) Other reserves**

Other reserves relate to excess provisions on loans and advances that bank would have made based on the new directive No 03/2016 issued by National Bank of Rwanda on submission of general provisions status. The reserve is non distributable.

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>e) Proposed dividend</b>				
Proposed dividend	<u>2,322,000</u>	<u>1,970,000</u>	<u>1,850,000</u>	<u>1,800,000</u>
<b>26. RELATED PARTIES</b>				
<b>a) Loans to employees and directors</b>				
Loans and advances to employees	2,229,357	2,289,575	1,970,127	1,729,192
Loans and advances to directors and their associates	<u>28,927</u>	<u>29,286</u>	<u>31,710</u>	<u>13,455</u>
	<u>2,258,284</u>	<u>2,318,861</u>	<u>2,001,837</u>	<u>1,742,647</u>

Interest rates charged on balances outstanding are two thirds of the rates that would be charged in an arm's length transaction. There were no loans that were impaired as at 31 December 2016 (2015 Nil) and as such no impairment losses have been recorded against balances outstanding during the year.

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>b) Amounts due from related parties</b>				
I&M Bank (Rwanda) Limited	2,674,330	692,265	2,129,908	1,324,622
I&M Bank (T) Ltd	<u>758,342</u>	<u>284,741</u>	<u>134,412</u>	<u>629,918</u>
	<u>3,432,672</u>	<u>977,006</u>	<u>2,264,320</u>	<u>1,954,540</u>

I&M Bank (Rwanda) Limited and I&M Bank (T) Ltd are part of the banking group of I&M Holdings Ltd who is the parent company of I&M Bank (Rwanda) Limited. The above mentioned outstanding balances arose from the ordinary course of business. The balances above relates to deposits held by related parties which are available to the bank on demand. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, there were no provisions for doubtful debts relating to amounts owed by related parties. All the transactions with the related parties are priced on arm's length basis and have been entered into in the normal course of business.

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>c) Key management personnel compensation</b>				
Remuneration to key management				
Salaries and wages	<u>1,303,745</u>	<u>1,455,607</u>	<u>1,676,782</u>	<u>1,640,036</u>

In addition to their salaries, the Bank also contributes to a post-employment defined contribution plan, Rwanda Social Security Board, on their behalf

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
d) Directors' emoluments				
As non-executive	188,450	126,760	95,820	123,948
As executives	450,423	524,442	561,516	504,491
	<u>638,873</u>	<u>651,202</u>	<u>657,336</u>	<u>628,439</u>
e) Purchase of services				
Management fees	<u>144,239</u>	<u>132,703</u>	<u>121,471</u>	<u>88,280</u>

Management fees relates to cost of shared services incurred by the I&M Bank (Rwanda) Limited on behalf of the bank.

## 27. OFF BALANCE SHEET POSITION, CONTINGENCIES AND COMMITMENTS

In the ordinary course of business, the Bank conducts business involving guarantees, acceptances and performance bonds. These facilities are offset by corresponding obligations of third parties. At the year-end, the contingencies were as follows:

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Acceptances and letters of credit	9,254,203	3,654,295	6,455,544	4,925,193
Guarantees	9,482,099	9,621,771	3,653,709	3,065,395
Commitment on derivative financial instruments	-	-	1,382,764	-
	<u>18,736,302</u>	<u>13,276,066</u>	<u>11,492,017</u>	<u>7,990,588</u>

Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default.

Letters of credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers. An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented and reimbursement by the customer is almost immediate.

Forward foreign exchange contracts are commitments to either purchase or sell a designated financial instrument at a specified future date for a specified price and may be settled in cash or another financial asset. The fair values of the respective currency forwards are carried under other derivative financial assets / liabilities as appropriate.

### Capital Commitments

Capital expenditure contracted for the new office building at the statement of financial position date but not recognized in the financial statements is as follows:

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Within one year	9,176,720	-	-	-
After one year but not more than five years	10,311,309	-	-	-
	<u>19,488,029</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 28. FINANCIAL RISK MANAGEMENT

### (a) Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risks

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

### (b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and treasury bills. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

#### Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives, the Bank is also exposed to or protected from the risk of default of the underlying entity referenced by the derivative. With gross-settled derivatives, the Bank is also exposed to a settlement risk, being the risk that the Bank honours its obligation but the counterparty fails to deliver the counter-value.

#### Credit-related commitment risks

The Bank makes available to its customers guarantees which may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

The Board of Directors is responsible for management and periodically reviewing the credit risk of the Bank.

A Board Credit Committee, reporting to Board of Directors is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to various Credit committees as stipulated in the Bank's Credit Charter.
- Reviewing and assessing credit risk. The Bank Credit risk management Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band, market liquidity and country (for investment securities).

**28. Financial Risk Management (Continued)**  
*Credit risk (Continued)*

Developing and maintaining the Bank's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures as follows:-

- The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive committee as appropriate. Risk grades are subject to regular reviews by the Bank's Credit Risk department.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Bank Credit on the credit quality of local portfolios and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

Each business unit is required to implement the Bank credit policies and procedures, with credit approval authorities delegated from the Bank's Credit Committee. Each business unit has a Head of department who reports on all credit-related matters to local management and the Bank Credit risk management Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to Central Bank's approval. Regular audits of business units and Bank Credit processes are undertaken by Internal Audit.

*Exposure to credit risk*i) *Loans and advances to customers*

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Amortised cost – maximum exposure to credit risk	<u>112,997,317</u>	<u>98,690,696</u>	<u>85,379,420</u>	<u>66,902,966</u>
Individually impaired:-				
Gross amount	3,563,964	6,286,837	6,256,984	1,970,111
Allowance for impairment	(1,566,620)	(4,294,505)	(2,087,630)	(639,820)
Carrying amount	<u>1,997,344</u>	<u>1,992,332</u>	<u>4,169,354</u>	<u>1,330,291</u>
Collectively impaired:				
Gross amount	109,433,353	92,403,859	79,122,436	64,932,856
Allowance for impairment	(347,641)	(367,317)	(542,658)	(626,738)
Carrying amount	<u>109,085,712</u>	<u>92,036,542</u>	<u>78,579,778</u>	<u>64,306,117</u>
Total carrying amount	<u>111,083,056</u>	<u>94,028,874</u>	<u>82,749,132</u>	<u>65,636,408</u>
Neither past due nor impaired	104,189,769	85,128,332	74,064,127	59,987,474
Past due but not impaired	5,243,584	7,275,527	5,058,309	4,945,381
Impaired loans advances	<u>3,563,964</u>	<u>6,286,837</u>	<u>6,250,984</u>	<u>1,970,111</u>
Total Gross loans advances	<u>112,997,317</u>	<u>98,690,696</u>	<u>85,379,420</u>	<u>66,902,966</u>
More than one month and not more than three months	<u>5,243,583</u>	<u>7,275,527</u>	<u>5,058,309</u>	<u>4,945,381</u>

**28. Financial Risk Management (Continued)**  
*Credit risk (Continued)*i) *Loans and advances to customers*

Collective impairment has been made for loans and advances that the bank has determined that no objective evidence of impairment exists for them to be individually assessed.

For the year ended 31 December 2016, the bank has not recorded any impairment of the amount due from banking institutions abroad neither the amount due from related parties. The assessment is undertaken each financial year through examining the financial position of the counterparty and market in which operates. The carrying value may not be affected by changes in the credit risk of the counterparties. Refer to cash and cash equivalents in Note 13(iv).

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees. The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Acceptances and letters of credit	9,254,203	3,654,295	6,455,544	4,925,193
Guarantees	<u>9,482,099</u>	<u>9,621,771</u>	<u>3,653,709</u>	<u>3,065,395</u>
	<u>18,736,302</u>	<u>13,276,066</u>	<u>10,109,253</u>	<u>7,990,588</u>

*Impaired loans*

Impaired loans are loans for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreements. These loans are graded 3, 4 and 5 in the Bank's internal credit risk grading system.

*Past due but not impaired loans*

These are loans where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

*Allowances for impairment*

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for Banks of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

**28. Financial Risk Management (Continued)***Credit risk (Continued)*i) *Loans and advances to customers**Write-off policy*

The Bank writes off a loan balance when credit department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral have failed to cover the entire facility outstanding. For smaller balance standardised loans, write-off decisions generally are based on a product specific past due status.

*Collateral on Loans and Advances*

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and is updated on a periodic basis.

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>Concentration by sector:-</b>				
Construction	26,696,028	21,574,392	20,566,046	12,317,332
Wholesale and retail	24,883,236	20,127,041	19,817,936	17,890,475
Manufacturing	12,575,537	10,738,390	8,574,739	6,790,164
Agriculture	15,365,050	13,487,134	15,370,129	12,084,683
Transport, warehousing and communication	6,620,629	3,102,965	2,519,892	2,221,345
Mining	60,948	396,106	684,391	932,242
Other Industries	24,881,628	24,602,846	15,215,998	13,400,167
	<u>111,083,056</u>	<u>94,028,874</u>	<u>82,749,132</u>	<u>65,636,408</u>

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below.

Individually assessed impaired loans and advances	3,563,964	6,286,837	6,256,984	1,969,888
Fair value of collateral held	<u>3,162,314</u>	<u>3,176,641</u>	<u>4,644,304</u>	<u>2,033,782</u>

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

(c) *Liquidity risks*

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

*Management of liquidity risk*

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Asset and Liabilities Committee.

**28 Financial Risk Management (Continued)**(c) *Liquidity risks (Continued)**Exposure to liquidity risk*

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. Details of the reported Bank ratios of net liquid assets to deposits at the reporting date and during the reporting period were as follows:

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
At Period end:-				
Average for the year	51%	52%	52%	55%
Maximum for the year	54%	55%	59%	59%
Minimum for the year	49%	48%	46%	49%
Minimum statutory requirement	20%	20%	20%	20%



The table below shows details of the contractual maturities of undiscounted cash flows of Bank net liquid assets and liabilities at the reporting date.

Assets 31 December 2016	Less than 1 month Frw "000"	1-3 months Frw "000"	3-12 months Frw "000"	1-5 years Frw "000"	Over 5 years Frw "000"	Total Frw "000"
Cash and balances with National Bank of Rwanda	19,251,620	-	-	-	-	19,251,620
Placements with other banks	31,844,955	-	-	-	-	31,844,955
Derivative financial instruments	-	-	30,981	(1,278)	-	29,703
Loans and advances to customers	38,112,145	5,771,095	14,066,441	54,325,643	35,758,668	148,033,992
Financial investment	4,002,950	5,177,473	7,571,747	414,403	-	17,166,573
Held for trading	16,631,698	-	-	-	-	16,631,698
Other Assets	972,121	-	-	-	-	972,121
<b>Total financial assets</b>	<b>110,815,489</b>	<b>10,948,568</b>	<b>21,669,169</b>	<b>54,738,768</b>	<b>35,758,668</b>	<b>233,930,662</b>
Liabilities						
Customers deposits	90,147,127	1,304,275	36,512,831	8,978,698	-	136,942,931
Deposits from other banks	8,936,138	2,057,694	17,190,274	-	-	28,184,106
Borrowings	-	-	915,039	5,065,644	1,528,878	7,509,561
Corporate bonds	113,913	-	110,000	126,906	-	350,819
Other liabilities	5,324,793	-	-	-	-	5,324,793
<b>Total financial liabilities</b>	<b>104,521,971</b>	<b>3,361,969</b>	<b>54,728,144</b>	<b>14,171,248</b>	<b>1,528,878</b>	<b>178,312,210</b>
<b>Liquidity Gap-31 December 2016</b>	<b>6,293,518</b>	<b>7,586,599</b>	<b>(33,058,975)</b>	<b>40,567,520</b>	<b>34,229,790</b>	<b>55,618,452</b>

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28. Financial Risk Management (Continued)

(c) Liquidity risks (Continued)

31 December 2015	Less than 1 month Frw "000"	1-3 months Frw "000"	3-12 months Frw "000"	1-5 months Frw "000"	Over years Frw "000"	Total 5 years Frw "000"
Cash and balances with National Bank of Rwanda	11,686,237	-	-	-	-	11,686,237
Placements with other banks	14,568,145	-	-	2,430,000	-	16,998,145
Loans and advances to customers	32,000,924	5,908,951	12,551,417	44,242,179	30,148,327	124,851,798
Investment Securities	-	-	-	-	-	-
Held for trading	7,596,882	-	-	-	-	7,596,882
Held to Maturity	2,802,582	10,087,944	24,156,217	661,073	-	37,707,816
Other Assets	1,108,612	-	-	-	-	1,108,612
<b>Total financial assets</b>	<b>69,763,382</b>	<b>15,996,895</b>	<b>39,137,634</b>	<b>44,903,252</b>	<b>30,148,327</b>	<b>199,949,490</b>
Liabilities						
Customers deposits	92,049,279	726,093	28,194,599	303,132	-	121,273,103
Deposits from other banks	5,761,723	-	12,606,426	-	-	18,368,149
Derivative Financial instruments	-	-	123,768	95,895	-	219,663
Borrowings	-	-	334,266	2,388,770	620,838	3,343,874
Corporate bonds	123,188	-	110,000	507,623	-	740,811
Other liabilities	5,052,653	-	-	-	-	5,052,653
<b>Total financial liabilities</b>	<b>102,986,843</b>	<b>726,093</b>	<b>41,369,059</b>	<b>3,295,420</b>	<b>620,838</b>	<b>148,998,253</b>
<b>Liquidity gap-31 December 2015</b>	<b>(33,223,461)</b>	<b>15,270,802</b>	<b>(2,231,425)</b>	<b>41,607,832</b>	<b>29,527,489</b>	<b>50,951,237</b>

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28 Financial Risk Management (Continued)

(c) Liquidity risks (Continued)

	1-3	3-12 1 month Frw '000'	1-5 months Frw '000'	Over months Frw '000'	Total years Frw '000'	5 years Frw '000'	Total Frw '000'
31 December 2014							
Assets							
Cash and balances with National Bank of Rwanda	7,739,278	-	-	-	-	-	7,739,278
Placements with other banks	29,347,951	-	1,794,901	1,794,901	794,058	-	31,936,910
Loans and advances to customers	25,776,495	3,801,740	11,788,254	11,788,254	42,626,039	28,938,418	112,930,946
Investment Securities							
Held for trading	1,767,229						1,767,229
Held to Maturity	5,122,633	6,624,364	6,483,067	6,483,067	1,375,180	-	19,605,244
Other Assets	604,914	-	-	-	-	-	604,914
<b>Total financial assets</b>	<b>70,358,500</b>	<b>10,426,104</b>	<b>20,066,222</b>	<b>28,938,418</b>	<b>44,795,277</b>	<b>28,938,418</b>	<b>174,584,521</b>
Liabilities							
Customers deposits	83,961,545	3,770,014	27,440,365	27,440,365	784,444	-	115,956,368
Deposits from other banks	4,072,832	1,322,408	683,430	683,430	103,309	-	6,078,670
Derivative Financial instruments			80,543	80,543	1,728,794	268,380	183,852
Borrowings		220,466	187,555	187,555	634,529	-	2,405,195
Corporate bonds	132,462						876,991
Other liabilities	4,015,522						4,015,522
<b>Total financial liabilities</b>	<b>92,182,361</b>	<b>5,312,888</b>	<b>28,501,893</b>	<b>28,501,893</b>	<b>3,251,076</b>	<b>268,380</b>	<b>129,516,598</b>
<b>Liquidity gap-31 December 2015</b>	<b>(21,823,861)</b>	<b>5,113,216</b>	<b>(8,435,671)</b>	<b>(8,435,671)</b>	<b>41,544,201</b>	<b>28,670,038</b>	<b>45,067,923</b>

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28 Financial Risk Management (Continued)

(c) Liquidity risks (Continued)

	Less than 1 month Frw '000'	1-3 months Frw '000'	3-12 months Frw '000'	1-5 years Frw '000'	Over 5 years Frw '000'	Total Frw '000'
31 December 2013						
Assets						
Cash and balances with National Bank of Rwanda	9,166,932	-	-	-	-	9,166,932
Placements with other banks	18,553,113	4,123,880	-	-	-	22,676,993
Loans and advances to customers	18,311,785	3,715,591	11,170,643	35,819,772	19,828,877	88,846,668
Investment Securities						
Held for trading	798,419	-	-	-	-	798,419
Held to Maturity	4,044,520	13,976,365	3,506,027	1,496,754	-	23,023,666
Other Assets	226,797	-	-	-	-	226,797
<b>Total financial assets</b>	<b>51,101,566</b>	<b>21,815,836</b>	<b>14,676,670</b>	<b>37,316,526</b>	<b>19,828,877</b>	<b>144,739,475</b>
Liabilities						
Customers deposits	67,849,077	5,211,534	19,868,520	2,443,802	-	95,372,933
Deposits from other banks	4,082,816	364,212	545,000	88,069	-	5,080,097
Borrowings		275,585	213,604	460,470	148,194	1,097,853
Corporate bonds	141,737	-	110,000	888,341	-	1,140,078
Other liabilities	3,711,148	-	-	-	-	3,711,148
<b>Total financial liabilities</b>	<b>75,784,778</b>	<b>5,851,331</b>	<b>20,737,124</b>	<b>3,880,682</b>	<b>148,194</b>	<b>106,402,109</b>
<b>Liquidity gap-31 December 2013</b>	<b>(24,683,212)</b>	<b>15,964,505</b>	<b>(6,060,454)</b>	<b>33,435,844</b>	<b>19,680,683</b>	<b>38,337,366</b>

## 28. Financial Risk Management (Continued)

## (d) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

*Management of market risk*

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

All foreign exchange risk within the Bank is managed by the Treasury Department. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolio for risk management purposes.

Overall authority for market risk is vested in the Board. The Finance and Treasury Departments in collaboration with the Risk Management Department are responsible for the development of detailed risk management policies (subject to review and approval by Board Risk Management Committee) and for the day-to-day review of their implementation.

*Exposure to market risks – trading portfolio*

Currently, the Bank does not hold a significant trading portfolio and is therefore not largely exposed to market risks associated with such portfolios.

*Exposure to interest rate risk – non-trading portfolio*

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. The Treasury back office and Finance Department is the monitoring body for compliance with these limits.

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## 28 Financial Risk Management (Continued)

## (d) Market risk

31 December 2016	1 month Frw '000"	months Frw '000"	months Frw '000"	months Frw '000"	years Frw '000"	5 years Frw '000"	bearing Frw'000	Frw '000"
<b>Assets</b>								
Cash and balances with National Bank of Rwanda	-	-	-	-	-	-	19,251,620	19,251,620
Placements with other banks	19,653,203	5,738,524	1,000,000	-	-	-	5,453,228	31,844,955
Derivative financial instruments	-	-	79,065	205,717	-	-	-	284,782
Loans and advances to customers	38,112,145	5,503,084	12,178,737	37,892,208	17,396,882	-	-	111,083,056
Investment Securities Held for trading	16,631,698	-	-	-	-	-	-	16,631,698
Held to Maturity	4,002,950	5,063,154	7,076,400	350,000	-	-	972,121	16,492,504
Other assets	-	-	-	-	-	-	-	972,121
<b>Total Assets</b>	<b>78,399,996</b>	<b>16,304,762</b>	<b>20,334,202</b>	<b>38,447,925</b>	<b>17,396,882</b>	<b>25,676,969</b>	<b>196,560,736</b>	
<b>Financial liabilities</b>								
Customers deposits	9,725,248	1,283,444	34,774,125	7,947,668	-	-	80,421,880	134,152,365
Deposits from other banks	11,098,881	2,000,000	8,829,326	-	-	-	4,778,825	26,707,032
Borrowings	-	-	839,485	4,083,838	1,063,952	-	-	5,987,275
Corporate bonds	100,000	-	100,000	100,000	-	-	13,913	313,913
Other liabilities	-	-	-	-	-	-	5,324,793	5,324,793
<b>Total Liabilities</b>	<b>20,924,129</b>	<b>3,283,444</b>	<b>44,542,936</b>	<b>12,131,506</b>	<b>1,063,952</b>	<b>90,539,411</b>	<b>172,485,378</b>	
<b>Interest rate sensitivity gap 31 December 2016</b>	<b>57,475,867</b>	<b>13,021,318</b>	<b>(24,208,734)</b>	<b>26,316,419</b>	<b>16,332,930</b>	<b>(64,862,442)</b>	<b>24,075,359</b>	

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28 Financial Risk Management (Continued)

(d) Market risk

	1 month Frw "000"	months Frw "000"	months Frw "000"	years Frw "000"	5 years Frw "000"	bearing Frw'000	Frw "000"
<b>31 December 2015</b>							
<b>Assets</b>							
Cash and balances with National Bank of Rwanda	-	-	-	-	-	11,686,237	11,686,237
Placements with other banks	2,759,305	250,000	2,000,000	-	-	11,808,840	16,818,145
Loans and advances to customers	32,000,925	5,634,538	10,867,028	30,858,978	14,667,405	-	94,028,874
Investment Securities Held for trading	7,596,882	-	-	-	-	-	7,596,882
Held to Maturity	2,802,582	9,865,203	22,575,903	558,200	-	-	35,801,888
Derivative financial instruments	-	-	(64,006)	136,078	-	-	72,072
Other assets	-	-	-	-	-	1,108,612	1,108,612
<b>Total Assets</b>	<b>45,159,694</b>	<b>15,749,741</b>	<b>35,378,925</b>	<b>31,553,256</b>	<b>14,667,405</b>	<b>24,603,689</b>	<b>167,112,710</b>
<b>Financial liabilities</b>							
Customers deposits	21,072,678	714,496	25,360,702	268,323	-	72,467,897	119,884,096
Deposits from other banks	2,000,000	2,115,000	7,450,529	-	-	5,761,723	17,327,252
Borrowings	-	-	281,828	1,925,786	406,621	24,838	2,639,073
Corporate bonds	100,000	-	100,000	300,000	-	23,188	523,188
Other liabilities	-	-	-	-	-	5,052,653	5,052,653
<b>Total Liabilities</b>	<b>23,172,678</b>	<b>2,829,496</b>	<b>33,193,059</b>	<b>2,494,109</b>	<b>406,621</b>	<b>83,330,299</b>	<b>145,426,262</b>
<b>Interest rate sensitivity gap</b>	<b>21,987,016</b>	<b>12,920,245</b>	<b>2,185,866</b>	<b>29,059,147</b>	<b>14,260,784</b>	<b>(58,726,611)</b>	<b>21,686,448</b>
<b>31 December 2015</b>							

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28 Financial Risk Management (Continued)

(d) Market risk

31 December 2014

	1 month Frw "000"	months Frw "000"	months Frw "000"	years Frw "000"	5 years Frw "000"	bearing Frw'000	Frw "000"
<b>31 December 2014</b>							
<b>Assets</b>							
Cash and balances with National Bank of Rwanda	-	-	-	-	-	7,739,278	7,739,278
Placements with other banks	20,572,290	-	1,534,433	462,916	-	8,923,813	31,493,452
Loans and advances to Customers	25,776,495	3,620,022	10,162,288	29,412,369	13,777,958	-	82,749,132
Investment Securities Held for trading	1,767,229	-	-	-	-	-	1,767,229
Held to Maturity	5,122,633	4,676,644	9,412,977	1,564,440	-	-	20,776,694
Other assets	-	-	-	-	-	604,915	604,915
<b>Total Assets</b>	<b>53,238,647</b>	<b>8,296,666</b>	<b>21,109,698</b>	<b>31,439,725</b>	<b>13,777,958</b>	<b>17,268,006</b>	<b>145,130,700</b>
<b>Financial liabilities</b>							
Customers deposits	9,494,305	3,709,800	26,133,681	662,500	-	74,467,240	114,467,526
Deposits from other banks	3,524,016	1,352,527	627,000	-	-	481,619	5,985,162
Derivative Financial instruments	-	200,477	50,753	(49,775)	-	-	978
Borrowings	-	-	154,249	852,976	649,373	31,626	1,888,701
Corporate bonds	100,000	-	100,000	500,000	-	32,462	732,462
Other liabilities	-	-	-	-	-	4,015,522	4,015,522
<b>Total Liabilities</b>	<b>13,118,321</b>	<b>5,262,804</b>	<b>27,065,683</b>	<b>1,965,701</b>	<b>649,373</b>	<b>79,028,469</b>	<b>127,090,351</b>
<b>Interest rate sensitivity gap</b>	<b>40,120,326</b>	<b>3,033,862</b>	<b>(5,955,985)</b>	<b>29,474,024</b>	<b>13,128,585</b>	<b>(61,760,463)</b>	<b>18,040,349</b>
<b>31 December 2014</b>							



## 28 Financial Risk Management (Continued)

Less than	1-3 1 month Frw '000'	3-12 months Frw '000'	1-5 months Frw '000'	Over years Frw '000'	Non-interest 5 years Frw '000'	Total bearing Frw'000	Frw '000'
31 December 2013							
<b>Assets</b>							
Cash and balances with National Bank of Rwanda	-	-	-	-	-	9,166,932	9,166,932
Placements with other banks	8,602,537	4,020,464	-	-	-	9,950,576	22,573,577
Loans and advances to Customers	18,311,785	3,537,991	9,629,865	24,715,980	9,440,787	-	65,636,408
Investment Securities	-	-	-	-	-	-	-
Held for trading	798,419	-	-	-	-	-	798,419
Held to Maturity	4,044,520	7,571,583	8,570,554	2,066,129	-	-	22,252,786
Other assets	-	-	-	-	-	226,797	226,797
<b>Total Assets</b>	<b>31,757,261</b>	<b>15,130,038</b>	<b>18,200,419</b>	<b>26,782,109</b>	<b>9,440,787</b>	<b>19,344,305</b>	<b>120,654,919</b>
<b>Financial liabilities</b>							
Customers deposits	2,887,780	5,128,296	17,443,326	2,163,181	-	66,440,371	94,062,954
Deposits from other banks	3,534,000	421,197	500,000	71,000	-	481,619	5,007,816
Borrowings	266,255	192,436	354,727	110,739	-	-	924,157
Corporate bonds	141,737	-	100,000	700,000	-	-	941,737
Other liabilities	-	-	-	-	-	3,711,148	3,711,148
<b>Total Liabilities</b>	<b>6,829,772</b>	<b>5,741,929</b>	<b>18,398,053</b>	<b>3,044,920</b>	<b>-</b>	<b>70,633,138</b>	<b>104,647,812</b>
<b>Interest rate sensitivity gap</b>	<b>24,927,489</b>	<b>9,388,109</b>	<b>(197,634)</b>	<b>23,737,189</b>	<b>9,440,787</b>	<b>(51,288,833)</b>	<b>16,007,107</b>
31 December 2013							

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## 28. Financial Risk Management (Continued)

## (d) Market risk(Continued)

Sensitivity analysis	%	Rwf '000
31 December 2016 (+/-)	2%	(+/-) 476,792
31 December 2015(+/-)	2%	(+/-) 433,729
31 December 2014(+/-)	2%	(+/-) 360,807
31 December 2013 (+/-)	2%	(+/-) 320,142

Sensitivity to pre-tax profit or loss is the effect of the assumed change in interest rates on interest bearing assets and liabilities

## Foreign currency exposure

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The board of directors has set limits on foreign currency positions. The foreign currency positions and revaluations are monitored on daily basis to ensure that positions are maintained within the established limits. The amounts below summarise the foreign currency exposure position as at the period ends

	USD	EUR	GBP	Other	TOTAL
	Frw '000'	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>As at 31 December 2016</b>					
<b>Assets</b>					
Cash balances	2,472,157	918,917	259,992	1,243	3,652,309
Placements with other banks	25,865,197	2,841,455	73,084	27,038	28,806,774
Loans and Advances to Customers	13,380,052	1,055	125	-	13,381,232
<b>Total Assets</b>	<b>41,717,406</b>	<b>3,761,427</b>	<b>333,201</b>	<b>28,281</b>	<b>45,840,315</b>
<b>Equity and liabilities</b>					
Customer deposits	38,725,152	3,590,836	335,988	-	42,651,976
Borrowings	369,211	5,547,778	-	-	5,916,989
Deposits from other banks	9,319,445	171,582	-	-	9,491,027
<b>Total Liabilities</b>	<b>48,413,808</b>	<b>9,310,196</b>	<b>335,988</b>	<b>-</b>	<b>58,059,992</b>
<b>Net Financial position</b>	<b>(6,696,402)</b>	<b>(5,548,769)</b>	<b>(2,787)</b>	<b>28,281</b>	<b>(12,219,677)</b>

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## 28. Financial Risk Management (Continued)

(d) Market risk (Continued)

	USD	EUR	GBP	Other	TOTAL
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
<b>As at 31 December 2015</b>					
<b>Assets</b>					
Cash balances	4,599,893	266,725	24,748	1,160	4,892,526
Placements with other banks	10,625,533	2,470,958	412,501	12,935	13,521,927
Loans and Advances to Customers	12,922,447	649	25	-	12,923,121
<b>Total Assets</b>	<b>28,147,873</b>	<b>2,738,332</b>	<b>437,274</b>	<b>14,095</b>	<b>31,337,574</b>
	-	-	-	-	-
<b>Equity and liabilities</b>					
Customer deposits	27,648,400	2,857,204	381,368	-	30,886,972
Borrowings	336,557	2,233,280	-	-	2,569,837
Deposits from other banks	5,442,203	93	-	-	5,442,296
<b>Total Liabilities</b>	<b>33,427,160</b>	<b>5,090,577</b>	<b>381,368</b>	<b>-</b>	<b>38,899,105</b>
<b>Net Financial position</b>	<b>(5,279,287)</b>	<b>(2,352,245)</b>	<b>55,906</b>	<b>14,095</b>	<b>(7,561,531)</b>
<b>As at 31 December 2014</b>					
<b>Assets</b>					
Cash balances	3,486,111	734,139	54,906	1,244	4,276,400
Placements with other banks	15,923,578	2,742,436	618,638	56,971	19,341,623
Loans and Advances to Customers	9,197,137	483	58	-	9,197,678
<b>Total Assets</b>	<b>28,606,826</b>	<b>3,477,058</b>	<b>673,602</b>	<b>58,215</b>	<b>32,815,701</b>
<b>Equity and liabilities</b>					
Customer deposits	31,257,217	3,439,928	634,256	-	35,331,401
Borrowings	-	1,806,772	-	-	1,806,772
Deposits from other banks	449,191	-	-	-	449,191
<b>Total Liabilities</b>	<b>31,706,408</b>	<b>5,246,700</b>	<b>634,256</b>	<b>-</b>	<b>37,587,364</b>
<b>Net Financial position</b>	<b>(3,099,582)</b>	<b>(1,769,642)</b>	<b>39,346</b>	<b>58,215</b>	<b>(4,771,663)</b>

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## 28. Financial Risk Management (Continued)

(d) Market risk (Continued)

	USD	EUR	GBP	Other	TOTAL
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
<b>As at 31 December 2013</b>					
<b>Assets</b>					
Cash balances	1,695,340	350,714	209,870	226	2,256,150
Placements with other banks	14,390,788	2,602,643	331,315	20,294	17,345,040
Loans and Advances to Customers	4,663,641	166,194	51	-	4,829,886
<b>Total Assets</b>	<b>20,749,769</b>	<b>3,119,551</b>	<b>541,236</b>	<b>20,520</b>	<b>24,431,076</b>
<b>Equity and liabilities</b>					
Customer deposits	21,849,317	3,078,837	551,372	71	25,479,597
Borrowings	-	813,418	-	-	813,418
Deposits from other banks	65,872	-	-	-	65,872
<b>Total Liabilities</b>	<b>21,915,189</b>	<b>3,892,255</b>	<b>551,372</b>	<b>71</b>	<b>26,358,887</b>
<b>Net Financial position</b>	<b>(1,165,420)</b>	<b>(772,704)</b>	<b>(10,136)</b>	<b>20,449</b>	<b>(1,927,811)</b>

## Sensitivity analysis

The following table demonstrates the sensitivity, to a reasonable possible change in the USD, GBP and EUR, with all other variables held constant, of the Bank's profit before tax due to changes in fair value of monetary assets and liabilities. The Bank's exposure to foreign currency changes for all other currencies is not material.

	Effect on profit before tax
	Rwf'000
<b>31 December 2016</b>	
Changes in EUR +/- 6.2%	(-/+ 344,024
Changes in USD +/- 9.6%	(-/+ 642,855
Changes in GBP +/- 8.6%	(+/- 240
<b>31 December 2015</b>	
Changes in EUR +/- 3.2%	(-/+ 75,272
Changes in USD +/- 7.6%	(-/+ 401,226
Changes in GBP +/- 2.8%	(+/- 1,565
<b>31 December 2014</b>	
Changes in EUR +/- 8%	(-/+ 141,571
Changes in USD +/- 4%	(-/+ 123,983
Changes in GBP +/- 2%	(+/- 787
<b>31 December 2013</b>	
Changes in EUR +/- 4%	(-/+ 46,617
Changes in USD +/- 8.5%	(-/+ 65,680
Changes in GBP +/- 8%	(-/+ 811

## 28. Financial Risk Management (Continued)

## (e) Capital management

*Regulatory capital*

The National Bank of Rwanda sets and monitors capital requirements for the banking industry as a whole.

In implementing current capital requirements, the National Bank of Rwanda requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

*The Bank's regulatory capital is analysed into two tiers:*

Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base; qualifying tier 2 capital cannot exceed tier 1 capital; there are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

*The Bank has complied with all externally imposed capital requirements throughout the year*

The Bank's regulatory capital position at 31 December was as follows:

	2016	2015	2014	2013
	Frw '000'	Frw '000'	Frw '000'	Frw '000'
<b>Tier 1 capital</b>				
Ordinary share capital	5,000,000	5,000,000	5,000,000	5,000,000
Reserves				
Retained earnings	17,478,880	14,530,653	14,530,653	11,811,407
Net profit for current year (50% only)	2,901,575	2,462,150	-	-
Other reserves		758,274	-	-
Less – intangible assets	(139,126)	(152,117)	-	-
<b>Total</b>	<b>25,999,603</b>	<b>21,834,614</b>	<b>14,764,577</b>	<b>11,946,659</b>
<b>Tier 2 capital</b>				
Revaluation reserve on fixed assets (25%)	535,100	-	-	-
<b>Total capital</b>	<b>26,534,703</b>	<b>21,834,614</b>	<b>19,764,577</b>	<b>16,946,659</b>
Risk-weighted asset	119,300,838	93,427,510	86,576,928	71,641,273
<b>Capital ratios</b>				
Total regulatory tier 1 capital expressed as a %				
Of total risk-weighted assets	10%	10%	-	-
Total regulatory capital expressed as a % of total				
Risk-weighted assets	15%	15%	15%	15%
Total tier 1 capital expressed as a % of				
risk-weighted assets	21.8%	23.4%	22.8%	23.6%
Total capital expressed as a % of risk				
Weighted assets	22.2%	23.4%	-	-

## 28. Financial Risk Management (Continued)

## (f) Fair value measurement

The fair values of investment securities is determined using valuation techniques. The bank uses widely recognised valuation models for determining fair values of investment securities.

## Valuation methods and assumptions

## Derivative financial instruments

The derivative has been valued using a valuation technique with market-observable inputs. The technique used the swap model using present value calculations of expected future cashflows. Significant inputs are interest rates and fluctuations in exchange rates

## Financial Instruments - Held for trading and corporate bonds.

The fair values of the quoted bonds are based on price quotations at the reporting date.

Cash in hand, Due from National Bank, Other assets, Due to banks and other financial institutions, and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments

Financial assets such as Loans and advances, Due from other banking institutions Financial Assets held to Maturity, Other assets, and financial liabilities like Due to customer and Borrowed funds are stated at amortised costs and these values approximate their fair values.

The following tables provide the fair value measurement hierarchy of the company's assets and liabilities. The table below includes items that have recurring fair value measurements (i.e. Financial assets- Held for trading and available-for-sale, as well as derivative instruments). The table also shows the fair value measurement of financial instruments at amortised cost (i.e. the corporate bond)

	Carrying amount Frw '000'	In active Market (level 1) Frw '000'	observable inputs (level 2) Frw '000'	unobservable inputs (level 3) Frw '000'
<b>Assets:</b>				
Financial Investments				
Held for trading	16,631,698	-	16,631,698	-
Available for sale	826	-	-	826
Derivative financial instruments	284,782	-	284,782	-
Land and buildings	6,018,661	-	-	-
<b>Total</b>	<b>22,935,967</b>	<b>-</b>	<b>16,916,480</b>	<b>826</b>
<b>Liabilities:</b>				
Corporate bond	313,913	-	313,913	-
<b>Total</b>	<b>313,913</b>	<b>-</b>	<b>313,913</b>	<b>-</b>

## 28. Financial Risk Management (Continued)

31 December 2015	Carrying amount Frw '000'	Quoted prices In active Market (level 1) Frw '000'	Significant observable inputs (level 2) Frw '000'	Significant unobservable inputs (level 3) Frw '000'
<b>Assets:</b>				
Financial Investments				
Held for trading	7,596,882	-	7,596,882	-
Available for sale	16,688	-	-	16,688
Derivative financial instruments	72,027	-	72,027	-
<b>Total</b>	<b>7,685,597</b>	<b>-</b>	<b>7,668,909</b>	<b>16,688</b>
<b>Liabilities:</b>				
Corporate bond	523,188	-	523,188	-
<b>Total</b>	<b>523,188</b>	<b>-</b>	<b>523,188</b>	<b>-</b>
<b>31 December 2015</b>	<b>Carrying amount Frw '000'</b>	<b>Quoted prices In active Market (level 1) Frw '000'</b>	<b>Fair value measurement using Significant observable inputs (level 2) Frw '000'</b>	<b>Significant unobservable inputs (level 3) Frw '000'</b>
<b>Assets:</b>				
Financial Investments				
Held for trading	1,767,229	-	1,767,229	-
Available for sale	394,650	-	-	394,650
<b>Total</b>	<b>2,161,879</b>	<b>-</b>	<b>1,767,229</b>	<b>394,650</b>
<b>Liabilities:</b>				
Derivative financial instruments	978	-	978	-
Corporate bond	732,462	-	726,030	-
<b>Total</b>	<b>733,440</b>	<b>-</b>	<b>727,008</b>	<b>-</b>



## 28. Financial Risk Management (Continued)

31 December 2014

<b>Assets:</b>				
Financial Investments				
Held for trading	798,419		798,419	
Available for sale	254,680	-	-	254,680
<b>Total</b>	<b>1,053,099</b>	<b>-</b>	<b>798,419</b>	<b>254,680</b>
<b>Liabilities:</b>				
Corporate bond	941,737	-	941,737	-
<b>Total</b>	<b>941,737</b>	<b>-</b>	<b>941,737</b>	<b>-</b>

Quantitative information of significant unobservable inputs – Level 3:

Description	Valuation technique	Unobservable input	Range	2016	2015	2014	2013
				Frw '000	Frw '000	Frw '000	Frw '000
Financial investments-Available for sale	Market based valuation technique	Net asset value and last equity transaction on the shares	SWIFT shares	826	16,688	394,650	254,680

## Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period:

	Frw '000'	Frw '000'	Frw '000'	Frw '000'
Balance as at 01 January 2016	16,688	394,650	254,680	157,691
Total FV (loss) /gains recognized in OCI	(15,862)	-	139,970	96,989
Disposal of shares		(317,326)	-	-
Gains recognized through profit and loss on disposal		202,462	60,000	-
Disposal proceeds of shares		(263,098)	(60,000)	-
<b>Balance as at 31 December 2016</b>	<b>826</b>	<b>16,688</b>	<b>394,650</b>	<b>254,680</b>

## 29 RETIREMENT BENEFIT OBLIGATIONS

The Bank operates a defined contribution pension scheme for the staff. The Bank contributes to a statutory defined contribution pension scheme, to the Rwanda Social Security Board. The contributions are charged to profit or loss in the year in which they relate

Description	31 December 2016 Frw '000	31 December 2015 Frw '000	31 December 2014 Frw '000	31 December 2013 Frw '000
Contribution to Rwanda Social Security Board	266,589	248,474	225,431	210,352

## 30. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The derivative has been valued using a valuation technique with market-observable inputs. The technique used the swap model using present value calculations of expected future cash flows. Significant inputs are interest rates and fluctuations in exchange rates

## 31. EVENTS AFTER REPORTING DATE

The directors are not aware of events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.

APPENDIX:

ACCOUNTANTS' REPORT  
ON PROFIT FORECAST



13 February, 2017

The Permanent Secretary and Secretary to the Treasury  
Ministry of Finance and Economic Planning  
Kigali, Rwanda

The Board of Directors  
I&M Bank (Rwanda) Limited  
KN03 AVE 9  
P.O. Box 354  
Kigali, Rwanda

Dear Sirs,

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#### Report on the 2017 and 2018 forecast financial performance – I&M Bank (Rwanda) Limited – Offer for sale

We have examined the forecast financial performance (the "forecast") for I&M Bank (Rwanda) Limited (the "Bank") set out in Appendix 1, in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information (ISAE 3400: The Examination of Prospective Financial Information).

The forecast has been prepared for the purposes of inclusion in the I&M Bank (Rwanda) Limited prospectus.

#### Directors' responsibilities

The Directors are responsible for the forecast including the assumptions set out in Appendix 1 on which it is based.

#### Our responsibilities

Our responsibilities are as contained in our contract with the Ministry of Finance and Economic Planning signed on 4 August 2016. The objective of the engagement was for us to express a conclusion, based on our review, whether anything has come to our attention that causes us to believe that the forecast presented in Appendix IV has not been prepared, in all material respects, in accordance with the disclosed assumptions and whether anything has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast.

#### Conclusion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. Further, in our opinion the forecast is properly prepared on the basis of the assumptions.

#### Cautionary statement

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

For Deloitte Rwanda Limited

David Waweru

Director

Directors: Norbert Kagoro\*\*\* Fred Okwiri\*\* Sammy Onyango\*\* Harveen Gadhoke\* David Waweru\*\* Joseph Eshun\*\*\*

\*British \*\*Kenyan \*\*\*Ugandan \*\*\*\*Ghanaian

#### APPENDIX IV

I&M BANK (RWANDA) LIMITED – OFFER FOR SALE

#### PROFIT FORECAST

	2017	2018
	Frw '000'	Frw '000'
Interest income	23,259,216	26,191,914
Interest expense	7,569,161	9,836,945
Net interest income	15,690,055	16,354,969
Fees and commission income	3,477,935	4,034,405
Treasury income	4,300,000	5,031,000
Recoveries	720,000	731,057
Other income	95,488	100,263
Total income	24,283,478	26,251,694
Staff costs	7,545,856	8,074,066
Other operating costs	6,374,457	6,820,669
Depreciation & amortisation	1,418,922	1,889,707
Loan loss provisions	766,657	1,412,705
Total expenses	16,105,892	18,197,147
Profit before tax	8,177,586	8,054,547
Tax	(2,535,052)	(2,819,091)
Profit after tax	5,642,534	5,235,456

In preparing the profit forecast, the Bank has used the following assumptions:

#### Macro- economic assumptions:

	2017	2018
- GDP growth	6.00%	7.00%
- Currency trend (USD: RWF)	900.25	954.26
- Banking sector – loan growth	15%	17.5%
Deposits	9.6%	11.2%

- Loans to grow at a rate of 2.5 the rate of GDP growth and deposits at a rate of 1.6 the rate of GDP.
- Key repo rate expected to remain at 6.5% in the near future

## ACCOUNTANTS' REPORT ON PROFIT FORECAST

### Other assumptions:

Particulars	2017	2018
<b>Yield / Cost of funds</b>		
Loans and advances (foreign and local currency)	15.00%	15.00%
Government securities	9.50%	11.00%
Placements (foreign currency)	4.00%	4.00%
Other Investments	9.50%	10.00%
Customer Deposits (local and foreign currency)	4.00%	4.20%
Deposits from Banks (local currency)	8.00%	8.00%
Borrowings (foreign currency) -European Investment Bank (EIB) existing	9.00%	9.00%
Borrowings (local currency) - Corporate bonds	10.50%	10.50%
Construction Loan (local currency)	12.50%	12.50%
EIB New (local and foreign currency)	10.00%	10.00%
<b>Income and expenses</b>		
Fees and commission income	12.00%	16.00%
Treasury income	10.00%	17.00%
Other income	5.00%	5.00%
Staff costs	7.00%	7.00%
Other operating costs	6.00%	7.00%

APPENDIX:

EXTRACTS OF THE  
ARTICLES OF ASSOCIATION



## Appendix V: Extracts of the Articles of Association

## PRINCIPAL OBJECTS

## Article 2

The objects for which the Company is established are to carry out, for itself or on behalf of other parties, all types of banking activities and activities incidental or relating directly or indirectly to its objects or of a nature to favour the attainment of its objects.

## THE SHARES

## Article 5

The capital of the Company is Six Billion Rwanda Francs (6,000,000,000) divided into six hundred million (600, 000,000) Ordinary Shares of Ten Rwandese Francs (10).

## Article 6

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the General Meeting may from time to time determine.

## TRANSFER OF SHARES

## Article 23

Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor and the transferee; provided that the directors may dispense with execution by the transferee in any case in which they think fit to do so, and will do so to the extent that any shares sought to be registered are traded on any recognized stock exchange. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

## Article 24

The Board may also refuse to register any instrument of transfer of shares, if:

- (a) the share is not fully paid;
- (b) the transfer is not lodged at the company's registered office or such other place as the directors have appointed;
- (c) it is not accompanied by the Certificate for the shares to which it relates, and such other evidence as the Directors may reasonably require to show the rights
- (d) of the transferor to make the transfer; or
- (e) the transfer is in respect of more than one class of share.

## ALTERATION OF CAPITAL

## Article 43

Subject to obtaining approval of BCR Investment Company Ltd, DEG, and PROPARGO the Company may from time to time, by a resolution of the General Meeting upon recommendation of the Board increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall direct.

## Article 44

Subject to any direction to the contrary that may be given by the resolution sanctioning the increase of capital, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings

in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Board may dispose of the same in such manner as it thinks most beneficial to the Company. The Board may likewise so dispose of any new shares which, by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares, cannot in the opinion of the Board, be conveniently offered under this Article. The directors may at the same time as offering the new shares to existing shareholders also make an offer to members of the public with the intention that shares not taken up by the existing members may be allocated to members of the public who apply for them.

## Article 45

Any new shares may be offered at par or at a premium.

## Article 46

The new shares shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

## Article 47

Subject to obtaining approval of BCR Investment Company Ltd and DEG, and PROPARGO, the Company may, by special resolution:

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the law;
  - (c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any persons;
- And may, by special resolution:
- (d) Reduce its share capital, any capital redemption reserve fund and any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

## GENERAL MEETINGS

## Article 48

The General meeting shall be convened by the Board of Directors and the Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the matter as such in the notices calling it.

## Article 49

All general meetings other than annual general meetings shall be called extraordinary general meetings.

## Article 50

The following matters shall require the prior approval of DEG and PROPARGO before being placed in the agenda for a vote by the General Assembly of Shareholders whether at an Ordinary or Extraordinary General Meeting:

- (a) Approval of the Audited Accounts;
- (b) Approval of the dividend policy of the Company;
- (c) Declaration and distribution of any dividends by the Company

- (d) Adoption of the Annual Business Plan;
- (e) The setting of and any amendments to the Limits of Authority of the Board and Management;
- (f) Any amendments to the memorandum of association of the Company or to the Articles, or any other action that may alter and/or change the rights, privileges or preferences of the Shares of BCR Investment Company Ltd;
- (g) Formation of any subsidiary of the Company;
- (h) Acquisition of any business or any part thereof or any interest in any joint venture or part thereof by the Company;
- (i) A merger, demerger, amalgamation or similar operation with regard to the Company;
- (j) Disposal of the whole or substantially the whole of the undertaking or all or the greater part of the assets of the Company;
- (k) Commencement of any litigation or arbitration or settlement of any disputes other than routine debt collection, in all such cases with a value which is greater than 10% of the Company's Available Capital, where Available Capital is defined as the total capital of the Company as construed under the Basle Capital Accord and currently consisting of the aggregate of Tier 1 Capital and Tier 2 Capital where Tier 1 Capital is defined as the core capital of the Company as construed under the Basel Capital Accord and currently consisting of the aggregate of the paid-in share capital, disclosed reserves (which are made up of capital surplus and retained earnings) and certain innovative instruments after deducting from that aggregate intangible assets and equity investments in unconsolidated Banking and financial institutions and Tier 2 Capital is defined as the supplemental capital of the Company as construed under the Basel Capital Accord and currently consisting of asset revaluation reserves, general provisions and general loan loss reserves up to a maximum of 1.25 per cent. (1.25%) of risk weighted assets, hybrid (quasi-equity) capital instruments, and certain subordinated indebtedness;
- (l) Issuing, allotting, redeeming, purchasing or granting of options over the shares in the Company or any other reorganization of the share capital of the Company;
- (m) The allotment and/or issue of shares by the Company to any third party;
- (n) Issuing of any debenture or other securities convertible into shares or debentures of the Company or any other share warrants;
- (o) Increase or reduction of the capital of the Company and the method and terms thereof;
- (p) Converting, sub-dividing, cancelling or otherwise reorganizing or altering any rights attached to any shares of the Company;
- (q) Any borrowing by the Company, or the granting of any advance or credit in any form to the Company which is (i) in excess of 25% of its total capital, or (ii) not in the ordinary course of business;
- (r) any loan or guarantee granted by the Company to a Shareholder;
- (s) Approving or effecting any IPO
- (t) Any change in the nature of the Business or place of domicile of the Company;
- (u) The creation of any Encumbrance over the assets, rights, revenues, undertaking or goodwill of the Company other than

those Encumbrances which arise by operation of law or in the ordinary course of business;

- (v) Any transaction with a Related Party whose value exceeds 15% of capital of the Company;
- (w) The entering into by the Company of any contract which is not at arm's length terms;
- (x) Any change of Auditors or of the financial year of the Company;
- (y) Any material change to the accounting policies (other than changes required by IFRS);
- (z) The implementation or material change of any management share incentive scheme, share option scheme, stock option or compensation plan of the Company;
- (aa) The liquidation or winding up of the Company or the placing of the Company under judicial management or business rescue (or any analogous event);
- (ab) The conclusion (and amendment) of long term agreements that are not in the ordinary course of business of the Company;
- (ac) Amendments to the amount and terms of payment of the Management Fee.
- (ad) Any changes to the Senior Management

#### Article 51

The annual general meeting of the Company must be held within six months of the financial year end of the Company. Annual and extraordinary general meetings shall be held at such times and places as the Directors shall from time to time appoint.

#### Article 52

The Board may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists holding together at least 50% of the voting rights of the Company, as provided by the law.

### NOTICE OF GENERAL MEETINGS

#### Article 53

Any general meeting shall be called by Fifteen (15) days' notice in writing at the least. The notice shall be exclusive of the day of which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the regulations of the Company, entitled to receive such notices from the Company.

### PROCEEDINGS AT GENERAL MEETINGS

#### Article 57

No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business; save as herein otherwise provided Members holding Fifty (50%) percent of the issued share capital present personally or by proxy shall be a quorum.

### VOTES OF MEMBERS

#### Article 64

Subject to any rights or restrictions for the time being attached to any class or classes of shares and to the extent that the relevant

law so permits and in compliance with the Reserved Matters, on a show of hands every Member present in person shall have one vote, and on a poll every Member present in person or by proxy shall have one vote for each share of which he is the holder.

#### DIRECTORS

##### Article 76

Unless and until otherwise from time to time determined by an ordinary resolution of the Company, the number of the Directors (excluding Alternates) shall not be less than five nor more than ten (10) in number. If at any time the number of Directors falls below the minimum number fixed by or in accordance with these Articles, the remaining Directors may act for the purpose of convening a general meeting or for the purpose of bringing the number of Directors to such minimum, and for no other purpose.

##### Article 77

Subject to the provisions of the Banking Act and the regulations set out thereunder (“the **Regulatory Approvals**”) the directors shall be appointed as follows:

- (a) I&M Holdings Limited will be entitled to nominate and appoint up to four (4) such Directors (“the **I&M Directors**”) two (2) of which may (but shall not necessarily) be Executive Directors and shall have the right from time to time to remove such Directors so appointed by it from the Board as it may deem fit and appoint a replacement; and
- (b) each DEG&PROPARCO Shareholder holding directly or indirectly 10% or more of the shares in the Company shall be entitled to nominate and appoint one (1) such Director and shall have the right from time to time to remove such Director so appointed by such DEG&PROPARCO Shareholder from the Board as it may deem fit and appoint a replacement; and
- (c) if pursuant to Article (b) only one of the DEG&PROPARCO Shareholders is entitled to nominate and appoint a Director, the other DEG&PROPARCO Shareholder shall be entitled to nominate and appoint one (1) observer to the Board and shall have the right from time to time to remove from the Board such observer so appointed as it may deem fit and appoint a replacement observer;
- (d) if (aa) each DEG&PROPARCO Shareholder holds directly or indirectly 5% or more but less than 10% of the shares in the Company, or (bb) a DEG&PROPARCO Shareholder holds directly or indirectly 5% or more but less than 10% of the shares in the Company and the other DEG&PROPARCO Shareholder holds directly or indirectly less than 5% of the shares in the Company, the DEG&PROPARCO Shareholders shall be entitled to jointly nominate and appoint one (1) Director and one (1) observer to the Board and shall have the right from time to time to remove from the Board such Director and/or observer so appointed as they may deem fit and appoint a replacement;
- (e) if each DEG&PROPARCO Shareholder directly or indirectly holds less than 5% of the shares in the Company but the DEG&PROPARCO Shareholders together hold more than 5% of the shares in the Company, the DEG&PROPARCO Shareholders shall be entitled to jointly nominate and appoint one(1) Director to the Board and shall have the right from time to time to remove from the Board such Director so appointed as they may deem fit and appoint a replacement; and
- (f) if the DEG&PROPARCO Shareholders together hold directly or indirectly less than 5% of the shares in the Company, they shall be entitled to jointly nominate and appoint one (1) observer to the Board and shall have the right from time to time to remove from the Board such observer so appointed as they may deem fit and appoint a replacement observer.
- (g) Any observer shall be entitled to receive notices and minutes, attend and speak at meetings of the Board of the Bank but shall not, save in respect of a Reserved Matter, have the right to vote at such meetings.

##### Article 78

In the case of the Company, no Director shall be a board member of any other entity licensed by BNR.

##### Article 79

All the Directors nominated or appointed in relation to the Company must prior to their nomination or appointment and at all times during their appointment meet any criteria set out in the Banking Act and the regulations thereunder (or other requirements of applicable law) as well as meet relevant Eligibility and Qualification Criteria. If the nomination and proposed appointment of a Nominated Director does not receive Regulatory Approval or does not meet DEG’s and/or Proparco’s Eligibility and Qualification

Criteria then the Shareholder nominating such Director shall have the right to nominate another person until the proposed appointment is so approved.

##### Article 80

Any proposed appointment or removal of a Nominated Director shall be effected, if by a Shareholder, by notice in writing to the relevant Board and the other Shareholders signed on behalf of the Shareholder, effecting such appointment or removal, and if by the Board by notice in writing to the Shareholders signed by the Chief Executive Officer and shall, subject to the provisions of Article 82 in the case of an appointment, take effect upon the later date between receipt of the relevant Regulatory Approval or the date stated in the notice and in the case of a removal, take effect on the date stated in the notice. In the case of the appointment or removal of a Nominated Director of the Bank (and if so required by relevant applicable law) the Shareholders shall procure that a shareholders’ resolution is passed by the Bank to give full effect to such appointment or removal.

##### Article 81

Unless otherwise agreed by Shareholders holding together not less than seventy-five percent (75%) of the Shares, a quorum for a Board meeting shall be a majority in number of the Directors but comprising at least one (1) Director nominated by each of I&M, Proparco (if any) and DEG (if any), present and in attendance throughout the meeting. For the purposes of this Article 85 a Director shall be deemed to be present at any Board meeting if he or she attends in person or subject to the Regulatory Approval, by his alternate or proxy or by way of telephone or other suitable means of communication and (in the case of attendance by way of telephone or other such communication) such Director indicates his willingness for the meeting to proceed on that basis. If a quorum is not present for a Board meeting within half an hour of the time appointed for the meeting, such shall be adjourned to two (2) Business Days later, at the same time and place and a respective notice shall be given and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, any two (2) Directors (personally present or represented by his alternate or by proxy) shall constitute a quorum

##### Article 82

Subject to the provisions of the Act and the Articles, a resolution signed by all the Directors of the Company shall be as valid and effectual as if it had been duly passed at a meeting of the Board of that entity and that resolution may consist of several documents in the same form if each document is signed by one (1) or more Directors and shall be deemed, unless a statement to the contrary is made in that resolution, to have been passed on the day on which it is signed by the last Director who signed it.

#### POWERS AND DUTIES OF DIRECTORS

##### Article 87

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock, legal and equitable mortgages and charges and other securities whether outright or as security (principal or collateral) for any debt, liability or obligation of the Company or any third party provided that where the amount to be borrowed or raised is over ten percent of the value of the Company’s assets, a special resolution shall be sought before the Directors exercising this power.

##### Article 88

The Directors shall duly comply with all the provisions of the law, and in particular with the provisions in regard to the registration of the particulars of mortgages and charges affecting the property of the Company, or created by it, and to keeping a register of the Directors and Secretaries, and to sending to the Registrar of Companies an annual list of Members, and a summary of particulars relating thereto, and notice of any consolidation or increase of share capital, or conversion of shares into stock, and copies of special resolutions, and a copy of the register of Directors and notifications of any changes therein.

#### DIVIDENDS AND RESERVE

##### Article 111

The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

##### Article 112

The Directors may from time to time pay to the Members such interim dividends (including therein the fixed dividends payable upon any preference or other shares at stated times) as appear to the Directors to be justified by the profits of the Company upon approval by the shareholders.

#### Appendix VII: Central Securities Depository (CSD) Form for institutions 1R



**APPENDIX:**

**CSD FORM - INDIVIDUALS**

**CSD FORM - INSTITUTIONS**

**SECURITIES PLEDGE RELEASE FORM**





**Central Securities Depository - Rwanda**

Securities Account Opening/Update Form - Individuals: N°



To be completed in BLOCK LETTERS

Primary Applicant			
Title:	Surname*:	Other names*:	
Date of Birth*:	Gender:	National ID/Passport No*:	Nationality*:
Postal Address Line 1*:		Postal Address Line 2:	
Physical Address Line 3:		Postal Code:	Tax Code*:
Village /Town/City*:	Country*:	Resident in*:	
Telephone*:	Fax:	E-mail*:	
Joint Applicant			
Title:	Surname*:	Other names*:	
Date of Birth*:	Gender:	National ID/Passport No*:	Nationality*:
Postal Address Line 1*:		Postal Address Line 2:	
Physical Address Line 3:		Postal Code:	Tax Code*:
Village /Town/City*:	Country*:	Resident in*:	
Telephone*:	Fax:	e-mail*:	
Bank Name*:	Branch	Account number*:	

N.B. \* denotes required/mandatory fields. *Completed forms must be accompanied by ID document.*

**DECLARATION**

- i. I hereby request you upon and maintain a Securities Account in the CSD in our name (s).
- ii. I hereby represent and warrant that we have good title to such securities that may be held in our Securities Account from time to time.
- iii. I affirm that the funds to be used for the purchase Securities through my / our Securities Account will not be funds derived from any money laundering activity or funds generated from terrorist or any other illegal activity.
- iv. I hereby confirm that the undersigned participant has full authority to intermedate and or conduct business with the Depository on our behalf in keeping with CSD rules and procedures that may be in force from time to time.
- v. I agree to be bound by the CSD rules.
- vi. I undertake to notify the under mentioned participant of any change of particulars or information provided by us in this form.

Primary Applicant Signature.....Date.....  
 Joint Applicant Signature.....Date.....

For Participant Use only	For CSD Use only
<b>Declaration :</b> We, the undersigned undertake that we have checked the accuracy of the documents submitted with this application.	<input type="checkbox"/> Approved <input type="checkbox"/> Declined
<b>Checked and verified by :</b>	CSD Account Number :
Name: Designation: Date and Signature Participant Name and Stamp	Date: Signature: Stamp:
Accompanying certified copy (please cross - X) <input type="checkbox"/> National ID <input type="checkbox"/> Passport Details page or <input type="checkbox"/> Birth Certificate (for minors)	

White (Original) - Client      Blue (Copy) - Broker      Pink (Copy) - CSD



**Central Securities Depository - Rwanda**

Securities Account Opening/Update Form - Institutions: N°

To be completed in BLOCK LETTERS

Applicant Particulars		
Name of Company / Organisation / Institution*:		
Addresses (Physical and Postal)*:		
Village /Town/City:	Country*:	Nationality*:
Telephone*:	Fax:	e-mail*:
Date of Incorporation /Registration :	Place of Incorporation / Registration :	Tax Code*:
Registration / Certificate No*:	Broker's Code :	
Bank Name* :	Account number* :	

N.B. \* denotes required/mandatory fields. *Completed forms must be accompanied by Registration Certificate.*


**DECLARATION**

- i. We hereby request you to open and maintain a Securities Account in the CSD in our name (s).
- ii. We hereby represent and warrant that we have good title to such securities that may be held in our Securities Account from time to time.
- iii. We affirm that the funds to be used for the purchase of Securities through our Securities Account will not be funds derived from any money laundering activity or funds generated from terrorist or any other illegal activity.
- iv. We hereby confirm that the undersigned participant has full authority to intermedate and or conduct business with the Depository on our behalf in keeping with CSD rules and Procedures that may be in force from time to time.
- v. We agree to be bound by the CSD rules.
- vi. We undertake to notify the under mentioned participant of any change of particulars or information provided by us in this form.

Date ..... Stamp .....  
 for and on behalf of the APPLICANT  
 AUTHORIZED SIGNATORY / SIGNATORIES

For Participant Use only	For CSD Use only
<b>Declaration :</b> We, the undersigned undertake that we have checked the accuracy of the documents submitted with this application.	<input type="checkbox"/> Approved <input type="checkbox"/> Declined
<b>Checked and verified by :</b>	CSD Account Number :
Name: Designation: Date and Signature Participant Name and Stamp	Date: Signature: Stamp:
Accompanying certified document (Registration certificate)	

White (Original) - Client      Blue (Copy) - Broker      Pink (Copy) - CSD



**Central Securities Depository - Rwanda**

SECURITIES PLEDGE RELEASE FORM

To be completed in BLOCK LETTERS    N° 2608

Names of Pledgor : _____		
ID / Passport or Registration No: _____		
CSD No : _____		
Particulars of Security		
Security Name	Security ID	Quantity
<b>DECLARATION</b>		
We hereby request that the above pledge referred to above be terminated for the reason of payment and / or performance of the principle obligation that was the subject of the pledge and that the pledge be release in favour of the pledgor with immediate effect.		
Name of Pledgee : _____		
Signature / Authorised signatories and stamp for Institutions		
1. _____ Date _____	2. _____ Date _____	
<b>For Participant Use only</b> <b>Declaration :</b> We hereby certify the validity of the above information	<b>For CSD Use only</b> <input type="checkbox"/> Approved <input type="checkbox"/> Declined	
<b>Checked and verified by :</b> Name: Designation: Date and Signature Participant Name and Stamp	Date : Signature : Stamp :	

White (Original) - Pledgee                      Blue (Copy) - CSD                      Pink (Copy) - Broker

# APPENDIX: APPLICATION FORM



(Incorporated in the Republic of Rwanda, Company Code:100054122)

## APPLICATION FORM

**(THIS APPLICATION FORM IS NOT FOR SALE)**

Prospective Investors should read the Prospectus before completing this Form. A copy of the Prospectus to which this application form is attached was lodged with the Registrar General of Companies on 13 February 2017. The Prospectus to which this Application Form relates, is dated 13 February 2017 and is valid for 6 months from this date.

**Offer for Sale**

**By the Government of Rwanda (GoR)**

of

**99,030,400 ORDINARY SHARES (THE "OFFER SHARES")**

**WITH A PAR VALUE FRW 10 EACH AT AN OFFER PRICE OF FRW 90 PER SHARE**

**APPLICATION LIST OPENS: 14 February, 2017**

**APPLICATION LIST CLOSES: 03 March, 2017**

Please refer to the Procedure For and Terms and Conditions of Application in the Prospectus as well as the instructions for completion of the Application Form as set out before completing the Form.

The Board of Directors of the Bank ("the Directors") & the vendors (GoR) shall reject any application, in whole or in part if instructions as set out in the Prospectus and the Application Form are not complied with.

**APPLICANT'S STATEMENT**

By signing the Application Form overleaf I/We the applicant(s) herein state that: -

- I/We have full legal capacity to contract and, having read the Prospectus, hereby irrevocably apply for and request you to accept my/our application for the under mentioned number of ordinary shares in the Bank, or any lesser number that may, in your sole discretion, be allotted to me/us subject to the Articles of Association of the Bank and the Allotment Policy stated in the Prospectus.
- I/We authorize the Bank to enter my/our name in the register of members of the Bank as the holder(s) of shares and to credit my/our CSD Account with the Offer Shares allocated to me/us and any refunds due to me/us via Electronic Funds Transfer or Cheque in accordance with the terms and conditions stated in the Prospectus.
- I/We authorize CSD Rwanda to pledge my/our shares of the Bank allotted to me/us in favour of the Financier where I/We have borrowed to apply for these shares.
- In consideration of your agreeing to accept this Application Form, I/We agree that, this application shall be irrevocable and shall constitute a contract which shall become binding.

**GENERAL INSTRUCTIONS FOR COMPLETION OF THE APPLICATION FORM**

1. Please complete the Application Form and CSD Account Opening Form (for applicants who do not have CSD accounts) in capital/block letters using black/blue ink. Ensure each letter is written clearly within each of the boxes provided. Incorrectly completed forms will be rejected.
2. When completing this Application Form please note that Offer Shares may not be applied for in the name(s) of a trust that has not been incorporated or a deceased's estate. Trustees of unincorporated trusts, individual partners or executors may apply for shares in their own name(s).
3. The Applicant(s) or Authorized Selling Agent must authenticate any alteration to the Application Form (other than deletion of alternatives). The Agent must sign against the Company's stamp.
4. In case of banker's cheques, payment must be made payable in favour of: KCB BANK. Account Name: "I&M Bank Offer for Sale" - Account Number: 4490209657. Currency Frw
5. Your Application Form must be received in its entirety, duly signed and accompanied by Certified/Bankers Cheque, Cash or evidence of EFT. Personal cheques will not be accepted.
6. The completed Application Form will be mailed or hand delivered to your Authorized Selling agent and must be received by the Authorized Selling Agent not later than 6:00pm on 03 March 2017.
7. If your Application Form is received by the Authorized Selling Agent after 6:00pm on 03 March 2017, it will be declined and this form together with the accompanying cheque will be returned as stated in the Procedures For and Terms and Conditions of Application of the Offer in the Prospectus.
8. Applications can only be made through Authorized Selling Agents as listed in this form and the Prospectus.
9. Multiple applications will be rejected.
10. The allocation/allotment process has been outlined in the Prospectus.
11. If you are applying as a QII investor, you are advised to read page163 of the Prospectus if you wish to follow the payment process through the irrevocable bank guarantee.

**Authorized Selling Agents**

All Authorized Selling Agents on Page 165 in the Prospectus, all I&M Bank (Rwanda) Limited branches, all branches of KCB Rwanda Limited.

Copies of the Prospectus, are available and may be collected during normal working hours (except Sundays and Public Holidays) until 6.00pm from 14 February, 2017 till and including the 03 March, 2017 from the Authorized Selling Agents.



Serial No:

Authorized Selling Agent Code and Stamp

**A: APPLICATION & PAYMENT DETAILS** PLEASE COMPLETE IN CAPITAL/BLOCK LETTERS USING BLACK/BLUE INK

Number of shares applied for  Amount payable in figures (Frw) (No. of shares applied for multiplied by price per share)

Please Tick Where Applicable

Certified/ Bankers Cheque  Cash  EFT  Guarantee

Bank Name (abbreviated) in case of Bankers Cheque  Cheque Number  Amount paid (Frw)

Branch Name

**B: WHERE PURCHASE IS FINANCED (OPTIONAL)**

Tick if financed

Bank Code  CSD Pledge Form- Serial No.  Loan Account Number

Financing Bank (abbreviated)  Name of Branch

**C: APPLICANT DETAILS**

(i) Application Status: (Tick your status as applicable below)

Applicant Type: Individual  QII Rwanda  QII E.A  QII Foreign  Rwandan Diaspora  I&M Employee

Residency status: Resident  Non Resident  Citizenship: Rwandan  East African  Foreign

RDB Residency Number (To be filled by Foreign passport holders who have attained Rwandan Residency)

Consular Card Number (to be filled by Rwandans living in the Diaspora with foreign passports)

(ii) CSD Account Number

(iii) Primary Applicant Details: (Name as per National ID / Passport)

Surname (Last Name)  ID Number

First Name and Other Names (Separate Names by one box)

Passport Number  Country of issue

(iv) Joint Applicant's details (Name as per National ID / Passport)

Surname (Last Name)  ID Number

First Name and Other Names (Separate Names by one box)

Passport Number  Country of issue

RDB Residency Number (To be filled by foregin passport holders who have attained Rwandan Residency)

Consular Card Number (to be filled by Rwandans living in the Diaspora with foreign passports)

(v) Company Name / QII / Corporate (As per Certificate of Registration / Incorporation)

Registration / Incorporation Number  Country of Registration / Incorporation

Date of Incorporation (DD/MM/YYYY)

Tick here if applicant or beneficial applicant is exempt from withholding tax and attach a copy of the exemption

**For Nominee Applicants Only (Tick the status as applicable below)**

Citizenship of Beneficiary Shareholding  Rwandan  East African  Foreign

Nominee Account Name  Nominee Account Number

(vi) All Applicants (COMPULSORY FOR ALL APPLICANTS)

P.O BOX  Postal Code (Where Applicable)

Street Address / Sector / Umurenge

City / Town  Country

Telephone Number (Landline) International Format  Mobile Number (International Format)

Email Address (Personal or Agent or Custodian) Mandatory

Fax Number (International Format)

**D: RECEIPT OF REFUNDS**

All residents will receive refunds by EFT

Please provide Bank details for SWIFT (Foreign Investors/Non-residents)

Name of Bank (abbreviated)  Bank Code

Name of Branch  Account Number

Swift Code  Country

**E: SIGNATURES: (COMPULSORY FOR ALL APPLICANTS)**

Signature 1  Signature 2  Company Seal / Stamp

Date (DD/MM/YYYY) e.g 14/02/2017

**F: AUTHORISED SELLING AGENTS ONLY** For Official Use Only

CDA ID eg CR1  Agent Code (Hand Print Only)  Sub Agent Code

CDA Name  Authorised Selling Agents Stamp  Sub Agent Stamp

**G: INVESTOR'S RECEIPT**

Serial No:  Names (Separate Names by one box)

Number of Shares  Amount paid (Frw)

Selling Agent Name  Agent Stamp  Date



**DETAILED INSTRUCTIONS FOR COMPLETION OF THE APPLICATION FORM:**

(Please also read general instructions on the front page)

**A. APPLICATION AND PAYMENT DETAILS**

The minimum number of Offer Shares that can be applied for is 1,000 and thereafter in multiples of 100. Enter the number of shares you wish to purchase in the boxes provided. Enter the total value of these shares in the boxes provided. Remember to abide by the minimum number of shares you can apply for, as well as the multiplier number.

If your Authorized Selling Agent is making payment on your behalf, you need not fill in the remaining details under section "A". Your Authorised Selling Agent will place a tick in the appropriate mode of payment box labeled Bankers Cheque, Cash or EFT.

If you are paying by certified/Bankers Cheque, please fill in the boxes provided for Cheque Number, Amount Payable, Bank and Branch Name.

**B. WHERE PURCHASE IS FINANCED**

If your purchase of shares is being financed by a bank, please complete relevant box by entering the financing bank's name, branch name and bank code. Pledged shares and any refund due will be sent directly to the financing bank.

**C. APPLICANT DETAILS**

- i. You are required to tick 3 boxes under the heading "Applicant Status"
- Applicant Type: Tick the appropriate box that describes the type of applicant.
  - Residency Status: If you are a legal full time RESIDENT of Rwanda, irrespective of your citizenship, tick the box labeled "Resident", otherwise, tick the "Non Resident" box.
  - Citizenship: Tick the box that defines your citizenship.
- ii. All Applicants MUST fill in their CSD Account Number. CSD Account Opening Forms will be provided by the ASAs for first time applicants.
- iii. If you are applying for shares as an individual (i.e. you are not a corporate investor), please fill out the details listed under the words "Primary Applicant's Details". Wherever possible, please ensure you enter your Rwandan National ID Number, failing which, please enter your National Passport Number and country of issue.
- iv. If you wish to include your spouse, relative or friend as a joint applicant on this form, please fill his/her details in the appropriate spaces in the box on the left, please note:
- ONLY ONE joint applicant is allowed / joint applications with names switched will be treated as multiple applications.
  - The joint applicant CANNOT be a Qualified Institutional Investor (QII).
- Wherever possible, please ensure you enter the joint applicant's Rwandan National ID Number, failing which, please enter his/her National passport Number and country of issue. At least ONE of these is mandatory.
- v. If you are applying as a QII or Nominee applicant, please fill out all details required in this section. Details for this section may be obtained from the entity's Certificate of Registration/Incorporation. Please attach a photocopy of the Certificate of Registration/Incorporation and the License if you are a QII. Nominee applications from bonafide registered Nominee Corporates will be accepted provided there is a unique account name/number provided for each application. For avoidance of doubt, Nominee Accounts must only be held for a 3rd party eligible for applying for shares in their own right. Any QII or Applicant with a Withholding Tax Exemption **MUST ATTACH A COPY OF THE CERTIFICATE OF EXEMPTION.**
- vi. **ALL APPLICANTS MUST COMPLETE THIS SECTION. ONLY ONE ADDRESS MAY BE ENTERED.**
- Please enter your FULL MAILING ADDRESS, including, where applicable, P.O. Box, Postal Code and the City and Country. A street address is optional provided a valid mailing address is included. This address will be used for correspondence relevant to your shareholding, and it is vital that details herein are correct and accurate. Please also provide us with your landline telephone contact, mobile number and e-mail address.

**N.B.** The Board of Directors and the Regulatory Authorities as the case may be have the final authority to reject any application without assigning any reason therefore.

**D. REFUND PROCESS**

Refunds will be sent to the account of the investors through EFT or for International investors through SWIFT. It is mandatory to provide local or foreign bank details of the applicant. The transaction costs of the refunds (Including currency fluctuations) will be borne by the Applicant.

**E. ALL APPLICANTS MUST COMPLETE THIS SECTION**

Primary Applicants must sign in the box labeled 'Signature 1' and Joint Applicants if any, must sign in the box labeled 'Signature 2'.

QII Applications / Stamp must be signed by one or two directors and a company secretary. Where the applicant is a company registered under the Rwandan Companies Act, the Company seal must be in the space provided.

**INVESTOR'S RECEIPT**



## APPENDIX: FORM OF GUARANTEE

### Form of Guarantee

(LETTERHEAD OF A LICENSED RWANDAN COMMERCIAL BANK)

Permanent Secretary to the Treasury

Ministry of Finance and Economic Planning

P.O Box 158.

Kigali (Rwanda)

[Date]

Dear Sir/Madam ,

#### **GUARANTEE IN RESPECT OF PAYMENT FOR ALLOCATION OF SHARES TO (name of QII)**

**WHEREAS** (name of QII) (hereinafter called the Investor) has by an application form [Date] applied for [Number of Shares] ordinary shares ("the Offer Shares") in I&M Bank (Rwanda) Limited being offered for sale by you as set out in the prospectus dated [Date] (hereinafter referred to as the Prospectus).

**AND WHEREAS** it has been stipulated by you in the Prospectus that the Investor shall furnish you with an irrevocable on demand guarantee for the full value of the price of the Offer Shares.

**AND WHEREAS** we (name of Guarantor) have agreed to give this Guarantee:

**NOW** at the request of the Investor and in consideration of your allocating to the Investor the Sale Shares or such lesser number as you shall in your absolute discretion determine, we hereby irrevocably undertake to pay you, promptly upon your first written demand declaring the Investor to be in default and without delay or argument, such sum as may be demanded by you to a maximum sum of Rwandan Francs .....without your needing to prove or to show grounds or reasons for your demand or the sum specified therein.

This guarantee will remain in force up to and including the closure of business 03 March 2017 and any demand in respect thereof should reach us not later than the above date and time. Upon expiry it automatically becomes **NULL and VOID** whether the original is returned to us for cancellation or not and any claim or statement received after expiry shall be ineffective.

This guarantee shall be governed and construed in accordance with the Laws of Rwanda.

**IN WITNESS WHERE OF THIS LETTER OR GUARANTEE HAS BEEN EXECUTED BY US UNDER SEAL THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2017.**

Sealed with the Common Seal of

Director

Director/Secretary

APPENDIX:

DIRECTORY OF AUTHORIZED  
SELLING AGENTS (ASAs) &  
COLLECTING BANKS

## APPENDIX: DIRECTORY OF AUTHORIZED SELLING AGENTS (ASAS)

### Appendix: Directory of Authorized Selling Agents (ASAs)

<p><b>Lead Sponsoring Broker</b></p> <p><b>BARAKA Capital Limited</b> 4th Floor - Building 2000, (Opp. KCT) KN 82 Street, P.O Box 7180, KIGALI, TEL; +250 280 381 100 Email: equities@barakacapital.com Web: www. barakacapital.com</p>	<p><b>Co- Sponsoring Broker</b></p> <p><b>CORE Securities Ltd</b> 2nd Floor Makuza House, KN 3 African Union Road P.O. Box 6814 Kigali, Rwanda, TEL; +250 788 465282 Email: info@coresecurities.co.tz</p>
<p><b>African Alliance Rwanda Securities</b></p> <p>Kigali City Tower (KCT), 1st Floor, Avenue du Commerce P.O. Box 7179, Kigali - Rwanda Tel: +250 785694490 Email: Securitiesrw@africanalliance.com Web: www.africanalliance.com</p>	<p><b>BK Securities Ltd</b></p> <p>Plot No.6112, Avenue de la Paix P.O. Box 175, Kigali, Rwanda Tel: +250-252 593100 Cell: +250784685086 Email: bksecurities@bk.rw Web: www.bk.rw</p>
<p><b>CDH Capital Limited</b></p> <p>9th Floor Ecobank building P.O Box 6237 KIGALI Email: info@cdhcapitaltd.org Tel: +250 788304272 web: www.cdhcapitaltd.org</p>	<p><b>FAIDA Securities Rwanda</b></p> <p>Centenary House 4th floor P.O. Box: 124 Kigali, Rwanda Phone: (+250)784333734 Mob: + 250 782859330 Email: stephen.njoroge@fib.co.ke Web: www.fib.co.ke</p>
<p><b>MBEA Brokerage Services Ltd</b></p> <p>Kigali City Towers (KCT), 14th floor, Avenue du Commerce P.O. Box 3492 KIGALI, Tel : +250 788 803371 Email : info@mbea.net Web : www.mbea.net / www.mbeagroup.net</p>	<p><b>SBG Securities Ltd</b></p> <p>Kigali City Tower, 1st Floor, Avenue du commerce P.O. Box 968 kigali Tel : +250 784108841 Email: jeanhabimana@stanbic.com Website : www.sbgsecu- ties.co.ke</p>
<p><b>Collecting Bank</b></p> <p><b>I&amp;M Bank Rwanda Limited</b></p> <p>KN 03 Avenue 9 P. O. Box 354 Kigali , Rwanda Email: info@imbank.co.rw Web: www. imbank.com/Rwanda</p>	<p><b>Collecting Bank</b></p> <p><b>KCB Bank Rwanda Limited,</b></p> <p>1st Floor, KN4 AV18, Wing B, P. O. Box 5620 Kigali , Rwanda Email: custody@rw.kcbbankgroup.com Web: www.kcbbankgroup.com</p>

APPENDIX:

I&M BANK (RWANDA) LIMITED  
LOCATIONS

## APPENDIX: I&M BANK (RWANDA) LIMITED LOCATIONS

### I&M Bank (Rwanda) Limited Locations

<p><b>HEAD OFFICE</b></p> <p>KN 3 AV/9 Kigali</p> <p>Tel: 0788162026</p> <p>Operating Hours:</p> <p>Monday - Friday : 08 :00am to 06:00pm</p> <p>Saturday: 08:00am to 01:00pm</p>	<p><b>RUBAVU</b></p> <p>Rubavu District Secteur, Gisenyi</p> <p>P.O. Box 169 Western Province</p> <p>Tel: 0788162197</p> <p>Operating Hours:</p> <p>Monday - Friday: 8:00am to 6:00pm</p> <p>Saturday: 8:00am to 1:00pm</p>
<p><b>KENYA AIRWAYS</b> (Cash &amp; Deposit Counter)</p> <p>UTC BUILDING</p> <p>Nyarugenge District, Kigali</p> <p>Tel: 0788162026</p> <p>Operating Hours:</p> <p>Monday - Friday: 8.00 am to 6.00pm</p>	<p><b>KARONGI</b></p> <p>RSSB Building, District Karongi</p> <p>Tel: 0788162181</p> <p>Operating Hours:</p> <p>Monday - Friday: 8:00am to 6:00pm</p> <p>Saturday: 8:00 am to 1:00 pm</p> <p>Saturday: 9:00 am to 2:00pm</p>
<p><b>MAGERWA</b> (Cash &amp; Deposit Counter)</p> <p>Gikondo, Kigali</p> <p>Tel: 0788162169</p> <p>Operating Hours:</p> <p>Monday - Friday: 7:00am to 12:00am</p> <p>Saturday: 7:00am to 1:00pm</p>	<p><b>RUSIZI</b></p> <p>Rusizi District, Kamembe Sector</p> <p>Western Province,</p> <p>Tel: 0788162164</p> <p>Operating Hours:</p> <p>Monday - Friday: 8:00am to 6:00pm</p> <p>Saturday: 8:00am to 1:00pm</p>
<p><b>MATEUS</b> (Cash &amp; Deposit Counter)</p> <p>Rue du Travail Nyarugenge District</p> <p>Quartier Mateus, Kigali</p> <p>Tel: 0788162198</p> <p>Operating Hours:</p> <p>Monday - Saturday : 12:00pm to 7:00pm</p>	<p><b>HUYE</b></p> <p>Ngoma Sector, Southern Province.</p> <p>P.O.Box 616 Huye, Rwanda</p> <p>Tel: 0788162163</p> <p>Operating Hours:</p> <p>Monday - Friday: 8:00am to 6:00pm</p> <p>Saturday: 8:00am to 1:00pm</p>
<p><b>KACYIRU - UMUBANO</b></p> <p>Umubano Hotel</p> <p>Tel: 0788162160</p> <p>Operating Hours:</p> <p>Monday - Saturday: 8:00am to 8:00pm</p> <p>Sunday: 10:00am to 4:00pm</p>	<p><b>MUSANZE</b></p> <p>Muhoza Sector, Musanze District</p> <p>P.O. Box 120 Musanze</p> <p>Tel: 0788162170</p> <p>Operating Hours:</p> <p>Monday - Friday : 8:00 am to 6:00pm</p> <p>Saturday: 8:00am to 1:00pm</p>



