Annual Report 2015

BANK OF KIGALI
Financially transforming lives

AFRICAN BANKER AWARDS 2015

BK Awards

In pursuit of excellent service

Best Bank in East Africa

Bank of the year

Best African Listing

Fire Award

Best Bank in Rwanda

In Rwanda we transform Lives, to the world we make Rwanda proud

Bank of Kigali Limited is the largest bank in Rwanda by market share of total assets, loans, deposits and shareholders' funds.

The Bank was awarded the 2015 African Banker Award for Best Bank in East Africa for the third time as well as the 2015 *Euromoney* Award for Excellence as the Best Bank in Rwanda. Since 2009, the Bank has been recognised for seven years running as the Best Bank in Rwanda by *Emeafinance* and for six years as Bank of the Year by *The Banker*. In 2015, it was further bestowed as the Best Financial Reporting Company in Rwanda at the annual Financial Reporting Award (FiRe) held in Nairobi, Kenya.

In 2011, the Bank became the second domestic company to be listed on the Rwandan Stock Exchange.

Bank of Kigali continues to transform lives across Rwanda and each year our commitment to this course has been recognised both at home and around the world. We are proud to be the Bank that is making Rwanda proud while transforming lives.

For further information,
Please call 4455 or contact your nearest Branch Manager
www.bk.rw | www.facebook.com/Bankofkigali | www.twitter.com/BankofKigali

BANK OF KIGALI
Financially transforming lives

AFRICAN BANKER AWARDS 2015

OUR VISION

Bank of Kigali aspires to be the leading provider of the most innovative financial solutions in the region.

OUR MISSION

Our mission is to be the leader in creating value for our stakeholders by providing the best financial services to businesses and individual customers, through motivated and professional staff.

OUR VALUES

- Customer focus
- Integrity
- Quality
- Excellence

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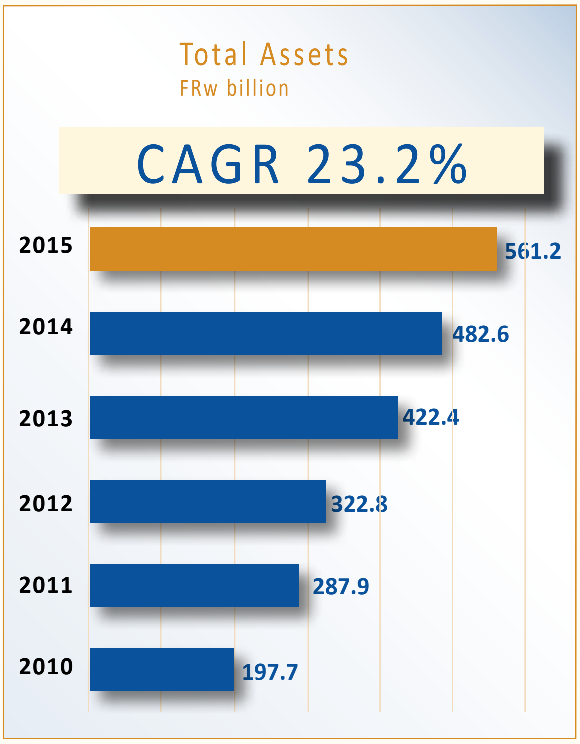
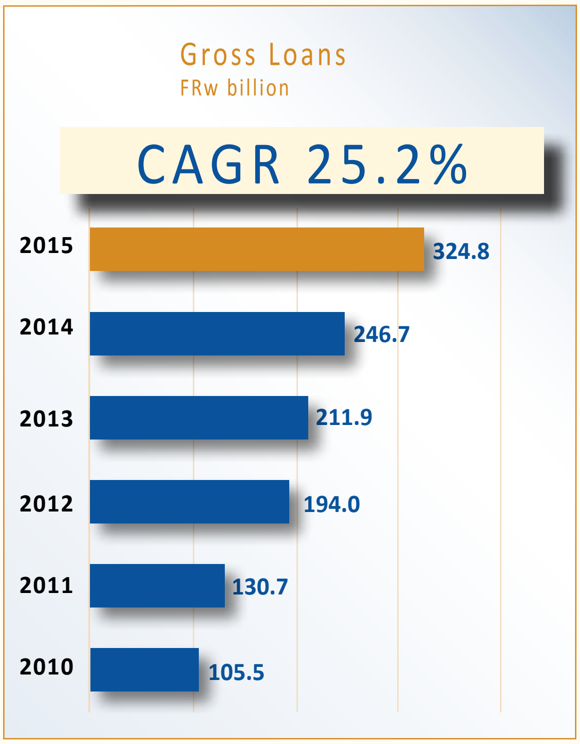
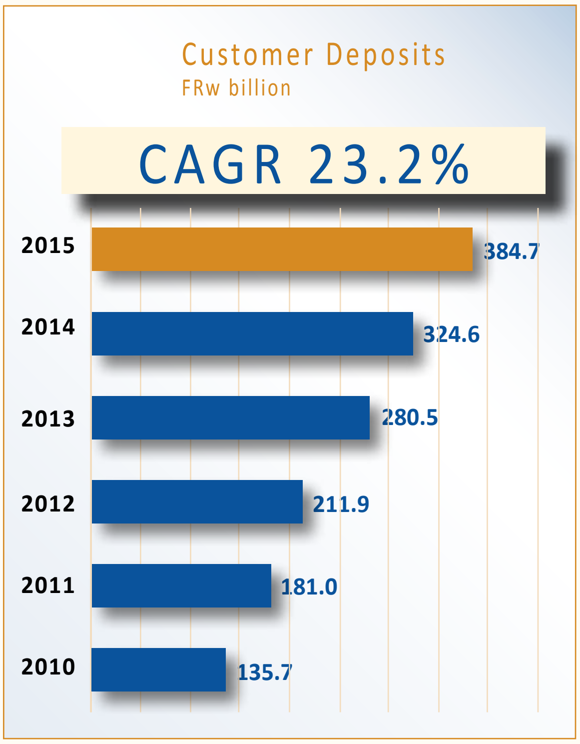
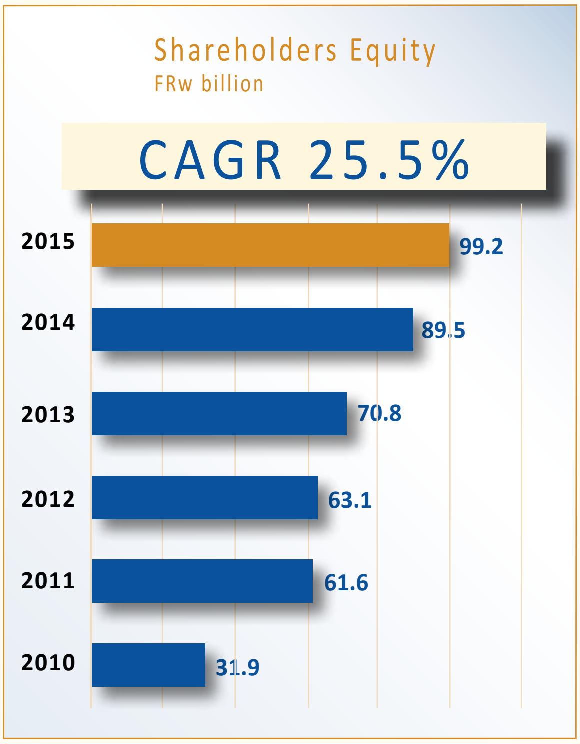
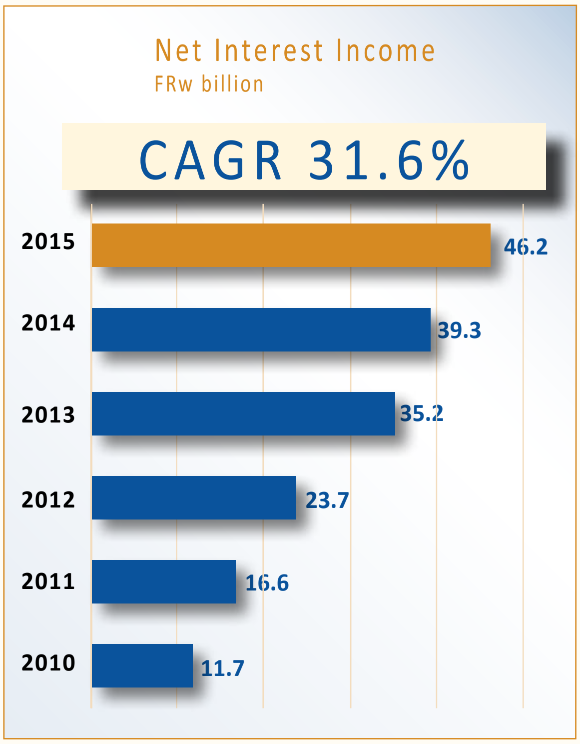
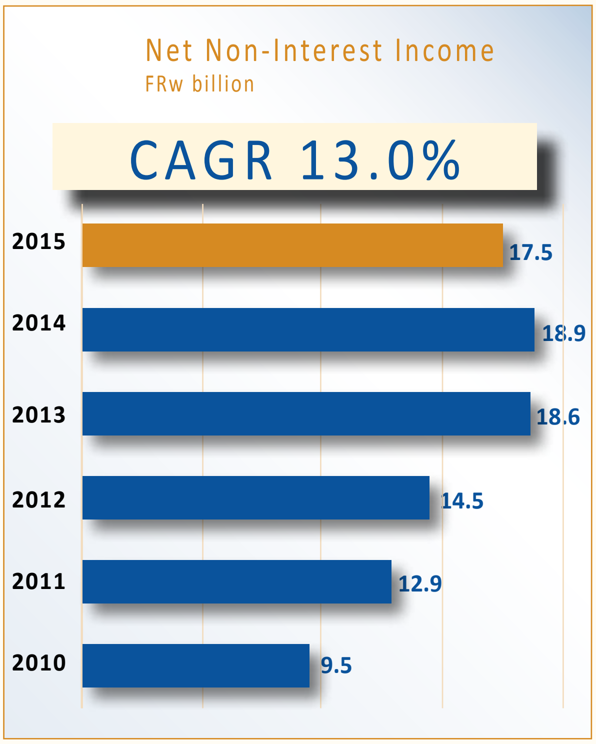

Total Assets
FRw billion
CAGR 23.2%
2015 561.2
2014 482.6
2013 422.4
2012 322.8
2011 287.9
2010 197.7

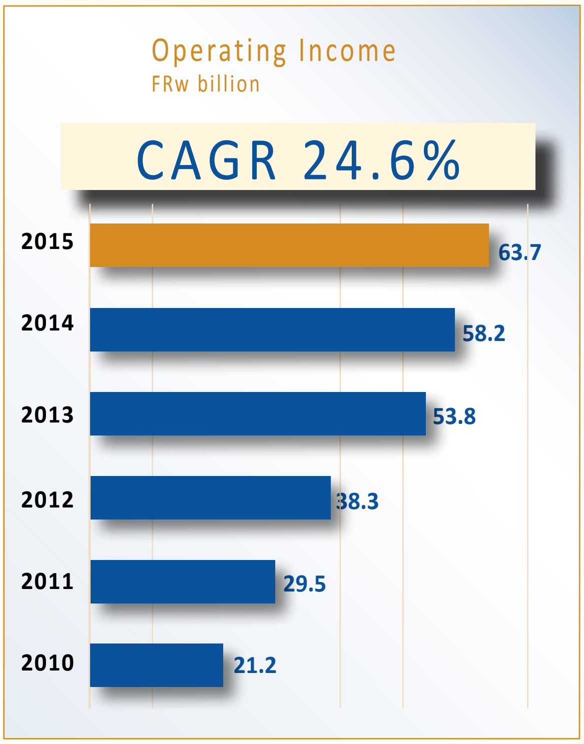

Gross Loans
FRw billion
CAGR 25.2%
2015 324.8
2014 246.7
2013 211.9
2012 194.0
2011 130.7
2010 105.5

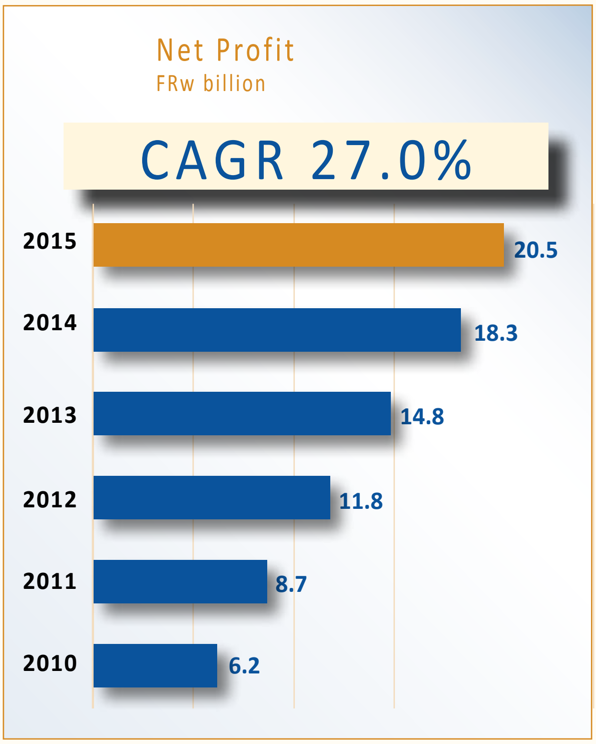

Customer Deposits
FRw billion
CAGR 23.2%
2015 384.7
2014 324.6
2013 280.5
2012 211.9
2011 181.0
2010 135.7


Shareholders Equity
FRw billion
CAGR 25.5%
2015 99.2
2014 89.5
2013 70.8
2012 63.1
2011 61.6
2010 31.9


Net Interest Income
FRw billion
CAGR 31.6%
2015
46.2
2014
39.3
2013
35.2
2012
23.7
2011
16.6
2010
11.7


Net Non-Interest Income
FRw billion
CAGR 13.0%
2015
17.5
2014
18.9
2013
18.6
2012
14.5
2011
12.9
2010
9.5


Operating Income
FRw billion
CAGR 24.6%
2015
63.7
2014
58.2
2013
53.8
2012
38.3
2011
29.5
2010
21.2

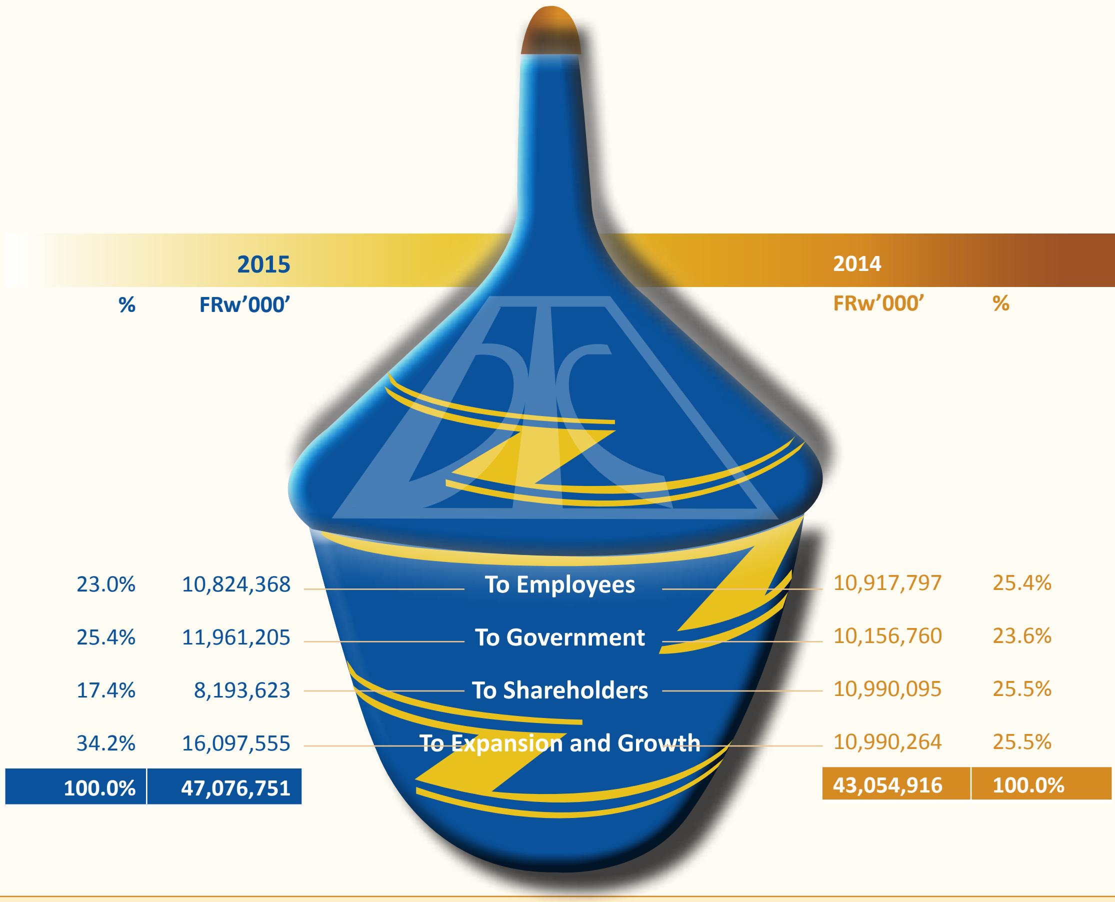

Net Profit
FRw billion
CAGR 27.0%
2015
20.5
2014
18.3
2013
14.8
2012
11.8
2011
8.7
2010
6.2

	2015	2014	2013	2012	2011	2010
Profitability						
Return on Average Assets (ROAA), %	3.9%	4.0%	4.0%	3.9%	3.6%	3.5%
Return on Average Equity (ROAE), %	21.7%	22.9%	22.2%	18.9%	18.6%	24.5%
Net Interest Margin, %	10.1%	9.9%	11.1%	9.6%	8.4%	8.3%
Loan Yield, %	19.2%	20.5%	20.5%	17.0%	16.9%	15.8%
Interest Expense/Interest Income,%	22.9%	24.4%	22.2%	26.0%	26.8%	25.6%
Cost of Funds, %	3.2%	3.4%	3.3%	3.4%	3.1%	2.8%
Efficiency						
Cost/Income Ratio	47.8%	47.9%	48.4%	52.8%	48.4%	47.5%
Costs/Average Assets, %	5.8%	6.2%	7.0%	6.6%	5.9%	5.8%
Personnel Costs/Total Recurring Operating Costs	49.4%	51.8%	45.0%	47.4%	51.8%	52.3%
Personnel Costs/Average Total Assets, Annualised	2.9%	3.2%	3.1%	3.1%	2.9%	3.0%
Personnel Costs/Total Operating Income	23.6%	24.8%	21.8%	25.0%	25.1%	25.0%
Net Income/Total Operating Income	32.1%	31.5%	27.6%	30.7%	29.5%	29.2%
Total Operating Income/Average Assets %	12.2%	12.9%	14.4%	12.6%	12.1%	12.1%
Liquidity						
Net Loans/Total Assets,%	55.9%	48.4%	47.1%	57.3%	42.8%	51.3%
Liquid Assets / Total Assets	38.4%	45.7%	46.0%	31.9%	45.1%	37.0%
Liquid Assets / Total Deposits	52.9%	64.9%	65.2%	44.7%	64.9%	47.3%
Liquid Assets / Total Liabilities	46.7%	56.1%	55.2%	39.6%	57.4%	44.1%
Total Deposits / Total Assets	72.6%	70.4%	70.5%	71.3%	69.5%	78.2%
Total Deposits / Total Liabilities	88.2%	86.5%	84.7%	88.7%	88.4%	93.2%
Interbank Borrowings / Total Deposits	5.6%	4.5%	5.8%	8.0%	9.5%	12.2%
Gross Loans/Total Assets	57.9%	51.1%	50.2%	60.1%	45.4%	53.4%
Gross Loans / Total Deposits	79.7%	72.6%	71.1%	84.2%	65.3%	68.3%
Interest Earning Assets/Total Assets	87.8%	87.7%	88.4%	80.5%	82.0%	81.6%
Leverage (Total Liabilities/Equity), Times	4.7	4.4	5.0	4.1	3.7	5.2
Asset Quality						
NPLs /Total Loans, %	4.9%	6.6%	6.9%	6.5%	8.3%	8.5%
NPL Coverage Ratio	110.2%	169.0%	134.6%	90.0%	94.0%	62.3%
Loan Loss reserve / Gross Loans ,%	3.3%	5.4%	6.1%	4.6%	5.8%	3.9%
Average Loan Loss reserve / Average Gross Loans,%	4.2%	5.7%	5.4%	5.1%	4.9%	4.3%
Large Exposures / Gross Loans	24.1%	18.0%	5.4%	6.5%	8.8%	14.3%
Cost of Risk, Annualised	2.6%	3.3%	4.4%	2.2%	3.8%	2.0%
Capital Adequacy						
Core Capital / Risk Weighted Assets	22.1%	25.8%	23.1%	22.4%	28.1%	18.7%
Total Qualifying Capital / Risk Weighted Assets	22.5%	26.3%	23.7%	23.2%	29.1%	20.1%
Off Balance Sheet Items / Total Qualifying Capital	442.7%	428.4%	542.5%	524.3%	363.1%	351.2%
Large Exposures / Core Capital	84.2%	53.5%	17.9%	22.6%	21.3%	61.1%
NPLs less Provisions / Core Capital	8.7%	3.5%	2.9%	6.8%	6.2%	19.7%
Market Sensitivity						
Forex Exposure / Core Capital	(20.4%)	(20.4%)	(9.1%)	(41.2%)	11.7%	11.5%
Forex Loans / Forex Deposits	26.9%	8.4%	0.7%	1.0%	0.8%	1.0%
Forex Assets / Forex Liabilities	86.4%	87.5%	93.8%	61.0%	105.3%	106.7%
Forex Loans / Gross Loans	8.2%	3.3%	0.3%	0.3%	0.3%	0.4%
Forex Deposits/Total Deposits	24.3%	39.9%	44.8%	25.3%	23.8%	27.4%
Selected Operating Data						
Full Time Employees	1,140	1,019	980	877	602	454
Assets per FTE (FRw in billion)	0.5	0.5	0.4	0.4	0.5	0.4
Number of Active Branches	75	70	65	59	44	33
Number of Mobibank	9	9	5	5	-	-
Number of ATMS	84	76	65	55	26	26
Number of POS Terminals	801	656	568	405	202	97
Number of Retail current accounts	312,369	266,239	231,409	191,632	124,248	50,073
Number of BK Yacu Agent	1,079	861	569	30	-	-

For the Year ended 31 December 2015

Value Added Statement	2015 FRw'000'	2014 FRw'000'
Interest, commissions and other revenues	77,445,030	70,835,144
Interest paid to depositors and costs of services	(22,820,617)	(20,237,271)
Net impairment loss on Financial assets	(7,547,662)	(7,542,957)
Value added	**47,076,751**	**43,054,916**

Distribution of Value Added	2015 FRw'000'	%	2014 FRw'000'	%
To Employees				
Salaries, wages and other benefits	**10,824,368**	**23.0%**	**10,917,797**	**25.4%**
To Government				
Corporation Tax	5,253,174	11.2%	4,441,880	10.3%
VAT	827,200	1.8%	727,212	1.7%
Withholding Tax	1,630,272	3.5%	1,432,757	3.3%
District Taxes	44,936	0.1%	44,971	0.1%
PAYE Tax	4,205,623	8.9%	3,509,940	8.2%
	11,961,205	**25.4%**	**10,156,760**	**23.6%**
To Shareholders				
Dividends paid to shareholders	**8,193,623**	**17.4%**	**10,990,095**	**25.5%**
To Expansion and Growth				
Retained Income	12,290,435	26.1%	7,326,730	17.0%
Depreciation and amortisation	3,807,120	8.1%	3,663,534	8.5%
	16,097,555	**34.2%**	**10,990,264**	**25.5%**
Wealth distributed	**47,076,751**	**100.0%**	**43,054,916**	**100.0%**



Our Customer Service Promise

We endeavour to meet and exceed our customers' expectations through;

- Innovative products and services
- Developing our staff who provide the services
- Developing technology-based delivery channels
- Creating an extensive branch network to make our services more accessible

Marc Holtzman,
Chairman of the Board

The Bank continues to enjoy impressive and sustainable growth

Dear fellow shareholders,

2015 was a highly successful year for the Bank and for our shareholders. The Bank continues to enjoy impressive and sustainable growth. Financial performance showed a strong net income of FRw 20.5 billion— an increase of 11.8% over the previous year. Our total assets grew by 16.3% year on year and our shareholders' equity grew by 10.8% since the prior year 2014. Our high profitability remained intact, with ROAA and ROAE of 3.9% and 21.7%, respectively.

Our dominant footprint in Rwanda continues to grow, as we expand our branch network in different areas of the country. The Bank now proudly boasts of 75 branches, which are supported by a growing network of agents and mobile vans. Our large and growing network allows us to reach a wider majority of Rwanda's population and helps us remain true to our promise of financially transforming lives and contributing to financial inclusion in Rwanda.

We appreciate that to transform the lives of the people, we must strive to go further than providing financial services; we must invest in the community in which we operate. Consistent with our policy, last year the Bank invested 1% of our Net Operating Income in CSR programs.

Notwithstanding increased competition, Bank of Kigali still holds the largest market share of approximately 30% across the key balance sheet metrics. The Bank continues to drive the universal financial service model strategy adopted five years ago thanks to our dedicated staff, loyal customers and supportive stakeholders.

The Board proposes that the shareholders adopt a dividend pay-out policy ratio of 40% of net income for this year and the next three years. The pay-out ratio is within the same range as most other East African Banks. As a result, approximately FRw 8.2 billion would be paid in dividends this year, translating into an annual dividend of about FRw 12.15 (approximately US$ 0.02) per share.

This has been a year of considerable change at the Bank. This will be my seventh year of service on the Board and I am especially honored to have been elected Chairman. On behalf of the entire Board, it is with gratitude and appreciation that we thank outgoing Chair Lado Gurgenidze and outgoing CEO Dr. James Gatera for service above and beyond the call of duty. Lado and James have made immeasurable contributions — not only to Bank of Kigali — but to the growth and development of Rwanda's financial sector. I am also deeply proud and delighted to welcome Dr. Diane Karusisi, our new Chief Executive Officer. Diane has already brought dynamic and inspirational leadership to the team.

Our amazing and talented team is diligently focused and mindful that our success is constantly measured by the creation of shareholder value and how well we serve customers and our community. Given the dynamism and exciting opportunities in today's Rwanda coupled with all of the transformative changes taking place in today's financial services sector, our future is indeed only limited by ourselves.

Sincerely,

Marc Holtzman

Marc Holtzman

Bank of Kigali has committed to financially transform lives; especially for customers we serve, by providing services that go beyond their expectations. This promise is being delivered through our universal financial services model strategy and continued expansion of the banking infrastructure.

The Bank's sustained strong performance has elevated the BK brand in the Rwandan market. This has been achieved by delivering above average performance to our stakeholders who include the customers, our shareholders, staff and the community.

The Bank's profit after tax increased to FRw 20.5 billion from FRw 18.3 billion in 2014, reflecting a Return on Average Equity of 21.7%. The Bank's total assets also rose to FRw 561.2 billion from FRw 482.6 billion, representing a growth of 16.3% year on year. This growth resulted from the continued investment distribution channels, strong liquidity position and strong credit book growth.

Dr. Diane Karusisi,
Chief Executive Officer

Strong market share growth

Bank of Kigali has continued to enjoy strong market positioning. In 2015, the total number of commercial banks increased to 12 following the entry of Bank of Africa Rwanda Ltd. Another key development is the acquisition by Atlas Mara of BRD Commercial Bank Ltd and Banque Populaire du Rwanda whose merger is expected in 2016. Our market share at the end of 2015, stood at 32.5 % of total assets, 32.3 % of loans and advances while deposits were 31.7%.

> *Year after year, the Bank has implemented strategies designed to meet and exceed the customers' expectations.*

Operating environment

Real GDP growth increased to 6.9% from the programmed 6.0% in 2015. The GDP growth for 2016 is projected at 6.3%. The services sector contributed 47% of the GDP with trade and transport contributing to 15% and financial services contributing 3% to the total GDP. Agriculture contributed 33% and the industry sector contributed 13%.

On average, headline inflation accelerated from 1.4% in January 2015 to 4.5% in December 2015. The inflationary pressures were partly due to the depreciation of the local currency against the US dollar.

Money market interest rates remained stable in 2015. The key repo rate and T-bills rate as at December 2015 were 6.5% and 6.8% respectively, while the interbank rate dropped slightly to 3.7%. Commercial banks' deposit interest rates stabilized at around 7.6% in the last quarter of 2015 whereas the lending interest rates remained stable around 17.0%. The currency depreciation against the dollar increased to 7.6% in 2015 compared to 3.6% in 2014.

The banking sector in general did well in 2015, as at the year - end total CAR stood at 22.5% well above the regulatory minimum of 15%. The sector's liquidity position stood at 45.9% against the regulatory requirement of 20% of deposits. The industry balance sheet measured by total assets grew by 18.3% to FRw 2.13 trillion in December 2015 up from FRw 1.80 trillion in December 2014.

Financial performance in 2015

The Bank's net profit grew by 11.7% to FRw 20.5 billion in 2015 up from FRw 18.3 billion realized in 2014. The increase in profitability was mainly driven by a 17.8% growth in net interest income amounting to FRw 46.2 billion. Our cost to income ratio was 47.8% in 2015, an improvement over the last year 2014 in spite of the expansion of the Bank's branch network and other infrastructure. The strong performance accounts for over 50% of the total commercial banking sector profits.

The Bank was able to sustain the growth in the balance sheet by 16.3% to FRw 561.2 billion. The loan book grew to FRw 313.9 billion from FRw 233.4 billion, a growth of 34.5% year on year. Deposits on the other hand were FRw 384.7 billion up from FRw 324.6 billion in 2014. Our liquid assets in the form of placements with correspondent banks increased significantly to FRw 39.2 billion.

Awards and recognitions

During the year, our dedication to promoting financial inclusion in Rwanda through innovative financial solutions was recognised by Euromoney which awarded the Bank with the Euromoney Award for Excellence as the Best Bank in Rwanda for the third time in 2013, 2014 and 2015. The Bank was also awarded the Best Bank in East Africa by the African Banker Magazine for the third time. In additon we were, for the sixth time, recognised as the Bank of the Year in Rwanda by The Banker Magazine and as the Best Bank in Rwanda by EmeaFinance for the seventh consecutive time.

Customer Focus

The Bank's sustained growth and strong market positioning is anchored on the loyalty and confidence that our customers have in the Bank. This loyalty has seen the Bank grow at compounded annual growth rate of over 20% in the last five years in all of the major metrics.

Year after year, the Bank has implemented strategies designed to meet and exceed the customers' expectations. These strategies include expansion of the banking infrastructure where the existing branch network increased to 75; ATM network to 84 and increasing the deployment of Point of Sale terminals (PoS) to 801in 2015 up from 656 in 2014. Our mobile vans offer full banking services to areas where the Bank does not have a physical presence and help with liquidity management for the increasing number of Banking Agents across the country.

The Bank has developed innovative technology-driven products to ensure that customers have access to their accounts 24/7 through our mobile banking and internet banking channels.

We have continued to up skill our staff through in-house class and on the job training to ensure that they are well equipped to serve our customers to the required nationally-promulgated customer service standards.

Diverse customer segment and business lines

We serve customers in broadly two main segments which include business and retail. In terms of loans and advances, the business segment represented 81% while the retail segment was 19% of the total loans and advances in 2015. For deposits, the corporate segment was 53.5% while the retail segment was 20.7% and banks and other financial institutions segment contributed 25.8% of the total deposits of the Bank.

Within the business segment, we served over 29,500 corporate customers as at 31 December 2015 with deposits held growing by 18.5%. At least 381 customers were served under the Non Business Associations sub-segment while clients served under the Small and Medium Enterprises sub-segment rose to 1,018. The SME loan book rose to FRw 69.7 billion, making Bank of Kigali the largest lender to the SME segment in the market. Under our retail banking segment, we served 327,441 customers with loans and advances totaling FRw 61.7 billion and deposits held of FRw 84.3 billion.

Deploying technology driven alternative delivery channels

Agency banking is a big opportunity for expanding access to financial services and inclusion in the country. The service has also been very successful in deposit mobilization with the capability of handling the high footfall and transaction volumes. By the end of the year, we had partnerships with 1,079 agents across all administrative centres in Rwanda. The service is provided through the BK YACU platform which is used by the Bank's agents to connect customers to their accounts in our core banking system on a real time basis.

The agents perform cash in and cash out transactions. The channel also allows users to send money to any mobile subscriber in the country regardless of whether or not the recipient holds a bank account.

As at December 2015, over 1,450,000 transactions had been made through the Agency Banking network, with net deposits mobilized amounting to over FRw 151.5 billion.

We have continued to grow our card acquiring and issuing business. Our Point of Sale terminals and ATMs accept all major international cards including MasterCard, Visa, American Express, Diners Club and UnionPay (UP). We currently issue VISA debit and credit cards to our customers. We have launched the issuing of MasterCard debit cards and are expected to start issuing MasterCard credit cards for our high net worth customers, SME credit cards and MasterCard mass market cards.

Participation in the capital markets financial services

BK Securities Limited, the Bank's wholly owned subsidiary, offers brokerage financial services in capital markets. The company has gained a market share of over 15% in its 3rd year of operations. During the year, the company acted as the lead sponsoring broker for Crystal Telecom Limited with subscription rate of 124%. The company is currently the most profitable stock brokerage firm in Rwanda.

Risk and Compliance Management

Sustainable performance can only be achieved through disciplined risk management. It is part of our corporate culture that every employee at every level of the organization is accountable for risk management. This approach has enabled the Bank to overcome the challenges of a changing global, regional and domestic macroeconomic environment.

Inherently, credit risk is the single most important risk facing banks. We continue to manage credit risk and make provision for any specific risk proactively. Our non-performing loans risk coverage was 110.2% compared to the market average of 46.2%. The market has continued to benefit from the reforms that have been made both in the regulatory framework as well as the land registry. These reforms have led to the fast tracking of provision of title deeds and foreclosures, with the electronic registration of collateral now possible. In addition, the Credit Reference Bureau is increasingly becoming an important tool in credit risk management.

Human capital development initiatives

The Bank remains committed to developing its people and creating the best working environment for the staff. We currently have a staff compliment of 1,140 staff and continue to attract and retain some of the best talent in the market. Our Early Career Programme focuses on bringing new graduates into the Bank and developing them through regular class and on the job training. The programme equips the graduates with the right functional and leadership capabilities that are essential in the early years of their careers.

In the implementation of the talent management policy, the Bank is currently sponsoring a number of staff for the Banking professional course. In time, we hope to equip majority of the staff with the necessary skills to develop the leadership potential of self-motivated top performers in the Bank.

Credit rating of the Bank

The Bank is the only credit rated company in Rwanda with a short term rating of A1+ and a long term rating of AA-, with a stable outlook, from Global Credit Rating of South Africa.

Outlook for 2016

Having joined the Bank in 2016, I have received tremendous support from the Board and staff. We will continue to pursue the universal financial services model strategy and enhance innovation in our range of services and products. Looking forward, we expect our performance to maintain the double digits performance in our net income and balance sheet.

The Bank has already taken significant steps in channel expansion and roll out of self-service products such as mobile-based banking products; card-based products as well as agency banking. We will continue to grow our branch network with more branches expected to be opened in 2016. We will continue to deploy our top of the range deposit-taking ATMs both in the branches and in high footfall locations with the aim of bringing convenient and flexible service to our customers.

The Bank will continue to strive towards providing superior customer service and will invest in continuous training and development of our staff in addition to upgrading our processes to gain efficiencies in cost management

Funding our growth strategies

The Bank has signed and continues to drawdown long term lines of credit from international development finance institutions in order to better manage the risks arising from maturity mismatch of the balance sheet.

Strategic partnership for growth

The East African financial markets continue to dominate the news with the successes of TELCO-led mobile banking financial services. In this arena, the Bank is partnering with the TELCO mobile money platforms to offer our customers the added flexibility that these platforms offer. We also plan to partner with the TELCOs to offer small savers and borrowers the intermediation interplay.

Universal financial services model developments

In addition to banking services, BK offers capital market trading and advisory through BK Securities Limited.

The Bank has obtained a license to start short term insurance business through BK General Insurance Limited. The insurance company looks to take advantage of the opportunities arising from the low penetration of insurance services in Rwanda

Harnessing our sustainable future growth

The banking sector has grown increasingly competitive following the entry of strong Pan African and regional banks. Nonetheless, there are also significant opportunities for up scaling banking services with the significant under banked population. Given our strength and the opportunities in the market, our focus is therefore in developing our banking infrastructure, innovative products and strategic partnerships in order to serve more customers.

We are dedicated to delivering above-average market returns for our shareholders and remain focused on executing our business model that does not sacrifice profitability for growth. We believe that this model will continue creating value for our customers and ultimately to our shareholders and other stakeholders.

Acknowledgement

On behalf of the management team and staff, I extend my sincere appreciation to our customers for their loyalty and confidence in the Bank. I also wish to appreciate the efforts of the former CEO, Dr. James Gatera, whose leadership has allowed BK to achieve immeasurable milestones.

Finally, I would like to appreciate our Board members for their continued direction and support to management as well as the staff for their commitment that continues to shape the Bank into a formidable player in the financial services sector.

Dr. Diane Karusisi

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Our Strategy

Bank of Kigali aspires to financially transform lives of Rwandans. We have a significant role to play in the country's transformation process given our position as the leading bank. We have a strong market position and leadership of over 30% across all major metrics including total assets, net loans, customer deposits and equity. We are the best capitalized bank on the market with capacity to single-handedly finance projects that would otherwise take a syndicate of six local banks to finance.

Our Approach

We have developed a banking infrastructure expansion strategy which has seen us grow to 75 branches by end December 2015 from 18 branches in 2009. We plan to have five additional branches by the end of 2016.

In addition to the expansive branch network, we have increased our ATMs to 84 as of December 2015 from just 6 in 2009. Our Point of Sale terminals (POS) have increased to over 800 as of December 2015 from just 52 in 2009.

This network is supported by our mobile vans and agency banking platform under the brand name *BK-YACU,* which has increased our outreach and ensuring that every Rwandan can access Bank of Kigali services almost anywhere in Rwanda.

We have revamped our internet banking platform making it more user-friendly, convenient and accessible to our customers.

In terms of product offering, we have continued to grow our card business giving our clients both Visa and MasterCard options. Our mobile banking platform ensures that the customer can buy services such as electricity, airtime and Pay-tv subscription from the comfort of their home.

We are constantly looking for creative ways of expanding our loan portfolio to meet the needs of our retail, corporate and SME clientele. In 2016, we are introducing a micro loan facility where one is able to get a pre-approved small loan from the phone which will make access to loans easy and convenient.

You will be able to access a Bank of Kigali Microloan on your phone from anywhere.

Bank of Kigali also offers Premier Banking services to its high net-worth customers. The facilities are designed to host business meetings for our high net worth clients and offer life style benefits such as discounts on hotels, air tickets and insurance products. Our clients have access to high speed wireless internet, access to DSTV in a relaxed environment while being served. Each of our high net worth clients is assigned a personal banker who in addition to offering banking services is able to arrange flights, restaurant and hotel reservations. In 2016, our high net worth clients will also be signed on to the MasterCard banking loyalty program and Marriott Reward Program.

Our Premier Banking lounge

Looking ahead, we project Bank of Kigali to become a customer's one stop centre for all banking and non-banking services. That, we intend to achieve by adopting a universal banking model where in addition to banking services, the Bank will start providing fully- integrated products and services to customers including insurance business, telecom and asset management so that our customers have a comprehensive financial solution in a "one stop shop."

Our Customers

Staying true to our Bank values of, customer focus, integrity, quality and excellence has allowed us to enjoy customer loyalty and confidence which has given us a competitive edge over other players on the market.

We are a customer focused Bank. We endeavour to meet and exceed our customer service expectations through providing innovative products and services and keeping in touch with our customers.

In that regard, every year, Bank of Kigali's Chief Executive Officer and members of the Senior Management team visit clients in all our 75 branches to understand their needs and together identify solutions. In spite of our extensive branch network, the Bank management team is able to visit all the districts in Rwanda at least once a year. During such visits, the team visits some of the clients' projects, understand what they do and whether there are any problems they face and together find solutions .In addition, the management takes the opportunity to inform customers of the innovative products and services the Bank has come up with to service customers better.

Former CEO James Gatera visiting a client's project in one of the districts.

Our Products/Services

We offer a wide range of commercial banking services to Corporate, SME and Retail clients. Our loan portfolio and segmentation is informed by our clients' needs. We offer mortgage loans, vehicle loans, agriculture loans and consumer loans such as school fees, medical, pension holiday or wedding loans to our retail segment; stock loans, overdraft facilities and business loans to our corporate and SME clients. Our gross loans are FRw 324.8 billion in 2015, a growth of 31.6% from FRw 246.7 billion in 2014, with corporate 81.0% and retail 19.0%.

Our total deposits grew by 18.5% to FRw 384.7 billion in 2015 from FRw 324.6 billion in 2014 with corporate deposits at 72.1% and retail 27.9% of our customer deposits.

Our Employees

Bank of Kigali is the employer of choice in Rwanda. This allows us to attract and retain the best talent in the market. We offer an enabling working environment for our staff and provide competitive remuneration packages which include benefits and shared based bonus scheme.

We have employed a number of fresh graduates developing them through regular class and on-the-job training with the aim of equipping them with the right functional and leadership capabilities that are essential in the early years of their careers.

We have trained a number of our staff in professional banking and leadership courses. The implementation of our talent management and succession planning policy has seen top performers rise to management positions. As such, our employees are well equipped to serve the needs of our clients.

At the start of each year, our Executive and Management teams hold a retreat to review the achievement of the previous year and discuss the performance required in the coming year's corporate objectives. After the retreat the corporate objectives are then cascaded to each staff through departmental and individual key performance indicators. At the end of the retreat, all managers are clear on how their department's targets contribute to the overall performance of the Bank. This is trickled down to all staff through individual Key Performance Indicators which is attached to our competitive bonus scheme.

Strategy session with Managers at the retreat in Rubavu

Our Responsibility to the Community

Corporate Social Responsibility (CSR) is embedded in Bank of Kigali's company culture.

In addition to providing the most innovative financial solutions that supports our motto of financially transforming lives, our CSR activities enable us to give back to the communities in which we operate.

We have a clear path on how to achieve this. First, we have incorporated CSR policies and environment friendly practices as part of the Banks culture.

Since 2009, we have pursued a strong CSR strategy based on four pillars of improving access to education, promoting community health, environmental sustainability as well as poverty eradication.

We have a CSR Committee whose primary role is to implement the Banks CSR strategy. The Committee is composed of six members who sit at least once a month to evaluate project proposals brought to the Bank and how these projects enhance the Banks CSR Strategy. Through the CSR Committee, the Bank ensures that they engage projects which have minimal adverse impacts on the environment and that those with potentially major adverse environmental and social impact are accompanied by adequate mitigation measures.

Improving access to education

Bank of Kigali believes that for Rwanda to achieve sustainable growth and development, we must start with human capital development. We are proud of our long standing association with the Imbuto Foundation scholarship program which supports 1000 underprivileged students who perform well in secondary schools. For six years now, the Bank has provided scholarships to 200 of these students and intends to continue this partnership in 2016.

Verediane, 24, whose performance had suffered due to lack of scholastic materials and school fees saw her grades dramatically improve after winning the scholarship. She emerged as one of the Best Performing Girls in the whole Western Province.

In 2015, the Bank partnered with the Ntare School Old Boys Association (NSOBA) which aims to build a state of the art education facility with high-end programs and creating a rich mix of national and international curricula.

The school aims to have a strong focus on Science, Technology, Engineering and Mathematics with a goal to feed into higher learning institutions and universities with high calibre graduates creating the needed impetus for technological innovation and economic development in Rwanda. The school also aims at setting up a scholarship fund to attract brilliant students who are less privileged in society.

In addition, the Bank's CSR activities encourage academic excellence within the student community by partnering with different colleges such as the National University of Rwanda, College of Business Education (CBE), the College of Science and Technology and other institutions of higher learning to award their best performing students with different prizes.

The Bank also offers internship opportunities to the best performing students who, depending on their performance at the Bank, have an opportunity to be retained as permanent staff.

Furthermore, Bank of Kigali has established branches at College of Business Economics and College of Science and Technology.

To promote self-employment and boost confidence in the youth, the Bank for the fourth consecutive year, was the main sponsor of the Young Entrepreneurs Debate Championship organized by Rwanda Inspiration Back-Up Ltd, whose aim is to bring schools and universities from all over the country to debate and share ideas on self-employment.

Environmental sustainability

The Bank is mindful of its environmental obligations both internally and externally and as such, has strategically integrated environmental and social considerations into its business operations.

The Bank ensures that there are guidelines and procedures in place to assess the environmental impact of all projects before financing them and that compliance to these procedures and guidelines are adhered to.

In 2010, the Bank introduced electronic-based bank statements and use of electronic channels such as mobile and internet banking for the customers to access their accounts without printing statements. These initiatives are designed to save paper which ensures that Rwanda's environment is kept clean and reduces the cutting down of trees. The Bank will continuously invest in promoting paperless business operations and communication.

In 2016, the Bank will partner with Campagnie Agricole Association whose aim is to plant one million trees in Kali Cell, Karangazi Sector, Nyagatare district that will cover 30% of the area in that cell.

Bank of Kigali believes in environmental conservation. The Bank has partnered with the Rwanda Development Board since 2003 to support the annual gorilla naming ceremony *Kwita Izina* in an effort to participate in mountain gorilla conservation.

In 2015, 24 baby mountain gorillas were named at the Volcanoes National Park. Rwanda's mountain gorillas contribute almost 90 percent of revenues accrued from national parks in tourism receipts.

A newly born mountain gorilla at the national park

Poverty Eradication

Cows in Rwanda are an asset, a source of food and income. From a cultural perspective, when one gives another a cow, it symbolises a connection or deep friendship. Recognising both the symbolic and financial significance of cows in the Rwandan culture, Bank of Kigali has for the last three years given a total of 46 cows to the poor.

Our management team members hands over one of the Cows

In April 2015, we donated 15 Friesian cows and built 15 kraals to genocide survivors of Nyanza District in Busasamana and Mukingo sectors. We plan to continue this trend in 2016.

Conclusion

Bank of Kigali believes it has an important role to play, as a good corporate citizen, to fight social inequality by improving our society's education, health, environment sustainability and alleviating poverty.

In 2016, the Bank will continue to implement its robust CSR strategy and support most of the already existing CSR partnerships as it looks to fresh avenues of uplifting and transforming society.


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Bank of Kigali continues to align its business ethics to the best corporate governance practices. We believe that good corporate governance is the cornerstone of the Bank's success. Through the Board, the Bank has put in place systems to ensure that the highest standards of corporate governance are maintained at all levels and ensure compliance with the National Bank of Rwanda's (BNR) Regulations on Corporate Governance. Rwanda's Law Relating to Companies, the Law Relating to Banking together with the BNR's Guidelines as well as the Capital Markets Authority laws and regulations.

Board of Directors

The Board of Directors is responsible for the overall leadership of the Bank through oversight and guidance on key strategic and risk issues. It plays a pivotal role in setting up the system of corporate governance within the Bank to ensure safe guard of policies and procedures, ensuring that Management conducts its business operations with integrity and in accordance with best corporate governance practices. It ensures that in carrying out its duties, Management complies with relevant laws and regulation and risk management while balancing the interests of the various stakeholders.

The Board of Directors is chaired by an independent non-executive Chairman and is composed of seven non-executive members who have a wide range of skills, experience and independent judgment. Their skills, competencies and academic qualifications can be found on this Annual Report. The Chairman, who has overall responsibility for the Board, ensures overall leadership and long term success of the Bank.

The Board has delegated the authority for day-to-day management of the Bank to the Chief Executive Officer of the Bank. The Chief Executive Officer has overall responsibility for the performance of the business and provides leadership to facilitate successful planning and execution of the objectives and strategies agreed by the Board.

For the successful management of the Board and their functions, the Board is guided by a Board Charter which sets out their powers, roles and responsibilities. The Board meets on a quarterly basis or more frequently as the business demands. In addition to the quarterly meetings, the Board has appointed five subcommittees to assist in achieving its mandate as per the BNR requirements.

Composition of the Board of Directors and its Committees

Directors are appointed by the Shareholders at the Annual General Meeting (AGM) and approved by the National Bank of Rwanda as a regulatory requirement.

The Board comprises of two non-resident independent non-executive directors with extensive expertise in international banking practices as well as five resident non-executive directors including a financial consultant, practicing lawyers, and other private sector and government representatives with extensive business acumen. The wide array of skills, knowledge and experiences is a major contribution to the proper functioning of the Board and its committees and enriches the decision-making processes.

Board Meetings

The Board of Directors meets at least once every quarter and has a formal schedule of matters reserved for it. Board members are provided with detailed board materials well in advance to facilitate the meetings. In line with the Bank's environmental friendly strategy, board materials are circulated to board members' IPADs through a board book software.

The following is the list of Board Members who served in 2015 and their board attendance.

Board Members	Category	Board	Audit	Risk	Credit	ALCO	HR
Marc Holtzman	Chairman	3/4					1/2
Jonathan Gatera	Vice Chairman	2/4**		1/4	3/9	1/4	
Reuben Karemera	Non- Executive Member	4/4		3/4	8/9		2/2
Lillian Igihozo	Non- Executive Member	3/4	3/4		1/9		2/2
Alphonsine Niyigena	Non-Executive Member	4/4	4/4		8/9	4/4	
Julien Kavaruganda	Non -Executive Member	4/4		4/4		4/4	
Kenneth Ofori-Atta	Non- Executive Member	2/4**					1/2

In 2015, a total of 10 board members attended the board meetings.

* *Mr Lado Gurgenidze resigned from the board on the 01 October 2015. As such he attended three board meetings out of four. The 4th Board meeting was chaired by Marc Holtzman who was appointed Chairman of the Board on the 01 October 2015.*

** *On the 24 August 2015 two directors resigned from their directorship - Dr. Daniel Ufitikirezi and Mr Apollo Nkunda after attending two board meetings and one board meeting respectively. They were replaced by Jonathan Gatera and Kenneth Ofori-Atta who attended two board meetings each during the year.*

Appointment and Resignation of the Chairman of the Board of Directors

On the 01 October 2015, Mr Marc Holtzman who has been serving on the Board as a non-executive director, was appointed Chairman of the Board after Mr Lado Gurgenidze resigned from the Board at the end of his service contract.

During the period 2015, two directors resigned from their directorship positions and two directors joined the Board. Dr Daniel Ufitikirezi and Mr Apollo Nkunda both resigned from the Board on the 24 August 2015. Mr Jonathan Gatera and Mr Ken Ofori- Atta joined the Board on the 24 August 2015

Appointment and Resignation of the Chief Executive Officer

Dr Diane Karusisi was appointed as the Chief Executive Officer of Bank of Kigali on the 7 February 2016 following the resignation of Dr James Gatera.

Board Committees

To ensure efficiency within the governance structure and to assist carry out its independent oversight function, the Board has delegated certain responsibilities to Board's Committees. In line with the BNR guidelines 06/2008 on Corporate Governance, the Board has five Board Committees, each with terms of reference to support the Board in performing its functions. These guidelines have been adopted and form part of the Board Charter of the Bank. The Chairman of the Board is also the Chairman of the Nominations and Remunerations committee. The Board is kept up to date on the deliberations and recommendations of the Committees through reports from each of the Committee Chair at Board meetings. All Directors have access to the services of the Company Secretary in relation to discharging their duties as a director, or as a member of any Board Committee.

Audit Committee

This is the principal Board Committee charged with overseeing the Bank's financial reporting policies and disclosures to ensure that they are produced in accordance with International Financial Reporting Standards and meet the all the necessary regulatory requirements. The Audit Committee is responsible for ensuring that the Bank's internal controls and procedures are adequate and adhered to, making recommendations where necessary. It is also charged with the appointment and review of the work of the external auditors. The Committee comprises of three independent non-executive board members who meet on a quarterly basis or more frequently as its business demands. The Committee is chaired by Alphonsine Niyigena, a financial consultant. Other members Include: Lillian Igihozo and Julien Kavaruganda

Credit Committee

The Committee oversees the Bank's loan portfolio credit risk management. The Committee is charged with reviewing credit facility applications that are beyond the discretionary limits of the Management Credit Committee. The Committee also oversees the Bank's lending policies and procedures to ensure that there is adequate risk management in addition to monitoring the loan portfolio to maintain high asset quality.

The committee comprises of three non-executive directors who meet monthly or more frequently as its business demands. The Committee was chaired by Reuben Karemera. Other Committee Members include: Lillian Igihozo and Jonathan Gatera.

Risk Management Committee

The mandate of the Risk Management Committee is to ensure that the Bank's enterprise risk management policies and procedures are updated to ensure that the risks are properly tackled, effectively controlled and managed. This Committee comprises of three non-executive board members and meets on quarterly basis or more frequently as its business demands. The Committee is chaired by Jonathan Gatera. Other members include: Julien Kavaruganda and Alphonsine Niyigena.

Assets-Liability Management Committee

The committee is responsible for monitoring and managing the Bank's balance sheet to ensure that various business risks such as liquidity, capital, market and currency risks are monitored and mitigates in compliance with the Bank's policies and Central Bank guidelines. The Board Asset-Liability Management Committee, Chaired by Julien Kavaruganda comprises of four non-executive directors including Reuben Karemera, Lillian Igihozo and Alphonsine Niyigena who meet on quarterly basis or more frequently as its business demands.

Nominations and Remuneration Committee

The Committee is responsible for the appointment of and remuneration of the Management and also ensuring that the Bank's human resources are able to support the development and implementation of the Bank's strategy. This entails reviewing the Human Resources policies and procedures, organisational structure, senior management composition as well as remuneration.

The Nominations and Remunerations Committee, chaired by Marc Holtzman is composed of four independent non- executive directors, including Jonathan Gatera, Reuben Karemera and Ken Ofori-Atta who meet once every quarter or more frequently as its business demands.

Board Evaluation

The Board established a system of self-evaluation of its own performance and the performance of its committees and individual directors. The results of the evaluation are submitted to the Central Bank before the first Board meeting of the following year as per the National Bank Regulations.

Management Committees

The Bank also has various Management Committees in place to assist in the day to day implementation of the bank's strategy. These include:

- Executive Management Committee
- Credit Committee
- Treasury /Assets-Liability Committee
- Human Resources Committee
- Recovery Committee
- Corporate Social Responsibility
- Product Development Committee
- Branch and Agency Expansion Committee
- Marketing and Communication Committee
- Procurement Committee

Shareholding Structure

The Bank's shares are listed on the Rwanda Stock Exchange. The table below shows the Bank's shareholding as at 31 December 2015

Investor Categorization	Total number of shares	%
Government of Rwanda	198,534,600	29.5%
Rwanda Social Security Board	168,454,000	25.1%
Employees and Directors	7,260,600	1.1%
International Institutional Investors	92,724,900	13.8%
Local Institutional Investors	59,974,100	8.9%
Other State Owned Entities	687,900	0.1%
Regional Institutional Investors	51,704,900	7.7%
Retail Investors	92,843,200	13.8%
Grand Total	**672,184,200**	**100.0%**

Our Board

Marc Holtzman, *Chairman of the Board*

Marc is the Chairman of Bank of Kigali, the largest Bank in Rwanda with market share across all key balance sheet metrics above 33%. He has served as a member of the Bank's Board of Directors since 2009.

He is also Chairman of Kazkommertsbank (LSE: KKB:LI), Kazakhstan's largest private bank with a total market share of 24%. Previously, Marc was Chairman of Meridian Capital HK, a private equity firm with investments in natural resources, real estate, food, agriculture and transportation. Prior to joining Meridian, He served as Vice Chairman of Barclays Capital and as Vice Chairman of ABN Amro Bank. Previously, as co-founder and President of MeesPiersonEurAmerica (a firm which was acquired by ABN Amro) and as Senior Adviser to Salomon Brothers, he lived and worked in Eastern Europe and Russia from September 1989 until October 1998.

Marc also currently serves as a member of the Board of Directors TeleTech (NASDAQ: TTEC), the world's leading provider of analytics-driven technology- enabled services.

To further assist with the development of Central Asia's financial sector, Marc was appointed by Kazakhstan's Prime Minister to serve on the Board of Directors of Kazyna - the nation's sovereign wealth fund from 2006 – 2008. In addition, he served as a member of the Board of Trustees of the United States Space Foundation from 2004 – 2010.

From 2003 through 2005, Marc was President of the University of Denver where he was responsible for the development of the Rocky Mountain Center for Homeland Security. The University of Denver has approximately 10,000 students and includes the Daniels College of Business, which, during his tenure, was ranked by *The Wall Street Journal* as being among the world's top fifty MBA programs. Previously, Marc served in the Cabinet of Governor Bill Owens as Colorado's first Secretary of Technology.

In addition, Marc was Chairman of Colorado's Information Management Commission and Co-Chairman of the Governor's Commission on Science and Technology. Marc helped guide Colorado's economic transformation into a fully diversified technology hub. During his tenure, Colorado was consistently ranked first among the fifty states in having the highest percentage of technology workers per thousand in the nation.

Jonathan S. Gatera, *Director*

Jonathan is the Director General of Rwanda Social Security Board (RSSB). Prior to this, he spent most of his career at the Central Bank of Rwanda. He joined the Central Bank in June 2000 as Financial Market Analyst and by 2008 he had become the Manager responsible for the investment of the Official Foreign Exchange Reserves. In 2010, Jonathan was promoted to head the Department of Financial Markets, a position he held until late 2013 when he was appointed as the Director General in charge of Financial Sector Stability. As Director General at the Central Bank, he was responsible for the supervision of Commercial Banks, Microfinance Institutions, Savings & Credit Cooperatives (SACCOs), Insurance Companies, Pension Schemes and the oversight of Payment Systems. He was also in charge of Financial Stability Analysis, Policy and Licensing.

Jonathan holds MSc and BSc in Economics from the National University of Rwanda. He is also a Graduate of Macroeconomic & Financial Management Institute (MEFMI) of Eastern and Southern Africa based in Harare – Zimbabwe where he specialised in the Management of Domestic Financial Markets.

Julien Kavaruganda, *Director*

Julien is a practicing lawyer and currently the President of the Rwanda Bar Association. He is the Managing Partner of K-Solutions & Partners; one of the leading law firms in Rwanda. He has vast experience in Banking and Finance law, Commercial, Corporate law as well as Arbitration and Mediation. Prior to that, he worked as a corporate lawyer at the Brussels Bar Association. He serves as a Chairman of the Board of the Rwanda Bar Association, Board member of Kigali International Arbitration Centre and New Bugarama Mining Company Ltd. Julien was called to the Brussels Bar in 2004 and is a member of the Rwanda Bar Association as well as the East African Law Society. He holds a Bachelor's and a Master's degree in Law from the Université Catholique de Louvain in Belgium.

Alphonsine Niyigena, *Director*

Alphonsine is a business woman with investments in education and real estate in Rwanda. She has extensive experience and exposure in trade, entrepreneurship and investment from having been actively involved in regional and international business fora. She served for two consecutive mandates as the Vice Chairperson of the Rwanda Private Sector Federation and as the Vice Chairperson of East African Business Council, umbrella organizations representing the business community in Rwanda and in the East African Countries. Alphonsine has conducted national and international consultancies as an independent consultant in the areas of Finance, Economic Planning and Audit. Prior to joining the private sector, Alphonsine served in the Office of Auditor General for 5 years as Senior Auditor and team leader and conducted several audit missions in the Government institutions including Ministries, Government agencies, bilateral and multilateral projects, local governments and Rwandan embassies.

She is currently the Chairperson of Medical Military Insurance Company (MMI); and a Board member of various institutions including New Forests Company (NFCR) and Impact Policy Analysis and Research Institute (IPAR).

Alphonsine holds a Master's Degree in Business Administration where she majored in Finance from Maastricht University, Netherlands; a Bachelor's Degree in Economic Studies and an associated degree in taxation.

Kenneth Ofori-Atta, *Director*

Ken is Co-Founder and former Chairman of the Databank Group (an investment banking firm) in Ghana. He was the Executive Chairman from 1990 until his retirement on February 14, 2012. Databank is a financial services firm that has over the last 25 years been influential in the development of Ghana's capital market and award winning retail mutual funded investment products and stock exchange transactions. Ken is currently Chairman of Family Ventures and Offices in Ghana; Chairman of Trust Bank Ltd in The Gambia; and Chairman of Databank Agrifund Manager Ltd, a US$36 million pan-African Databank Private Equity Fund for SME Agribusiness with investments in Madagascar, Cameroun, Zimbabwe, Zambia, South Africa, Burkina Faso, Nigeria and Ethiopia. Prior to co-founding Databank, Ken worked at Morgan Stanley and Salomon Brothers on Wall Street in New York.

Ken has business interests in Insurance, Retail Banking, Private Equity, Micro finance, Pharmaceuticals and Real Estate. As part of his half time trajectory, Ken is fully engaged with civil society in nation building and human capital development. His deep passion is to help develop a just and prosperous society with a robust private sector. He went to Achimota School in Ghana; received a BA in Economics from Columbia University in New York and an MBA from the Yale School of Management.

Ken was honoured as a Donaldson Fellow at Yale University in 2010 and a John Jay Fellow at Columbia University in 2011. He is a Henry Crown Fellow of the Aspen Institute and a Co-Founder of the African Leadership Initiative of the Aspen Global Leadership Network He was twice honoured by PWC Ghana as one of the Top 5 Most Respected CEOs in Ghana.

Liliane Igihozo Uwera, *Director*

Liliane is a Partner at FreddyN Consulting, an international consulting company active in Strategic, Financial and Operational Advisory Services. Prior to that, she was the Vice Rector in charge of Administration and Finance at the School of Finance and Banking (SFB).

She also worked as the Chief Executive Officer of the Rwanda Investment Group (RIG ltd.), one of the largest private venture capital firms in Rwanda. Liliane has project management experience in private and public sectors and in various industries such as railways/high speed train engineering, construction projects, energy, cement manufacturing, education and retail.

She holds a Master's degree in Financial Risk Management and a Bachelor's in Business Administration from the Catholic University of Louvain, Belgium. She is a Certified International Professional Associate in Project Management of the International Project Management Institute (PMI).

Reuben Karemera, *Director*

Reuben is the Deputy Accountant General in charge of Treasury Management in the Ministry of Finance and Economic Planning, Rwanda. He is a Qualified Accountant with a background in Economics. He has vast experience in the area of taxation especially the International Aspect of Taxation, gained both from formal training and 11 years of working with Rwanda Revenue Authority, where he occupied various positions in the Customs Services Department, the Commissioner General's Office and finally serving as the Chief Finance Officer.

Reuben is a member of the Association of Certified Chartered Accountants. He holds a Master's Degree in International Taxation from The University of Sydney - Australia, a Bachelor's Degree in Economics from Makerere University - Uganda and a Diploma in Trade Policy from The University of Nairobi.

Management Team

Dr. Diane Karusisi, *Chief Executive Officer*

Diane is the Chief Executive Officer of Bank of Kigali. She is a seasoned economist who has held several leadership positions in the past. Prior to joining the Bank, Diane was the Head of Strategy and Policy and Chief Economist at the Office of the President. Diane also served at the National Institute of Statistics of Rwanda where she oversaw the design and implementation of major surveys.

Before she moved back to Rwanda, Diane worked as a Fixed Income Portfolio Engineer at Credit Suisse in Zurich and taught Statistics at the University of Fribourg in Switzerland. She studied Economics majoring in Econometrics and holds a PhD in Economics from the University of Fribourg. Her research areas mainly concentrated on Risk Modeling and Measurement. Her doctoral thesis entitled "Dependency in credit portfolios: Modeling with Copula Functions" was published in 2009

Diane currently serves as non-executive director on several boards including the University of Rwanda and Rwanda Development Board.

Lawson Naibo, *Chief Operating Officer*

Lawson is the Chief Operating Officer of Bank of Kigali. He has been with the Bank since 2009. He has wide experience in Strategic Management processes, Financial Accounting Advisory, Corporate Governance, Risk Management and Compliance Advisory gained from over 15 years post qualification experience previously in CFC Bank Group and KPMG East Africa. Immediately prior to joining the Bank, Lawson was an Associate Director specializing in Transaction Services at KPMG East Africa.

At the Bank, Lawson was the Project manager in the listing of Bank of Kigali, BRALIRWA, Crystal Telecom and the IFC Umuganda Bond in the Rwanda Stock Exchange.

Lawson is a qualified Business Strategy and Financial Services Advisor and holds MBA in Strategic Management from the University of Nairobi (UoN) and BSc in Financial Services from the Manchester Institute of Science and Technology (UMIST) London. He is a qualified Banker. He is also a Certified Public Accountant as well as a Certified Public Secretary.

Flora Nsinga, *Chief Shared Services Officer*

Flora is the Chief Shared Services Officer of Bank of Kigali and has been with the Bank since 2008. Prior to this, she was the Head of Human Resources and Administration. Flora joined the Bank with about ten years' experience from the telecommunication industry. She has been responsible for the growth in branch network and the staff of the Bank since then. She was instrumental in leading the Bank through various organisational reforms in 2009. She oversaw the Bank's strategic human resource restructuring, transforming it from a product-driven to a customer-focused structure.

Flora holds a Bachelor's degree in Business Administration with specialisation in Human Resources from Kigali Institute of Science, Technology and Management (KIST). She also holds a Master's in Management, majoring in Leadership and Human Resources from Cambridge College Boston, Massachusetts – USA

Nathalie Mpaka, *Chief Financial Officer*

Nathalie is the Chief Finance Officer. She joined the Bank's Management Team in 2011 as the Financial Reporting and Investor Relations Manager. She has vast experience in financial planning, analysis and reporting as well as systems implementation. She is dynamic and passionate about Financial Excellence and Value Creation.

Nathalie is an ACCA qualified finance professional and also a member of the Institute of Certified Public Accountants in Rwanda (ICPAR) where she is currently serving as a Governing Council Member. She holds a first class Bachelor's degree in Accounting & Finance from the University of Birmingham in the UK.

Dr. Shivon Byamukama, *Company Secretary*

Shivon is the Company Secretary and Head of Corporate Affairs at Bank of Kigali. She is in charge of Legal Contracting, providing legal advisory services and implementing good Corporate Governance practices for the Bank. Shivon also oversees the Bank's Investor Relations & Shareholder matters, Marketing, Public Communications and is at the helm of implementing the Bank's Corporate Social Responsibility strategy.

Prior to joining Bank of Kigali, she was the Company Secretary and Chief Legal Officer for RwandAir, Rwanda's national carrier. Shivon was an instrumental member of the team that transformed the airline which began operating its own aircrafts in 2009. She played a central role in the negotiations of all major aircraft transactions for the company including; the acquisition contracts of the aircrafts, aircraft financing and insurance arrangements, aircraft maintenance and technical support contracts, corporation agreements with other airlines, and Bi-lateral agreements. Shivon also serves as a Director on the Board of Rwanda Development Board. Shivon holds a PhD in Law from Glasgow Caledonian University-UK, a Bachelor of Laws Degree from Makerere University-Uganda, and a Diploma in Legal Practice from the Law Development Centre, Kampala, Uganda and is currently pursuing to be a Chartered Secretary from the Institute of Chartered Secretaries and Administrators (ISCA)- London.

Patrick Masumbuko, *Chief Representative Officer - Nairobi*

Patrick is Bank of Kigali's Chief Representative Officer at the Nairobi Office. He was previously the Head of Corporate Banking Department at the Bank. Patrick joined the Bank with over ten years' experience from the banking and private sector. He also held various positions in Non-Governmental Organizations.

Patrick is responsible for managing the Bank's representative office in Nairobi, creating the contact centre for our existing and potential clients in Kenya. Patrick holds a Bachelor of Commerce degree from Kigali Institute of Science Technology and Management and a Diploma in Business Studies from National College of Business Studies Nakawa.

Enock K. Luyenzi, *Head of Human Resources & Administration*

Enock is the Head of Human Resources and Administration. His areas of responsibility include Human Resource Strategy, administration and logistics management. He is also in charge of all administrative matters of the Bank including the procurement function. Enock has wide experience in strategy implementation processes and has been at the helm of implementing the Bank's expansion strategy since 2009. He also developed the overall HR Strategies and Performance Management System that deliver employee productivity in support of the Bank's business objectives.

He has worked with senior management to implement HR and Administration Policies and objectives, especially in attracting, retaining, motivating, developing key talents and cost effective strategy. Prior to that, he served as the General Services Manager at the Bank. He joined the Bank with over seven years' experience in supply chain management, logistics and administration at various senior and responsible levels in the public sector.

Enock is a Chartered Human Resources Analyst (CHRA). He holds a Bachelors' Degree in Management from the National University of Rwanda, an MBA – International Strategic Management at Mount Kenya University and has done various executive trainings in Leadership and on Strategy Execution with Maps and Balance Scorecard Master Class by Dr. Robert Kaplan, Harvard Business School.

Carine Umutoni, *Head of Treasury& Trade Finance*

Carine is the Head of Treasury and Trade Finance at Bank of Kigali. She has 12 years of banking experience in Treasury, Trade Finance and Institutional Banking. She is responsible for the liquidity management, foreign exchange operations, assets and liabilities management as well as the trade finance operations of the bank.

Carine holds a Bachelor degree in Banking and Finance from Damelin Institute of South Africa and MBA- Economic Policy and Corporate Strategy from Maastricht School of Management; Carine is also a Certified Documentary Credits Specialist.

Adolphe Ngunga, *Head of Retail Banking*

Adolphe is the Head of Retail Banking and has been with the Bank for over 10 years. Adolphe held various responsibilities in the Bank including heading Corporate Banking Departments and Branch Management.

Prior to joining the Bank, he served in the banking industry in Burundi. Adolphe holds a Bachelor's degree in Economics from the University of Bujumbura in Burundi.

Yves Gatsimbanyi, *Head of Risk & Compliance*

Yves is the Head of Risk and Compliance and Compliance department, a position he has held since 2010 when he joined the Bank..

Yves has vast experience in the Banking sector and served as a bank examiner at the National Bank of Rwanda for ten years. Prior to joining the Bank, he was the Head of Compliance and Internal Control at I&M Bank-Rwanda.

He holds an MBA in finance and accounting from Mount Kenya University and a Bachelor's degree in Economics from the National University of Rwanda. He also has a diploma in Risk management in Finance and Banking.

Dr. Emmanuel T. Gatabazi, *Head of Corporate Banking*

Emmanuel is the Head of Corporate Banking Department. He joined the Bank in August 2014 having served in the Public Sector for over 17 years in different capacities. Prior to joining Bank of Kigali, Emmanuel was the Vice Rector in charge of Administration and Finance at the Kigali Institute of Science and Technology (KIST).

He also worked as the Accountant General at the Ministry of Finance where he was instrumental in introducing a number of Public Finance Management (PFM) Reforms and oversaw the preparation of the first Government PFM Reforms Strategy.

Emmanuel holds Bachelor of Commerce degree (B Com) from the University of Dar-es-salaam, an MBA in Finance from PSG College of Technology- India and a PhD from the University of Fort Hare, South Africa

Allan Mwangi, *Head of Retail Credit Risk*

Allan is the Head of Retail Credit Risk, having joined the bank in February 2012. He brings to the Bank vast experience in business planning, financial management, accounting, risk management and audit with over 19 years in the financial services industry gained from working in Equity Bank, ABN Amro Bank, Deloitte and Touche, and Lonrho Africa Plc.

He holds an MBA (Finance) from University of Nairobi and a Bachelor of Commerce (Accounting) degree from Kenyatta University. He is a Certified Public Accountant and alumni of the Advanced Management Programme (AMP) of the IEESE Business School, Spain and Strathmore Business School, Kenya. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

Moffat Mwangi, *Head of Consumer Banking and Product Development*

Moffat is the Head of Consumer Banking and Product Development and has been with the Bank since early 2012.

He has an extensive exposure in the financial services sector with a broad range of skills and knowledge gained from his experience in Operations, Retail Banking, Credit Card Business, Business Banking and Corporate Banking in Barclays Bank in Kenya. He holds a BSc in financial services from the University of Manchester Institute of Science and Technology (UMIST), MBA degree from Middlesex University Business School, London and is a Chartered Associate of the Institute of Financial Services (CAIFS). He is a member of the Chartered Institute of Marketing (MCIM) and a Chartered Marketer.

Innocent Musominari, *Head of Credit Department*

Innocent is the Head of Credit, and has worked with the Bank since 2004. He has wide experience in credit analysis and management gained from having worked with the Rwandan Banking sector for over 15 years.

Prior to joining the Bank, Innocent served in the Commercial Bank of Rwanda now I&M Bank for 5 years as Corporate Credit Analyst Advisor. He has been pivotal in managing the Bank's credit risk and this has led to improvements in asset quality. Innocent holds a Bachelor's degree in Economics from the National University of Rwanda.

Celestin Zimulinda, *Head of Information and Communications Technology*

Celestin is the Head of the IT department at Bank of Kigali and is responsible for the bank's daily IT needs. He joined the Bank in November, 2014. Prior to joining the Bank, he worked as Project Manager with Ericsson, Rwanda where he was in charge of network rollout activities. He also worked with Cisco Systems East Africa as a Project Manager in charge of Cisco businesses in Rwanda and Tanzania.

He previously worked as a Senior ICT Officer with the Ministry of Infrastructure in Rwanda and following that, as the Assistant Head of ICT Centre. He also worked as an Assistant Lecturer at Kigali Institute of Science and Technology.

Celestin holds a Bachelor of Science Degree in Computer Engineering and Information Technology from Kigali Institute of Science and Technology, Rwanda and a Master's Degree in IT and Management from Illinois Institute of Technology, United States. He has undergone numerous Telecommunications and IT technical trainings offered by Ericsson, Intel Corp, QUALCOMM, and USTTI. He is a former recipient of the Fulbright Junior Scholarship through the United States Department of State.

Gerard Nyangezi, FCCA, *Head of Internal Audit & Control*

Gerard is the Head of the Internal Audit and Control Department. He joined the Bank in 2009 and has over 10 years' experience in Audit and Finance, especially from the financial sector and telecommunication industry.

Gerard holds a Bachelor of Commerce-Finance degree from Makerere University, Uganda and a bachelor of Science in Accounting from Walter Sisulu University, South Africa and is also a Certified Chartered Accountant. Gerard is a Fellow of the Institute of Certified Chartered Accountants of United Kingdom, (FCCA) and is also a member of the Institute of Certified Public Accountants, Rwanda (ICPAR).

Alex N. Bahizi, *Head of Legal Services & Collections*

Alex is the Head of Legal Services & Collections Department and has been with the Bank since 2010. He is in charge of Legal Services including advisory services, negotiations, mediation, litigation and designing and executing the Bank's strategy for debt collections.

Prior to joining the Bank, Alex was a State Attorney in the National Social Security Fund. He is also a practicing Lawyer and previously a member of the Kigali Bar Association and a Member of the East African Law Society. Alex holds a Bachelor's of Laws (LLB) from the National University of Rwanda (NUR), a Master's of Laws (LLM) majoring in International Commercial Law from The Robert Gordon University - United Kingdom. He holds a Certificate of Arbitration from the London Chartered Institute of Arbitration (CIARB) and has completed an MBA – Strategic Management at Mount Kenya University.

Financial Report

The directors that served during the period and to the date of this report are shown below:

Directors

Mr. Marc Holtzman (Chairman)	- *Appointed on 1 October 2015*
Mr. Lado Gurgenidze	- *Retired on 1 October 2015*
Mr. Jonathan Gatera	- *Appointed on 24 August 2015*
Mr. Kenneth Ofori-Atta	- *Appointed on 24 August 2015*
Mrs. Alphonsine Niyigena	
Mr. Julien Kavaruganda	
Mrs. Liliane Igihozo	
Mr. Reuben Karemera	
Dr. Daniel Ufitikirezi	- *Retired on 24 August 2015*
Mr. Apollo Nkunda	- *Retired on 24 August 2015*

Secretary

Dr. Shivon Byamukama
Avenue de la Paix
P.O. Box 175
Kigali-Rwanda

Auditors

Ernst & Young Rwanda Limited
Certified Public Accountants
Bank of Kigali Building
Avenue de la Paix
P.O. Box 3638
Kigali - Rwanda

Registered office & principal place of business

Bank of Kigali Building
Avenue de la Paix
P.O. Box 175
Kigali-Rwanda

Advocates

Mr. Emmanuel Rukangira
P.O. Box 3270
Kigali-Rwanda

Mr. Athanase Rutabingwa

P.O. Box 6886
Kigali-Rwanda

-

The directors have the pleasure of submitting their report together with the audited consolidated financial statements for the year ended 31 December 2015 which disclose the state of affairs of the Bank. The Bank was incorporated on 22 December 1966 and issued with a Banking license to operate in Rwanda by the National Bank of Rwanda on 11 February 1967. Operations commenced on 27 February 1967.

1. Principal activities

The principal activity of Bank of Kigali Limited is provision of Retail and Corporate Banking services.

2. Results

The results for the year are set out in the consolidated financial statements on pages 41 to 100.

3. Dividends

(a) During the Board of Directors Meeting held on 22 February 2016, the Directors proposed a dividend pay-out of 40% of the Bank's audited IFRS-based net income in respect of the 3 years 2015, 2016 and 2017.

(b) The total proposed dividend for the year is therefore FRw 8,193,623,200 (2014 – FRw 10,990,094,600) for ordinary shareholders.

4. Reserves

The reserves of the Bank are set out in note 29.

5. Directors

The Directors who served during the year and up to the date of this report are set out on page 36.

6. Auditors

Ernst & Young Rwanda Limited was appointed as external auditors in 2015 in accordance with National Bank of Rwanda Regulation and has expressed their willingness to continue in office.

7. Approval of the financial statements

The consolidated financial statements were approved by the Directors on 22 February 2016.

By order of the board

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Dr. Shivon Byamukama
Company Secretary

Date: 22/2/2016

The Bank's Directors are responsible for the preparation and fair presentation of the consolidated financial statements, comprising the consolidated statement of financial position at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Law No: 07/2009 of 27/04/2009 relating to Companies as amended and regulations governing Banks in Rwanda and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

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

The Directors accept responsibility for the consolidated financial statements set out on pages 41 to 100, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Law No: 07/2009 of 27/04/2009 relating to Companies as amended and regulations governing Banks in Rwanda. The Directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs and the profit and cash flow for the year ended 31 December 2015.

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

The Auditor is responsible for reporting on whether the annual consolidated financial statements are fairly presented in accordance with the International Financial Reporting Standards and the Law No: 07/2009 of 27/04/2009 relating to Companies as amended and regulations governing Banks in Rwanda.

The consolidated financial statements which appear on pages 41 to 100 were approved by the Board of Directors on 22 February 2016 and signed on its behalf by:

Director

Director

Dr. Shivon Byamukama
Company Secretary

Date: 22/2/2016

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Bank of Kigali Limited and its subsidiaries which comprise the consolidated statements of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 41 to 100.

Directors' responsibility for the Consolidated Financial Statements

As stated on page 38, the Bank's Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Law No: 07/2009 of 27/04/2009 as amended, and the regulations governing banks in Rwanda, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly in all material respects, the consolidated financial position of Bank of Kigali and its subsidiaries as at 31 December 2015, and the Bank's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Law No. 07/2009 of 27/04/2009 relating to Companies, as amended and the Laws and regulations governing banks in Rwanda.

Report on other legal requirements

As required by the provisions of Article 247 of Law No. 07/2009 of 27/04/2009 relating to companies in Rwanda as amended, we report to you, based on our audit, that:

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

(ii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination;

(iii) The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position are in agreement with the books of account;

(iv) We have no relationship, interest or debt with Bank of Kigali Limited. As indicated in our report on the financial statements, we comply with ethical requirements. These are the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements.

(v) We have reported internal control matters together with our recommendations to management in a separate management letter.

Allan Gichuhi
Ernst & Young Rwanda Limited
Certified Public Accountants
P. O. Box 3638
Kigali
Rwanda

Date: 07/03/2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 FRw'000	2014 FRw'000
Interest income	7	59,966,855	51,909,827
Interest expense	8	(13,727,086)	(12,654,600)
Net interest income		**46,239,769**	**39,255,227**
Net Fees and commission income	9	11,884,277	10,899,154
Foreign exchange related income	10	5,301,247	7,724,325
Other operating income	11	292,651	301,838
Operating income before impairment losses		**63,717,944**	**58,180,544**
Net impairment on loans and advances	12	(7,547,662)	(7,542,957)
Net operating income		**56,170,282**	**50,637,587**
Personnel costs	13(i)	(15,029,991)	(14,427,737)
Depreciation and amortisation	13(ii)	(3,807,120)	(3,663,534)
Administration and General expenses	13(iii)	(11,595,939)	(9,787,611)
Total operating expenses		**(30,433,050)**	**(27,878,882)**
Profit before income tax		**25,737,232**	**22,758,705**
Income tax expense	14(a)	(5,253,174)	(4,441,880)
Net profit for the year		**20,484,058**	**18,316,825**
Comprehensive income			
Other comprehensive income net of taxes:		-	-
Total comprehensive income for the year		**20,484,058**	**18,316,825**
Basic earnings per share in FRw	15	30.49	27.34
Diluted earnings per share in FRw	15	30.38	27.22
Dividend per share (FRw) – proposed	15	12.15	16.33

The notes set out on pages 45 to 100 form an integral part of these financial statements.

	Note	2015 FRw'000	2014 FRw'000
Assets			
Cash in hand	16 (a)	14,951,617	12,020,669
Balances with the National Bank of Rwanda	16 (b)	44,572,594	46,938,373
Due from banks	17	62,568,118	102,988,217
Held to maturity investments	18(a)	93,503,198	58,596,907
Loans and advances to customers	19(a)	313,925,535	233,439,509
Other assets	20	8,255,500	7,665,385
Equity Investments	18(b)	221,425	221,425
Property and equipment	21	22,846,884	20,503,423
Intangible assets	22	381,529	234,056
Total Assets		**561,226,400**	**482,607,964**
Liabilities			
Due to banks	23	22,609,724	15,214,461
Deposits and balances from customers	24	384,713,700	324,601,160
Tax Payable	14(b)	808,141	692,518
Deferred tax liability	25	1,682,520	1,431,391
Dividends Payable	26	34,230	5,469
Other liabilities	27	9,656,897	10,860,278
Long-term finance	28	42,475,643	40,254,954
Total Liabilities		**461,980,855**	**393,060,231**
Capital and Reserves			
Share Capital	29(i)	6,721,842	6,713,706
Share Premium	29(ii)	18,665,604	18,572,040
Revaluation Reserves	29(iii)	6,129,035	6,537,638
Other Reserves	29(iv)	11,918,110	37,364,513
Retained earnings	29(v)	55,810,954	20,359,836
Total Equity		**99,245,545**	**89,547,733**
Total Liabilities and Equity		**561,226,400**	**482,607,964**

The financial statements were approved by the Board of Directors on 22 February 2016 and were signed on its behalf by:

Director: ______________________ Director: ______________________

Date: 22/2/2016 Date: 22/2/2016

The notes set out on pages 45 to 100 form an integral part of these financial statements.

	Issued capital	Share Premium	Revaluation Reserves	Retained Earnings	Legal Reserves	Special Reserves	Other Reserves	Total
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
2014								
As at 1 January 2014	6,684,500	18,236,171	6,946,241	8,947,377	4,442,253	4,527,487	20,979,655	70,763,684
Appropriation of profit - 2013	-	-	-	(7,415,118)	741,512	741,512	5,932,094	-
Increase in Share Capital	29,206	335,869	-	-	-	-	-	365,075
Profit for the period	-	-	-	18,316,825	-	-	-	18,316,825
Transfer of Excess depreciation	-	-	(408,603)	510,752	-	-	-	102,149
As at 31 December 2014	**6,713,706**	**18,572,040**	**6,537,638**	**20,359,836**	**5,183,765**	**5,268,999**	**26,911,749**	**89,547,733**
2015								
As at 1 January 2015	6,713,706	18,572,040	6,537,638	20,359,836	5,183,765	5,268,999	26,911,749	89,547,733
Appropriation of profit - 2014	-	-	-	(1,465,346)	732,673	732,673	-	-
Dividend paid 2014	-	-	-	(10,990,095)	-	-	-	(10,990,095)
Increase in Share Capital	8,136	93,564	-	-	-	-	-	101,700
Profit for the period	-	-	-	20,484,058	-	-	-	20,484,058
Transfer of Excess depreciation	-	-	(408,603)	510,752	-	-	-	102,149
Reclassification from other reserves	-	-	-	26,911,749	-	-	(26,911,749)	-
As at 31 December 2015	**6,721,842**	**18,665,604**	**6,129,035**	**55,810,954**	**5,916,438**	**6,001,672**	-	**99,245,545**

The notes set out on pages 45 to 100 form an integral part of these financial statements

	Note	2015 FRw'000	2014 FRw'000
Cash flows from operating activities			
Profit before tax		25,737,232	22,758,705
Adjusted for:			
Depreciation of property and equipment	13(ii)	3,503,134	3,469,943
Amortization of intangible assets	13(ii)	303,986	193,591
Gains on disposal of fixed Assets	11	(75,778)	(84,496)
Loss on revaluation of long-term finance/ accrued interest	28	2,354,123	725,925
Dividend income	11	(67,614)	(54,254)
Cash flows before changes in working capital		**31,755,083**	**27,009,414**
Changes in Working capital			
Increase in Loans and Advances	19(a)	(80,486,026)	(34,414,268)
(Decrease)/Increase in other assets	20	(590,118)	29,620
Increase in clients balances and deposits	24	60,112,540	44,111,697
Increase in Cash Reserve Requirement	16	(3,375,390)	(2,325,792)
(Decrease)/ Increase in other liabilities	27	(1,347,174)	2,154,695
		6,068,915	**36,565,366**
Income tax paid	14(b)	(4,640,477)	(5,665,044)
Dividends received	11	67,614	54,254
Net cash generated from operating activities		**1,496,052**	**30,954,576**
Investing Activities			
Purchase of intangible assets	22	(451,459)	(188,642)
Purchase of property and equipment	21	(5,846,595)	(3,049,369)
Proceeds from sale of fixed assets		75,778	179,393
Purchase of Held To Maturity Investments	18(a)	(307,227,740)	(287,832,102)
Proceeds from Held To Maturity Investments	18(a)	272,321,449	280,055,885
Purchase of equity Investment shares	18(b)	-	(2,970)
Net cash flows from investing activities		**(41,128,567)**	**(10,837,805)**
Financing Activities			
Dividends paid	26	(10,961,334)	(7,411,110)
Drawdown of long term finance	28	7,250,000	9,261,851
Repayment of long-term finance	28	(7,383,434)	(3,923,340)
Increase in share capital	29(i)	8,136	29,206
Increase in share premium	29(ii)	93,564	335,869
Net cash flows from financing activities		**(10,993,068)**	**(1,707,524)**
Net (Decrease)/ increase in cash and cash equivalent		(50,625,583)	18,409,247
Net foreign exchange difference		502,736	2,832,074
Cash and cash equivalents at 1 January		128,862,333	107,621,012
Cash and cash equivalent at 31 December	**16(c)**	**78,739,486**	**128,862,333**

The notes set out on pages 45 to 100 form an integral part of these financial statements.

1. Corporate Information

Bank of Kigali Limited is a financial institution licensed under Law No. 08/99 relating to Regulations Governing Banks and Other Financial Institutions, provides corporate and retail banking services.

The Bank is incorporated in Rwanda and is publicly traded on the Rwanda Stock Exchange. The address of its registered office is as follows:

Bank of Kigali Building
Avenue de la Paix
P.O Box 175
Kigali-Rwanda

Representative Office - Nairobi

The Bank opened a representative office in Nairobi, Kenya on 19 February 2013 that is wholly owned by Bank of Kigali Limited. The representative office acts as a liaison between the Bank and its clientele in Kenya seeking to strengthen the Bank's relationship with existing clients operating in Nairobi as well as establish a relationship with prospective clients. The office however does not directly offer deposit taking or lending facilities.

2. Basis of Preparation

(a) Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They were authorised for issue by the Bank's board of directors on 22 February 2016. All values are rounded to the nearest thousand (FRw'000) except when otherwise indicated.

The Bank presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non- current) is presented in note 31.

(b) Basis of consolidation

i) Subsidiaries

Subsidiaries' are investees controlled by the Bank. The Bank 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Bank wholly controls BK Securities, BK Nominees, BK Registrars and BK Telecom as disclosed in Note 34 of these financial statements. The Bank reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Bank having power over an investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The subsidiaries indicated on note 34 to these financial statements have been consolidated in these financial statements.

2. Basis of Preparation (Continued)

(c) 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 consolidated financial statements have been prepared on the going concern basis.

(d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 5.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently and to all periods presented in these consolidated financial statements.

(a) Recognition of income and expense

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

(i) Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

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

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

3. Significant Accounting Policies (Continued)

(a) Recognition of income and expense (Continued)

(i) Interest (Continued)

Interest income and expense presented in the statement of profit or loss and Other Comprehensive Income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on available-for-sale investment securities calculated on an effective interest basis; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense

Interest income is recognised in the statement of profit or loss and other comprehensive income for all interest bearing instruments on an accrual basis taking into account the effective yield on the asset.

(ii) Fees and commission

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

Other fees and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

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

(iii) Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

(iv) Net trading income

Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

b) Property and equipment

Property and equipment are stated at cost or fair value, less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses arising on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the item and are recognised net within 'other operating income' in profit or loss.

Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at 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. Buildings were revalued based on the estimated market value.

3. Significant Accounting Policies (Continued)

b) *Property and equipment (Continued)*

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made from the difference depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. 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 reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is recognised in profit or loss on a straight line basis at annual rates estimated to write off the carrying values of the assets over the estimated useful lives of each part of property and equipment. The annual depreciation rates in use are:

Buildings	*5%*
Motor vehicles	*25%*
Furniture, Fittings & Equipment	*25%*
Computers& IT equipment	*50%*

Freehold land is not depreciated as it is deemed to have an indefinite life.
Property and equipment are at each reporting date reviewed for impairment. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount is the greater of net selling price and value in use. 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. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Changes in the expected useful life are accounted for by changing the amortisation period or method prospectively, as appropriate, and treated as changes in accounting estimates.

The costs of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Bank and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

c) *Provisions*

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to that liability. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any disbursement.

3. Significant Accounting Policies (Continued)

d) *Financial instruments*

(i) Recognition

The Bank's consolidated financial position, initially recognises cash, amounts due from/ due to Bank companies, loans and advances, deposits, debt securities and subordinated liabilities on the date they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

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

(ii) De-recognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions. If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the Bank obtaining a new financial asset or assuming a new financial liability, the Bank recognises the new financial asset or financial liability at fair value.

Where a financial asset is derecognised in its entirety, the difference between the carrying amount and the sum of the consideration received together with any gain or loss previously recognised in other comprehensive income, are recognised in profit or loss. The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Classification

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

- **Financial assets at fair value through profit or loss**
  This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

  Investments held for trading are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments held for trading are subsequently re-measured at fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs. All related realized and unrealized gains and losses are included in profit or loss. Interest earned whilst holding held for trading investments is reported as interest income.

3. Significant Accounting Policies (Continued)

d) *Financial instruments (Continued)*

(iii) Classification (Continued)

Foreign exchange forward and spot contracts are classified as held for trading. They are marked to market and are carried at their fair value. Fair values are obtained from discounted cash flow models which are used in the determination of the foreign exchange forward and spot contract rates. Gains and losses on foreign exchange forward and spot contracts are included in foreign exchange income as they arise.

- **Loans and receivables**

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money directly to a debtor with no intention of trading the receivable. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

- **Held to maturity**

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. A sale or reclassification of more than an insignificant amount of held to maturity investments would result in the reclassification of the entire category as available for sale. Held to maturity investments includes treasury bills and bonds. They are subsequently measured at amortized cost.

- **Available for sale**

  Available for sale financial investments are those non derivative financial assets that are designated as available for sale or are not classified as any other category of financial assets. Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented in the available for sale fair value reserve in equity. Where there is no active market for these investments, cost less impairment is deemed the most reasonable basis of measurement. When an investment is derecognised, the gain or loss accumulated in equity is re-classified to profit or loss.

(iv) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable 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.

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

(v) Fair value of financial instruments

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

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

3. Significant Accounting Policies (Continued)

d) *Financial instruments (Continued)*

(v) Fair value of financial instruments (Continued)

The Bank uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like options, interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

For more complex instruments, the Bank uses proprietary models, which are usually developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

When entering into a transaction, the financial instrument is recognised initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price.

This initial difference, usually an increase, in fair value indicated by valuation techniques is recognised in profit or loss depending on the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation techniques is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors.

Market participants take into account pricing when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.

(vi) Identification and measurement of impairment of financial assets

At each reporting date the Bank assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a Bank of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Bank of assets such as adverse changes in the payment status of borrowers or issuers in the Bank, or economic conditions that correlate with defaults in the Bank.

The Bank considers evidence of impairment for loans and advances and investment securities measured at amortised costs at both a specific asset and collective level. All individually significant loans and advances and investment securities measured at amortised cost are assessed for specific impairment. All individually significant loans and advances and investment securities measured at amortised cost found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities measured at amortised cost that are not individually significant are collectively assessed for impairment by Banking together loans and advances and investment securities measured at amortised cost with similar risk characteristics.

3. Significant Accounting Policies (Continued)

d) Financial instruments (Continued)

(vi) Identification and measurement of impairment of financial assets (Continued)

In assessing collective impairment the Bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling.

Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Bank writes off loans and advances and investment securities when they are determined to be uncollectible.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income. The Bank writes off certain loans and advances and investment securities when they are determined to be uncollectible.

e) Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including: notes and coins on hand, unrestricted balances deposited with the National Bank of Rwanda and highly liquid assets, subject to insignificant risk of changes in their fair value.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

f) Foreign exchange forward and spot contracts

Foreign exchange forward and spot contracts are classified as held for trading. They are marked to market and are carried at their fair value. Fair values are obtained from discounted cash flow models which are used in the determination of the foreign exchange forward and spot contract rates. Gains and losses on foreign exchange forward and spot contracts are included in foreign exchange income as they arise.

3. Significant Accounting Policies (Continued)

g) *Income tax expense*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and which affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

h) *Leasing*

The determination of whether an arrangement is, or 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.

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Leases where substantially all the risks and rewards of ownership of an asset are transferred to the Lessee are classified as finance leases. Upon recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset as follows:

- *Operating lease*

  The total payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

- *Finance lease*

  When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

3. Significant Accounting Policies (Continued)

i) *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 liabilities) 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 the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

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

j) *Fiduciary assets*

The Bank provides trust and other fiduciary services such as nominee or agent that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity and income arising from related undertakings to return such assets to customers are not reported in the financial statements, as they are not the assets of the Bank.

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 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 either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic 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 and accounted for prospectively. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

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

Computer software	*2 years*

There are no intangible assets with indefinite useful lives.

3. Significant Accounting Policies (Continued)

l) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are 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 statement of financial position date are disclosed as an event after the reporting date.

m) Employee benefits

- **Retirement benefit costs**
  The company 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 the employees' gross salary. The company's CSR contributions are charged to the statement of profit or loss and other comprehensive income in the period to which they relate.

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

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

- **Employee Share Ownership Plan ("ESOP")**
  The Bank has Employee Share Ownership Plan ("ESOP") that may be subscribed for by the directors and eligible employees from 1 September 2012 and no later than 31 August 2017. The warrant entitle the holder one newly issued share of the Bank for the cash consideration equal to offer price and payable in full at the time of purchase. The Bank does not have a past practice of cash settlement for these awards.

n) Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the bank's other components, whose operating results are reviewed regularly by the Bank's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The Bank's segmentation reporting is based on the following operating segments: Retail banking, corporate banking, and central treasury functions.

o) Contingent liabilities

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

3. Significant Accounting Policies (Continued)

p) Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

q) Related parties

In the normal course of business, the Bank has entered into transactions with related parties. The related party transactions are at arm's length.

r) New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

- **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**
  IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

- **Annual Improvements 2010-2012 Cycle**
  With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. They include:

- **IFRS 2 Share-based Payment**
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. These amendments did not impact the Group's financial statements or accounting policies.

- **IFRS 3 Business Combinations**
  The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This amendment did not impact the Group's.

3. Significant Accounting Policies (Continued)

r) New and amended standards and interpretations (Continued)

- **IFRS 8 Operating Segments**

  The amendments are applied retrospectively and clarify that:

  - An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

  The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 7 in this period's financial statements as in this period's financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of decision making.

- **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

  The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the Group during the current period.

- **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 Group as it does not receive any management services from other entities.

- **Annual Improvements 2011-2013 Cycle**

  These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

  - **IFRS 3 Business Combinations**

    The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

    ✓ Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

    ✓ This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

  Bank of Kigali Limited is not a joint arrangement and has no such investments in joint arrangements, and thus this amendment is not relevant for the Group and its subsidiaries.

- **IFRS 13 Fair Value Measurement**

  The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

- **IAS 40 Investment Property**

  The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. The amendment does not impact the Group.

3. Significant Accounting Policies (Continued)

r) New and amended standards and interpretations (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 Group's financial statements are disclosed below. The Group 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 Group plans to adopt the new standard on the required effective date. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity 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 equity shares in non-listed companies are intended to be held for the foreseeable future. The Group 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 Group 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 as well as trade receivables 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 Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group 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.

(c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

3. Significant Accounting Policies (Continued)

r) New and amended standards and interpretations (Continued)

- **IFRS 14 Regulatory Deferral Accounts**

  IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

  IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

- **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 recognised 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, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date. The Group is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments. The Group does not expect much impact on IFRS 15 as they deal mostly with financial instruments which are scoped out of IFRS 15.

- **Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests**

  The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**

  The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

3. Significant Accounting Policies (Continued)

r) New and amended standards and interpretations (Continued)

- **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell.

  For government grants related to bearer plants, IAS 20,Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- **Amendments to IAS 27: Equity Method in Separate Financial Statements**

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- **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 recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- **Annual Improvements 2012-2014 Cycle**

  These improvements are effective for annual periods beginning on or after 1 January 2016. These amendments are expected to have no major impact on the Group. They include:

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**

  Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

3. Significant Accounting Policies (Continued)

r) New and amended standards and interpretations (Continued)

- **IFRS 7 Financial Instruments: Disclosures**

  (i) Servicing contracts

  The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

  (ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

  The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

- **IAS 19 Employee Benefits**

  The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

- **IAS 34 Interim Financial Reporting**

  The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments are not expected to have any impact on the Group.

s) Standards issued but not yet effective

- **Amendments to IAS 1 Disclosure Initiative**

  The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

  - The materiality requirements in IAS 1
  - That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

3. Significant Accounting Policies (Continued)

s) Standards issued but not yet effective (Continued)

- **Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception**

  The amendments address issues that have arisen in applying the investment entities exception under IFRS 10.The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

  Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- **IFRS 16 Leases**

  The IASB issued IFRS 16 Leases on 13 January 2016.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 standard is not expected to have a major impact on the Bank.

4. Financial Risk Management

The Bank's activities expose it to a variety of financial risks, including credit risk, liquidity risk, market risks and operational risks. The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Bank's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors of the Bank has established the Credit, Audit, Risk, Human Resources and Asset and Liability committees, which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

4. Financial Risk Management (Continued)

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by Internal Audit department. Internal Audit personnel undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) 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, placement and balances with other counterparties and investment securities. It arises from lending and other activities undertaken by the Bank. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

(i) Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Credit Committee. A separate credit department, reporting to the Credit Committee, 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 business unit credit managers. Larger facilities require approval by the Board of Directors;
- Reviewing and assessing credit risk. The credit department 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);
- 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. 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;
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries and product types. Regular reports are provided to the Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken;

4. Financial Risk Management (Continued)

(a) Credit risk (Continued)

(i) Management of credit risk (Continued)

- 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's credit policies and procedures. Each business unit has a credit manager who reports on all credit related matters to local management and the Credit 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 approval; and
- Regular audits of business units and the Bank's credit processes are undertaken by Internal Audit Department.

(ii) Credit risk measurement

The Bank assesses the probability of default of customer or counterparty using internal rating scale tailored to the various categories of counter party. The rating scale has been developed internally and combines data analysis with credit officer judgment and is validated, where appropriate, by comparison with externally available information. Customers of the Bank are segmented into five rating classes.

The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating scale is kept under review and upgraded as necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

The Bank's internal ratings scale is as follows:

Grade 1: *Normal risk (between 0-30 days)*
Grade 2: *Watch risk (between 31-90 days)*
Grade 3: *Sub-standard risk (between 91-180 days)*
Grade 4: *Doubtful risk (between 181-360 days)*
Grade 5: *Loss (over 360 days)*

(iii) Impairment and provisioning policies

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loans and advances portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures. The second component is in respect of losses that have been incurred but have not been identified in relation to the loans and advances portfolio that is not specifically impaired.

The impairment provision recognised in the statement of financial position at year-end is derived from each of the five internal rating grades. However, the impairment provision is composed largely of the bottom two grades.

The Bank's exposure to credit risk is analysed as follows:

	2015	2014
Individually impaired	**FRw'000**	**FRw'000**
Grade 3: Substandard risk	5,815,268	5,888,942
Grade 4: Doubtful risk	5,255,344	6,220,378
Grade 5: Loss risk	7,879,685	4,102,670
Gross amount	**18,950,297**	**16,211,990**
Allowance for impairment		
Specific provision for impairment	(8,145,955)	(11,569,935)
Net Carrying amount	**10,804,342**	**4,642,055**

4. Financial Risk Management (Continued)

(a) Credit risk (Continued)

(iii) Impairment and provisioning policies (Continued)

Non–performing loans

Non-performing Gross loans and advances on which interest income has been suspended amount to FRw 18,950 million (2014: FRw 16,212 million) for the Bank, with total impairment allowance of FRw 10,845 million (2014: FRw 13,258 million). Interest on these accounts is fully provided for in loans loss provision as these advances are classified as non-performing at the period end date. Discounted value of securities held in respect to those loans and advances are valued at FRw 27,559 million (2014: FRw 17,598 million) and are considered adequate.

Past due but not impaired loans and advances

Past due but not impaired loans and advances are those for which contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate on the basis of stage of collection of amounts owed to the Bank. As at 31 December, the ageing analysis of past due but not impaired loans and advances was as follows:

	2015	2014
	FRw'000	FRw'000
Grade 1: Normal risk	343,241,835	225,390,655
Grade 2: Watch risk	25,545,694	38,363,001
Allowance for collective assessment	(2,699,044)	(1,688,172)
Net Carrying amount	**366,088,485**	**262,065,484**

Loans and advances graded 3, 4 and 5 in the Bank's internal credit risk grading system include items that are individually impaired. These are advances 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.

Loans and advances graded 1 and 2 are not individually impaired. Allowances for impairment losses for these loans and advances are assessed collectively using the Bank's historical credit loss ratio.

The Bank also complies with the Central Bank's prudential guidelines on collective and specific impairment losses. Additional provisions for loan losses required to comply with the requirements of Central Bank's prudential guidelines are transferred to regulatory reserve.

The internal rating scale assists management to determine whether objective evidence of impairment exists, based on the following criteria set out by the Bank:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of Bank bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral.

4. Financial Risk Management (Continued)

(a) Credit risk (Continued)

(iii) Impairment and provisioning policies (Continued)

The Bank's policy requires the review of individual financial assets regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the impairment at reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

iv) Credit –related commitment risk

Other exposures to credit risk are as summarized below:

	2015	2014
	FRw'000	FRw'000
Balances with the National Bank of Rwanda	44,572,594	46,938,373
Due from banks	62,568,118	102,988,217
Held to maturity investments	93,503,198	58,596,907
Equity investments	221,425	221,425
Other assets	8,255,503	7,665,385
Net Carrying amount	**209,120,838**	**216,410,307**

The Bank makes available to its customers guarantees which may require the Bank to make payments on their behalf and enters into commitments to extend lines to secure their liquidity needs. The Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend.

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.

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. 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. Guarantees and standby letters of credits carry similar credit risk to loans.

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.

	2015	2014
	FRw'000	FRw'000
Guarantees		
Acceptances and letter of credit issued	7,016,181	5,310,899
Guarantees commitments issued	55,419,544	28,151,776
Loans/ lines approved but not yet disbursed	42,307,138	47,590,474
	104,742,863	**81,053,149**

4. Financial Risk Management (Continued)

(a) Credit risk (Continued)

(v) Concentration of credit risk

The Bank's financial instruments do not represent a concentration of credit risk because the Bank deals with a variety of customers and its loans and advances are structured and spread among a number of customers. The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	2015		2014	
	FRw'000	%age	FRw'000	%age
Large Corporate Clients	184,329,796	57%	134,412,278	54%
Small and Medium Enterprises	69,667,433	21%	46,960,333	19%
Non-Profit Entities	9,114,479	3%	6,348,545	3%
Retail Banking	61,658,825	19%	58,976,460	24%
	324,770,534	**100%**	**246,697,616**	**100%**

(vi) Fair value of collateral held

The Bank holds collateral against loans and advances to customers in the form of cash, residential, commercial and industrial property; fixed assets such as plant and machinery; marketable securities; bank guarantees and letters of credit.

The Bank also enters into collateralised reverse purchase agreements. Risk mitigation policies control the approval of collateral types. Collateral is valued in accordance with the Bank's risk mitigation policy, which prescribes the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral. Collateral held against impaired loans is maintained at fair value. The valuation of collateral is monitored regularly and is back tested at least annually.

Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse purchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held as at 31 December 2014 and 2015. An estimate of fair values of collaterals held against loans and advances to customers at the end of the year was as follows:

	2015	2014
	FRw'000	FRw'000
Against Impaired loans	27,558,879	17,598,444
Against past due but not impaired loans	443,977,344	349,272,249
	471,536,223	**366,870,693**

Collateral held other credit enhancements and their financial effect

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 generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse purchase and securities borrowing activity. Collateral is usually not held against investment securities, and no such collateral was held at 31 December 2015 or 2014.

4. Financial Risk Management (Continued)

(a) Credit risk (Continued)

(vi) Fair value of collateral held (Continued)

The table below sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	Percentage of exposure that is subject to collateral requirements		Principal type of security held
	2015	2014	
Loans and advances to Customers			
Retail Loans & Advances			
Overdrafts	-	-	Un-secured
Personal Loans	-	-	Un-secured
Vehicles loans	70	70	Vehicle
Mortgage Loans	70	70	Property
Credit Cards	-	-	Un-secured
Corporate Loans	100	100	Property, Plant and Equipment, Insurance, guarantees
Loan and advances to Banks			
Repos	100	100	Marketable Securities
Other loans and advances to banks	-	-	Un- Secured

(b) Liquidity risk

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

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities. 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 Bank's treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole. 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.

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's ratio of net liquid assets to deposits from customers at the reporting date and during the reporting year were as follows:

	2015	2014
At close of the year	53.0%	64.9%
Average for the year	56.7%	67.8%
Maximum for the year	63.6%	70.3%
Minimum for the year	50.5%	64.9%

4. Financial Risk Management (Continued)

b. *Liquidity risk (continued)*

The table below summarizes the Bank's liquidity risk as at 31 December 2015 and 31 December 2014, categorized into relevant maturity rankings based on the earlier of the remaining contractual maturities or re-pricing dates.

	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
Assets						
Cash in hand	14,951,617	-	-	-	-	14,951,617
Balances with the National Bank of Rwanda	44,572,594	-	-	-	-	44,572,594
Due from banks	62,568,118	-	-	-	-	62,568,118
Held to maturity investments	65,581,843	17,653,117	10,268,238	-	-	93,503,198
Loans and advances to customers	46,651,405	12,511,596	22,112,391	68,761,871	163,888,272	313,925,535
Equity investments	-	-	-	-	221,425	221,425
Other assets	7,508,987	33,443	700,532	12,538	-	8,255,500
Property and equipment	-	-	-	-	22,846,884	22,846,884
Intangible assets	-	-	-	381,529	-	381,529
Total Assets	**241,834,564**	**30,198,156**	**33,081,161**	**69,155,938**	**186,956,581**	**561,226,400**
Liabilities and Equity						
Due to banks	16,792,425	2,036,512	3,780,787	-	-	22,609,724
Other customer deposits	285,457,701	12,373,651	86,707,081	175,267	-	384,713,700
Deferred Tax	-	-	102,151	510,754	1,069,615	1,682,520
Dividends payable	-	-	34,230	-	-	34,230
Other liabilities	6,517,050	3,009,308	130,539	-	-	9,656,897
Long-term Finance	543,750	1,968,119	6,903,350	33,060,424	-	42,475,643
Tax payable	808,141	-	-	-	-	808,141
Shareholders' funds	-	-	-	-	99,245,545	99,245,545
At 31 December 2015	**310,119,067**	**19,387,590**	**97,658,138**	**33,746,445**	**100,315,160**	**561,226,400**
Liquidity Gap 2015	**(68,284,503)**	**10,810,566**	**(64,576,977)**	**35,409,493**	**86,641,421**	**-**

4. Financial Risk Management (Continued)

b. *Liquidity risk (continued)*

	Up to 1 month	1 - 3 months	3 – 12 months	1 - 5 years	Over 5 years	Total
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
Assets						
Cash in hand	12,020,669	-	-	-	-	12,020,669
Balances with the National Bank of Rwanda	46,938,373	-	-	-	-	46,938,373
Due from banks	102,988,217	-	-	-	-	102,988,217
Held to maturity investments	8,976,834	26,851,823	22,768,250	-	-	58,596,907
Loans and advances to customers	31,880,289	19,819,438	20,530,590	65,571,333	95,637,859	233,439,509
Equity investments	-	-	-	-	221,425	221,425
Other assets	5,746,766	1,037,987	868,100	12,532	-	7,665,385
Property and equipment	-	-	-	-	20,503,423	20,503,423
Intangible assets	-	-	-	234,056	-	234,056
Total Assets	**208,551,148**	**47,709,248**	**44,166,940**	**65,817,921**	**116,362,707**	**482,607,964**
Liabilities and Equity						
Due to banks	10,472,516	1,742,099	2,835,500	164,346	-	15,214,461
Other customer deposits	240,190,387	8,762,179	75,633,022	15,572	-	324,601,160
Deterred Tax	-	-	102,151	510,754	818,486	1,431,391
Dividends payable	-	-	5,469	-	-	5,469
Other liabilities	6,882,271	3,727,008	250,999	-	-	10,860,278
Long-term Finance	514,547	706,132	6,006,297	29,671,168	3,356,810	40,254,954
Tax payable	-	692,518	-	-	-	692,518
Shareholders' funds	-	-	-	-	89,547,733	89,547,733
At 31 December 2014	**258,059,721**	**15,629,936**	**84,833,438**	**30,361,840**	**93,723,029**	**482,607,964**
Liquidity Gap 2014	**(49,508,573)**	**32,079,312**	**(40,666,498)**	**35,456,081**	**22,639,678**	**-**

4. Financial Risk Management (Continued)

(c) Market Risk

(i) Currency risk

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions which are monitored daily and hedging strategies used to ensure that positions are maintained within the established limits.

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

The table below summarises the foreign currency exposure as at 31 December 2015 and 31 December 2014:

	2015	2014
	FRw'000	FRw'000
Assets in foreign currencies	121,246,553	118,568,075
Liabilities in foreign currencies	(140,285,268)	(135,467,989)
Net foreign currency exposure at the end of the year	**(19,038,715)**	**(16,899,914)**

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

Currency	Increase/decrease in exchange rate	Effect on profit before tax	
		2015	2014
		FRw'000	FRw'000
USD	+/-5%	(1,128,323)	(1,879,288)
GBP	+/-1%	(866)	(95,392)
EUR	+/-5%	(50,781)	(150,240)

The various foreign currencies to which the Bank is exposed are summarised below. All figures are in thousands of Rwandan francs (FRw'000) as at 31 December 2015:

Assets

	USD	Euro	GBP	Other Foreign currencies	Total
Cash, deposits and advances to banks	47,968,973	10,499,102	1,489,977	2,734,268	62,692,320
Held to maturity investments	29,931,687	-	-	-	29,931,687
Loans and advances to customers	26,589,373	10,046	1,480	248	26,601,147
Other assets, property and investments	2,011,981	8,865	313	240	2,021,399
At 31 December 2015	**106,502,014**	**10,518,013**	**1,491,770**	**2,734,756**	**121,246,553**
Liabilities and Equity					
Deposits from banks	709,082	708,729	44,438	-	1,462,249
Deposits from customers	87,047,946	8,793,664	1,533,816	135,854	97,511,280
Other liabilities	187,365	-	95	196	187,656
Long-Term Finance	41,124,083	-	-	-	41,124,083
At 31 December 2015	**129,068,476**	**9,502,393**	**1,578,349**	**136,050**	**140,285,268**
Net currency exposure	**(22,566,462)**	**1,015,620**	**(86,579)**	**2,598,706**	**(19,038,715)**

4. Financial Risk Management (Continued)

(c) Market Risk (continued)

(i) Currency risk (continued)

The various foreign currencies to which the Bank is exposed are summarised below. All figures are in thousands of Rwandan francs (FRw'000) as at 31 December 2014:

Assets

	USD	Euro	GBP	Other Foreign currencies	Total
Cash, deposits and advances to banks	80,289,710	9,982,369	11,169,877	8,297,155	109,739,111
Loans and advances to customers	8,064,455	30,775	2,450	484	8,098,164
Other assets, property and intangibles	671,442	53,410	5,874	74	730,800
At 31 December 2014	**89,025,607**	**10,066,554**	**11,178,201**	**8,297,713**	**118,568,075**
Liabilities and Equity					
Deposits from banks	331,510	15,262	-	-	346,772
Deposits from customers	87,731,503	7,043,485	1,639,011	155,834	96,569,833
Other liabilities	376,564	3,015	22	-	379,601
Long-term Finance	38,171,783	-	-	-	38,171,783
At 31 December 2014	**126,611,360**	**7,061,762**	**1,639,033**	**155,834**	**135,467,989**
Net currency exposure	**(37,585,753)**	**3,004,792**	**9,539,168**	**8,141,879**	**(16,899,914)**

(ii) Interest rate risk

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

Sensitivity analysis interest rate risk

Except for some borrowings that are tagged to LIBOR, all financial instruments entered into by the Bank are at fixed rates and therefore not prone to interest rate fluctuations. The impact of fluctuations in the LIBOR (London Interbank Rate) is not expected to have a significant effect on the results of the Bank.

Currency	Increase/decrease in LIBOR rate	Effect on profit before tax	
		2015	2014
		FRw'000	FRw'000
USD	+/-0.23%	95,819	46,937
EUR	+/-0.27%	3,703	374

4. Financial Risk Management (Continued)

(c) Market Risk (continued)

(ii) Interest rate risk (continued)

The following is an analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position:

	Weighted interest rate		+/- 100bp
		FRw'000	FRw'000
Balance as at 31 December 2015			
Effect on Interest income			
Balances with the National Bank of Rwanda	1.8%	12,000,000	120,000
Balances and placements with other Banks	1.7%	62,568,118	625,681
Treasury bills and bonds	4.4%	93,503,198	935,032
Loans and advances - Net	19.2%	313,925,535	3,139,255
Total Assets/Increase		**481,996,857**	**4,819,968**
Effect on Interest expense			
Balances and placements due to Banks	8.9%	12,242,046	122,420
Customer deposits	9.6%	121,173,955	1,211,740
Long-Term Finance	6.6%	42,475,643	424,756
Total Liabilities/Increase		**175,891,644**	**1,758,916**
Effect on Profits		**306,105,207**	**3,061,052**

	Weighted interest rate		+/- 100bp
		FRw'000	FRw'000
Balance as at 31 December 2014			
Effect on Interest income			
Balances with the National Bank of Rwanda	8.5%	15,000,000	150,000
Balances and placements with other Banks	0.9%	102,987,376	1,029,874
Treasury bills and bonds	5.9%	58,596,907	585,969
Loans and advances - Net	20.1%	233,219,355	2,332,193
Total Assets/Increase		**409,803,638**	**4,098,036**
Effect on Interest expense			
Balances and placements due to Banks	10.5%	9,687,737	96,877
Customer deposits	12.9%	88,433,788	884,338
Long-Term Finance	6.5%	40,254,954	402,550
Total Liabilities/Increase		**138,376,479**	**1,383,765**
Effect on Profits		**271,427,159**	**2,714,271**

4. Financial Risk Management (Continued)

(c) Market Risk (continued)

The table below summarizes the interest rate risk of the Bank as at 31 December 2015:

	Weighted interest rate	On demand	Less than 3 months	3-12 months	1 to 5 year	Over 5 years	Total
		FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
Assets							
Balances with the National Bank of Rwanda	1.8%	-	12,000,000	-	-	-	12,000,000
Balances and placements with other Banks	1.7%	44,206,278	18,361,840	-	-	-	62,568,118
Treasury bills and bonds	4.4%	-	17,653,117	75,850,081	-	-	93,503,198
Loans and advances - Net	19.2%	-	59,163,001	22,112,391	68,761,871	163,888,272	313,925,535
Total Assets		**44,206,278**	**107,177,958**	**97,962,472**	**68,761,871**	**163,888,272**	**481,996,851**
Liabilities							
Balances and placements due to other Banks	8.9%	-	8,461,260	3,780,786	-	-	12,242,046
Customer deposits	9.6%	6,946,571	27,345,036	86,707,081	175,267	-	121,173,955
Long-Term Finance	6.6%	-	2,511,869	6,903,350	33,060,424	-	42,475,643
TOTAL LIABILITIES		**6,946,571**	**38,318,165**	**97,391,217**	**33,235,691**	**-**	**175,891,644**
Total interest sensitivity gap		**37,259,707**	**68,859,793**	**571,255**	**35,526,180**	**163,888,272**	**306,105,207**

4. Financial Risk Management (Continued)

(c) Market Risk (continued)

The table below summarizes the interest rate risk of the Bank as at 31 December 2014:

	Weighted interest rate	On demand	Less than 3 months	3-12 months	1 to 5 year	Over 5 years	Total
Assets		FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
Assets							
Balances with the National Bank of Rwanda	8.5%	-	15,000,000	-	-	-	15,000,000
Balances and placements with other Banks	0.9%	63,221,501	39,765,875	-	-	-	102,987,376
Treasury bills and bonds	5.9%	-	35,828,657	22,768,250	-	-	58,596,907
Loans and advances - Net	20.1%	-	51,479,573	20,530,590	65,571,333	95,637,859	233,219,355
Total Assets	**-**	**63,221,501**	**142,074,105**	**43,298,840**	**65,571,333**	**95,637,859**	**409,803,638**
Liabilities							
Balances and placements due to other Banks	10.5%	-	6,065,138	3,622,599	-	-	9,687,737
Customer deposits	12.9%	4,086,890	17,316,577	67,014,750	15,572	-	88,433,788
Long-Term Finance	6.5%	-	1,220,680	6,006,297	29,671,168	3,356,808	40,254,954
TOTAL LIABILITIES		**4,086,890**	**24,602,395**	**76,643,646**	**29,686,740**	**3,356,808**	**138,376,479**
Total interest sensitivity gap		**59,134,611**	**117,471,710**	**(33,344,806)**	**35,884,593**	**92,281,051**	**271,427,159**

4. Financial Risk Management (Continued)

(d) Operational risk

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

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

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

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

Compliance with Bank's standards is supported by a programme of regular reviews undertaken by both the Internal Audit and Risk and Compliance department. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Bank.

(e) Capital management

The primary objective of the Bank's capital management is to ensure that the Bank complies with capital requirements and maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the National Bank of Rwanda. 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.

4. Financial Risk Management (continued)

(e) Capital management (continued)

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

- Core Capital (Tier 1) capital, which includes ordinary share capital, share premium, retained earnings, after deductions for investments in financial institutions, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and
- Supplementary Capital (Tier 2) includes the regulatory reserve.

Various limits are applied to elements of the capital base.

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

		2015	2014
		FRw'000	FRw'000
Core Capital (Tier 1):			
Ordinary share capital		6,721,842	6,713,706
Retained earnings and reserves		67,729,066	57,724,350
Share premium		18,665,604	18,572,040
Total		**93,116,512**	**83,010,096**
Supplementary Capital (Tier 2):		1,532,259	1,634,410
Total qualifying capital		**94,648,771**	**84,644,506**
	Risk %		
BNR Repo	20%	2,400,000	3,000,000
Due From Banks	20%	11,513,624	20,597,643
Financial Instruments	100%	29,931,686	-
Loans & Advances (Net excl. Residential mortgage)	100%	278,867,168	198,605,312
Loans & Advances (Net Residential mortgage)	50%	17,529,184	17,417,099
Equity Investments	100%	221,425	221,425
Fixed Assets & other assets	100%	31,483,915	28,402,864
Financing commitments given to customers	100%	49,323,319	53,598,869
Total Risk weighted assets		**421,270,321**	**321,843,212**
Regulatory reserve		15%	15%
Capital ratios:			
Total qualifying capital expressed as a percentage of total risk-weighted assets		22.5%	26.3%
Total tier 1 capital expressed as a percentage of total risk-weighted assets		22.1%	25.8%

5. Use of Estimates and Judgments

In determining the carrying amounts of certain assets and liabilities, the Bank makes assumptions of the effects of uncertain future events on those assets and liabilities at the reporting date. The Bank's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. This disclosure excludes uncertainty over future events and judgments in respect of measuring financial instruments. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty are set out in the notes.

(a) Impairment losses on loans and advances

The Bank's loan loss provisions are established to recognize incurred impairment losses either on loans or within a portfolio of loans and receivable.

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

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

(b) Fair value of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

- **Valuation models**

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

  - *Level 1:* inputs that are quoted market prices (unadjusted) in active markets for identical instruments for example quoted equity securities. These items are exchange traded positions.
  - *Level 2:* inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
  - *Level 3:* inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5. Use of Estimates and Judgments (Continued)

(b) Fair value of financial instruments (Continued)

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premise used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

- **Valuation framework**

  The Bank has an established control framework with respect to the measurement of fair values. This framework includes a Product Control function, which is independent of front office management and reports to the Chief Financial Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

  - Verification of observable pricing;
  - Re-performance of model valuations;
  - Review and approval process for new models and changes to models involving both Product Control and the Bank's Market Risk;
  - Quarterly calibration and back-testing of models against observed market transactions;
  - Analysis and investigation of significant daily valuation movements; and
  - Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by a committee of senior Product Control and the Bank's Market Risk personnel.
  - When third party information, such as broker quotes or pricing services, is used to measure fair value, Product Control assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:
  - Verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument;
  - Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
  - When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
  - If a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

Significant valuation issues are reported to the Bank's management committee.

5. Use of Estimates and Judgments (Continued)

(b) *Fair value of financial instruments (Continued)*

The following table sets out the fair values of financial instruments not measured at fair value as at 31 December 2015 and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
Cash on hand	-	14,951,617	-	14,951,617	14,951,617
Balances with the National Bank of Rwanda	-	44,572,594	-	44,572,594	44,572,594
Due from banks	-	62,568,118	-	62,568,118	62,568,118
Held to maturity investments	-	93,503,198	-	93,503,198	93,503,198
Loans and advances to customers	-	-	313,925,535	313,925,535	313,925,535
Equity Investments	-	-	221,425	221,425	221,425
Other assets	-	-	8,255,500	8,255,500	8,255,500
	-	**215,595,527**	**322,402,460**	**537,997,987**	**537,997,987**

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. Input into the models may include data from third party brokers based on Over the Counter (OTC) trading activity, and information obtained from other market participants, which includes observed primary and secondary transactions.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date. Management estimates that the amortised cost equates to the fair value.

(c) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant directors' judgment is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) *Property and equipment*

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The rates used are set out on accounting policy 3(g) (ii).

6. Segment Reporting

The Bank's main business comprises of the following reportable segments:

Retail banking – incorporating banking services such as customer current accounts, savings and fixed deposits to individuals. Retail lending are mainly consumer loans and mortgages based lending. Mortgages – incorporating the provision of mortgage finance.

Corporate banking – incorporating banking services such as current accounts, fixed deposits, overdrafts, loans and other credit facilities both in local and foreign currencies.

Central Treasury – Funding and centralised risk management activities through borrowings, issues of debt securities and investing in liquid assets such as short-term placements and corporate and government debt securities.

The table below shows analysis of the breakdown for segmental assets, liabilities, income and expenses.

Statement of Profit or Loss and Other Comprehensive Income

	Corporate Banking	Retail Banking	Central Treasury	Total
	FRw'000	FRw'000	FRw'000	FRw'000
For the year ended 31 December 2015				
Interest income	42,350,376	12,573,252	5,043,228	59,966,855
Interest expense	(2,817,436)	(886,267)	(10,023,383)	(13,727,086)
Net interest income	**39,532,940**	**11,686,985**	**(4,980,155)**	**46,239,769**
Net Non-interest Income	3,893,572	4,297,207	9,287,397	17,478,175
Net Loan loss impairment	(4,677,520)	(2,870,142)	-	(7,547,662)
Total operating expenses	(17,839,911)	(5,797,971)	(6,795,168)	(30,433,050)
Profit/(Loss) before taxation	**20,909,081**	**7,316,079**	**(2,487,927)**	**25,737,232**
Taxation	(4,181,816)	(1,463,216)	391,858	(5,253,174)
Profit/(Loss) after taxation	**16,727,265**	**5,852,863**	**(2,096,069)**	**20,484,058**
For the year ended 31 December 2014				
Interest income	33,882,960	12,897,735	5,129,132	51,909,827
Interest expense	(2,553,495)	(560,495)	(9,540,610)	(12,654,600)
Net interest income	**31,329,465**	**12,337,240**	**(4,411,478)**	**39,255,227**
Net Non-interest Income	7,521,050	2,362,892	9,041,375	18,925,317
Net Loan loss impairment	(4,659,674)	(2,883,284)	-	(7,542,957)
Total operating expenses	(18,197,307)	(6,926,904)	(2,754,670)	(27,878,882)
Profit before taxation	**15,993,534**	**4,889,944**	**1,875,227**	**22,758,705**
Taxation	(3,121,503)	(954,384)	(365,993)	(4,441,880)
Profit after taxation	**12,872,031**	**3,935,560**	**1,509,234**	**18,316,825**

6. Segment Reporting (Continued)

Statement of Financial Position

	Corporate Banking	Retail Banking	Central Treasury	Total
	FRw'000	FRw'000	FRw'000	FRw'000
As at 31 December 2015				
Gross Loans & advances to customers	263,111,708	61,658,826	-	**324,770,534**
Cash in hand	-	-	14,951,617	**14,951,617**
Balances with the Central Bank	-	-	44,572,594	**44,572,594**
Due from banks	-	-	62,568,118	**62,568,118**
Held to maturity investments	-	-	93,503,198	**93,503,198**
Clients Balances & Deposits	**218,053,941**	**84,336,910**	**104,932,573**	**407,323,424**
Number of customers	29,818	327,441	267	**357,232**
Current Accounts	38,711	312,863	662	**351,752**
As at 31 December 2014				
Gross Loans & advances to customers	187,721,156	58,976,460	-	**246,697,616**
Cash in hand	-	-	12,020,669	**12,020,669**
Balances with the Central Bank	-	-	46,938,373	**46,938,373**
Due from banks	-	-	102,988,217	**102,988,217**
Held to maturity investments	-	-	58,596,907	**58,596,907**
Clients Balances & Deposits	**185,869,809**	**73,352,999**	**80,592,813**	**339,815,621**
Number of customers	24,165	288,022	28	**312,215**
Current Accounts	32,551	266,239	177	**298,967**

The other assets and liabilities have not been allocated to the reportable segments as they are deemed to contribute to the overall performance of the Bank rather than a particular segment. The Bank's geographical coverage is within all provinces of Rwanda.

7. Interest Income

	2015	2014
	FRw'000	FRw'000
Interest on overdrawn accounts	9,333,946	10,016,733
Interest on treasury loans	6,692,148	5,333,693
Interest on equipment loans	22,572,947	12,325,148
Interest on consumer loans	5,819,126	7,680,079
Interest on mortgage loans	8,998,060	9,131,831
Other interest on loans to clients	1,557,059	2,448,266
Interest on deposits with banks	1,407,046	980,580
Interest received from reverse purchase agreements	238,092	771,890
Interest on assets held to maturity	3,348,431	3,221,607
	59,966,855	**51,909,827**

Included within various line items under interest income for the year ended 31 December 2015 is a total of FRw 4.4 billion (2014: FRw 3.4 billion) relating to impaired loans and advances.

8 Interest Expense

	2015	2014
	FRw'000	FRw'000
Interest on Customer Term deposit	8,932,051	8,376,498
Interest on Current Accounts and Saving Accounts	1,117,966	981,936
Interest on Long term Credit Lines	2,701,527	2,416,371
Interest on Transactions with other banks	975,542	879,795
	13,727,086	**12,654,600**

9. Net Fees and Commission Income

	2015	2014
	FRw'000	FRw'000
Fees and commission income		
Commissions on operations of accounts	2,262,179	2,358,216
Commissions on payment facilities	3,270,229	2,718,969
Commissions on loan services	2,723,304	2,812,701
Commissions received from financing commitments	495,065	498,853
Commissions received from guarantees commitments	1,386,676	989,272
Income from transactions with other banks	328,913	321,348
Other fees from services	1,649,971	1,387,494
	12,116,337	**11,086,853**
Fees and commission expense		
Commissions on credit services	(147,968)	(86,304)
Commissions on payment facilities	(84,092)	(101,395)
	(232,060)	**(187,699)**
Net Fees and Commission	**11,884,277**	**10,899,154**

10. Foreign Exchange Related income

	2015	2014
	FRw'000	FRw'000
Net Forex trading income	2,901,235	5,809,699
Forex commissions	2,275,145	1,835,862
Other Forex revenues	124,867	78,764
	5,301,247	**7,724,325**

11. Other Operating Income

	2015	2014
	FRw'000	FRw'000
Rental income	137,979	154,064
Dividend received from investment	67,614	54,254
Gain on asset disposal	75,778	84,496
Other income from banking activities	11,280	9,024
	292,651	**301,838**

12. Net Impairment Losses on Financial Assets

	2015	2014
	FRw'000	FRw'000
Additional specific provisions (Note 19(c))	8,737,347	10,499,492
Increase/(decrease) of Collective provisions (Note 19(d))	1,010,872	(1,179,556)
Recoveries of previously written off loans	(2,200,557)	(1,776,979)
	7,547,662	**7,542,957**

13. Other Operating Expenses

(i) Personnel expenses

	2015	2014
	FRw'000	FRw'000
Salaries and wages	13,625,611	13,139,596
Medical expenses	459,638	401,361
Pension scheme contributions	747,129	612,140
Other benefits	197,613	274,640
	15,029,991	**14,427,737**

(ii) Depreciation and amortisation

	2015	2014
	FRw'000	FRw'000
Depreciation of property and equipment (Note 21)	3,503,134	3,469,943
Amortisation of intangible assets (Note 22)	303,986	193,591
	3,807,120	**3,663,534**

(iii) Administration and general expenses

	2015	2014
	FRw'000	FRw'000
Directors' Remuneration	334,521	357,209
Audit Fees	43,252	38,263
Rent, repairs and Maintenance	1,262,234	1,126,239
Utilities	486,903	424,148
Postage, Photocopying and printing	950,497	1,019,184
Travel and Accommodation Expenses	457,668	387,965
Security and cash in transit costs	1,338,576	1,318,946
Insurance	138,064	104,423
Marketing and Publicity	825,982	583,618
Legal and Consultancy Fees	433,516	405,289
Unclaimed VAT on expenditure	827,200	727,212
Telephone and Internet costs	608,603	774,395
Card Production & Maintenance Costs	1,743,850	1,256,392
Other general expenses	2,145,073	1,264,328
	11,595,939	**9,787,611**

14. Income Tax

a) *Income tax expense*

The components of income tax expense for the year ended 31 December 2015 and 2014 are:

	2015	2014
	FRw'000	FRw'000
Current tax	4,756,100	4,528,989
Deferred tax debit/(credit)	353,280	(87,109)
Under provision in the prior year	143,794	-
Net tax charge	**5,253,174**	**4,441,880**

The income tax charge on the Bank's profit differs from the theoretical amount that would arise using the basic tax rates as follows:

	Effective rate	2015	Effective rate	2014
		FRw'000		FRw'000
Income Tax charge				
Current tax		4,756,100		4,528,989
Deferred tax charge/ (credit)		353,280		(87,109)
Under provision in the prior year		143,794		-
Net tax charge	**20.4%**	**5,253,174**	**19.5%**	**4,441,880**
Accounting profit before tax		**25,737,232**		**22,758,705**
Tax calculated at tax rate of 20%	20.1%	5,165,706	20.0%	4,551,741
Items of income not subject to tax	(3.3%)	(855,597)	(3.2%)	(730,798)
Tax effects on non-taxable items	3.1%	806,891	4.6%	1,048,344
Tax discount - staff & other adj.	(1.4%)	(360,900)	(1.5%)	(340,298)
	18.5%	**4,756,100**	**19.9%**	**4,528,989**

(b) *Tax Payable*

	2015	2014
	FRw'000	FRw'000
At 1 January	692,518	1,828,573
Tax paid during the year	(4,640,477)	(5,665,044)
Tax charge for the year	4,756,100	4,528,989
At 31 December	**808,141**	**692,518**

15. Earnings Per Share

	2015	2014
	FRw'000	FRw'000
Profit for the year attributable to equity shareholders – FRw'000	**20,484,058**	**18,316,825**
Weighted average number of shares	671,777,400	669,910,300
Effect of dilution:		
Share option (Employee share Ownership Plan)	2,577,827	2,992,026
Weighted average number of ordinary shares adjusted for the effect of dilution	**674,355,227**	**672,902,326**
Earnings per share:		
Basic earnings per share – FRw	30.49	27.34
Diluted earnings per share – FRw	30.38	27.22
Dividend per share – proposed FRw	12.15	16.33

15. Earnings Per Share (Continued)

Basic earnings per share is calculated on the profit attributable to ordinary shareholders of FRw 20,484 million (2014: FRw 18,316 million) and on the weighted average number of ordinary shares outstanding during the year of 671,777,400 (2014: 669,910,300 shares).

The Bank has potential dilutive shares equal to 7,200,000 offer shares under the Employee Share Ownership Plan ("ESOP") that may be subscribed for by the directors and eligible employees from 1 September 2012 and no later than 31 August 2017. The warrant entitle the holder one newly issued share of the Bank for the cash consideration equal to offer price (FRw 125) and payable in full at the time of purchase.

At the period end date 4,847,200 shares had been exercised under this ESOP scheme.

16. Analysis of Cash and Cash Equivalents

Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position accounts:

(a) Cash in hand

	2015	2014
	FRw'000	FRw'000
Cash in foreign currency	5,954,591	5,191,160
Cash in local currency	8,997,026	6,829,509
	14,951,617	**12,020,669**

(b) Balances with National Bank of Rwanda

	2015	2014
	FRw'000	FRw'000
Restricted balances (Cash Reserve Ratio)	20,366,171	16,990,781
Unrestricted balances	24,206,423	29,947,592
	44,572,594	**46,938,373**

The Cash Reserve Ratio is non-interest earning and is based on the value of deposits as adjusted per the National Bank of Rwanda requirements. At 31 December 2015, the Cash Reserve Ratio requirement was 5% (2014 - 5%) of all deposits amounting to FRw 407.3 billion (2014: FRw 339.8 billion). Mandatory cash reserve ratio is not available for use in the Bank's day-to-day operations.

The unrestricted balances include BNR reverse purchase agreement (REPO) amounting to FRw 12.0 billion (2014: FRw 15.0 billion).

(c) Analysis of Cash and Cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position accounts:

	2015	2014
	FRw'000	FRw'000
Cash in hand	14,951,617	12,020,669
Balances with the National Bank of Rwanda	24,206,423	29,947,592
Due from banks	62,568,118	102,988,217
Due to Banks	(22,609,724)	(15,214,461)
Unrealised exchange gains	(376,948)	(879,684)
	78,739,486	**128,862,333**

17. Due From Banks

	2015	2014
	FRw'000	FRw'000
Placements with local banks	5,005,157	3,527
Placements with foreign banks	39,201,121	63,221,501
Current accounts with foreign banks	18,361,840	39,763,189
	62,568,118	**102,988,217**

The credit ratings of the financial institutions where the bank's placements are held are shown below. Where individual bank ratings were not available, the parent bank's rating or country ratings have been adopted, in order of preference.

	2015	2014
	FRw'000	FRw'000
A	206,140	195,333
A+	18,906,136	77,698,783
B	6,370,539	3,090,880
B+	37,085,303	22,003,221
	62,568,118	**102,988,217**

The weighted average effective interest rate on placements and balances with other banks at 31 December 2015 was 1.7% (2014: 0.9%)

18. Investments

a) Held to Maturity Investments

	2015	2014
	FRw'000	FRw'000
Treasury bills	60,935,402	56,937,926
T-Bonds	2,636,110	1,658,981
Other Financial Instruments	29,931,686	-
Total	**93,503,198**	**58,596,907**
Maturing between 3 – 12 months	93,503,198	49,905,567
Maturing between 1 – 5 years	-	8,691,340
	93,503,198	**58,596,907**

Treasury bills are debt securities issued by the Government of the Republic of Rwanda. The bills are categorised as amounts held to maturity and are carried at amortised cost. Other Financial Instruments include short-term securities to clients renewable monthly.

18. Investments (Continued)

The change in the carrying amount of government and other securities held for trading is as shown below:

	2015				2014		
	Treasury Bills	Treasury Bonds	Other securities	Total	Treasury Bills	Treasury Bonds	Total
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
1 January	56,937,926	1,658,981	-	58,596,907	50,820,690	-	50,820,690
Additions	275,682,690	1,613,364	29,931,686	307,227,740	286,171,894	1,660,208	287,832,102
Maturities	(271,685,214)	(636,235)	-	(272,321,449)	(280,054,658)	(1,227)	(280,055,885)
31 December	**60,935,402**	**2,636,110**	**29,931,686**	**93,503,198**	**56,937,926**	**1,658,981**	**58,596,907**

The weighted average effective interest rate on government securities held to maturity at 31 December 2015 was 4.4% (2014: 5.9%).

b) *Equity Investments*

	2015	2014
	FRw'000	FRw'000
Development Bank of Rwanda (BRD)	96,975	96,975
Magerwa	5,000	5,000
Investments in SWIFT	2,970	2,970
R-Switch (SIMTEL)	116,480	116,480
	221,425	**221,425**

The equity investment in unquoted entities is recorded at cost less impairment since there is no active market for these investments. In the absence of the most reliable basis of determining fair value, cost less impairment is deemed the most reasonable basis of measurement. The entity will continue to hold onto the equity investment and will dispose when appropriate opportunity arises to dispose at a gain.

19. Loans and Advances

(a) *Net loans and advances*

	2015	2014
	FRw'000	FRw'000
Corporate	184,329,796	134,412,278
Small and Medium Enterprises	69,667,433	46,960,333
Non – Profit Entities	9,114,479	6,348,545
Total Corporate Loans	**263,111,708**	**187,721,156**
Gross Retail Banking	62,194,521	59,715,792
Discount on Staff Loans	(535,695)	(739,332)
Total Retail Loan Book	**61,658,826**	**58,976,460**
Total Gross loans	**324,770,534**	**246,697,616**
Allowance for Impairment – Specific assessment	(8,145,955)	(11,569,935)
Allowance for Impairment – Collective assessment	(2,699,044)	(1,688,172)
Net Carrying Amount	**313,925,535**	**233,439,509**

19. Loans and Advances (Continued)

(b) LCs and Bank Guarantees

	2015	2014
	FRw'000	FRw'000
Corporate	57,869,054	31,170,306
Small and Medium Enterprises	4,438,330	2,025,314
Non-Profit Entities	89,388	100,337
Retail Banking	38,953	166,717
Total Gross loans	**62,435,725**	**33,462,674**

(c) Specific allowance for impairment

	2015	2014
	FRw'000	FRw'000
At 1 January	11,569,935	9,967,748
Provisions made during the year (Note 12)	8,737,347	10,499,493
Loans written off during the year	(12,161,327)	(8,897,306)
As at 31 December	**8,145,955**	**11,569,935**

(d) Collective allowance for impairment

	2015	2014
	FRw'000	FRw'000
At 1 January	1,688,172	2,867,728
Provisions/ (Reversals) made during the year (Note 12)	1,010,872	(1,179,556)
As at 31 December	**2,699,044**	**1,688,172**

(e) Maturity analysis of gross loans and advances to customers

	2015	2014
	FRw'000	FRw'000
Maturing within 1 month	46,651,405	31,880,289
Maturing after 1 month, but before 3 months	12,511,596	19,819,438
Maturing after 3 months, but within 1 year	22,112,391	20,530,590
Maturing after 1 year, but within 5 years	79,699,318	78,829,439
Maturing after 5 years	163,795,824	95,637,860
	324,770,534	**246,697,616**

(f) Sectoral analysis of Gross Loans and advances to customers

	2015	2014
	FRw'000	FRw'000
Private sector and individuals	324,631,642	246,643,295
Government and parastatals	138,892	54,321
	324,770,534	**246,697,616**

19. Loans and Advances (Continued)

The weighted average effective interest rate on gross loans and advances as at 31 December 2015 was 19.2% (31 December 2014 –20.5%). As at 31 December, the ageing analysis of past due but not impaired loans and advances is as follows:

	2015	2014
	FRw'000	FRw'000
Less than 60 days	2,867,510	21,400,544
Between 61 – 90 days	22,678,184	16,962,457
	25,545,694	**38,363,001**

20. Other Assets

	2015	2014
	FRw'000	FRw'000
Prepayments and other receivables	2,040,993	2,311,757
Clearing accounts	6,214,507	5,353,628
	8,255,500	**7,665,385**

Clearing accounts are temporally and transitory accounts pending compensation house clearing including cheques in transit to other banks.

Other receivables are current and non-interest bearing and are generally between 30 to 90 days terms.

21. Property and Equipment

	Land and Buildings	Computer and IT Equipment	Motor vehicles	Furniture and Fittings	Work in Progress	Total
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
2015						
Cost/Valuation						
At 1 January 2015	22,712,900	5,043,410	810,406	10,648,248	-	**39,214,964**
Additions	1,917,386	1,201,280	323,683	864,946	1,539,300	**5,846,595**
Disposal	-	(139,501)	(196,214)	(14,360)	-	**(350,075)**
At 31 December 2015	**24,630,286**	**6,105,189**	**937,875**	**11,498,834**	**1,539,300**	**44,711,484**
Depreciation						
At 1 January 2015	5,804,912	4,489,976	685,586	7,731,067	-	**18,711,541**
Charge for the year	1,106,770	715,385	110,466	1,570,513	-	**3,503,134**
Disposal	-	(139,501)	(196,214)	(14,360)	-	**(350,075)**
At 31 December 2015	**6,911,682**	**5,065,860**	**599,838**	**9,287,220**	**-**	**21,864,600**
Carrying Amount	**17,718,604**	**1,039,329**	**338,037**	**2,211,614**	**1,539,297**	**22,846,884**
2014						
Cost/Valuation						
At 1 January 2014	21,744,982	4,603,143	707,517	9,204,953	-	36,260,595
Additions	1,062,918	440,267	102,889	1,443,295	-	3,049,369
Disposal	(95,000)	-	-	-	-	(95,000)
At 31 December 2014	22,712,900	**5,043,410**	**810,406**	**10,648,248**	**-**	**39,214,964**
Depreciation						
At 1 January 2014	4,712,467	3,980,947	598,164	5,950,123	-	15,241,701
Charge for the year	1,092,548	509,029	87,422	1,780,944	-	3,469,943
Disposal	(103)	-	-	-	-	(103)
At 31 December 2014	5,804,912	**4,489,976**	**685,586**	**7,731,067**	**-**	**18,711,541**
Carrying Amount	**16,907,988**	**553,434**	**124,820**	**2,917,181**	**-**	**20,503,423**

21. Property and Equipment (Continued)

Buildings were revalued by management in 2010 based on the estimated market value. The revaluation was carried out by an independent valuer.

Fair Value measurement

	Date of valuation	Total	Significant unobservable inputs (Level 3)
		FRw'000	FRw'000
Buildings	2010	**10,215,060**	**10,215,060**

22. Intangible Assets

	2015	2014
	FRw'000	FRw'000
Cost		
At 1 January	1,420,960	1,232,318
Additions	390,321	188,642
Work in progress	61,138	-
At 31 December	**1,872,419**	**1,420,960**
Amortisation		
At 1 January	1,186,904	993,313
Amortisation	303,986	193,591
At 31 December	**1,490,890**	**1,186,904**
Net book value	**381,529**	**234,056**

The intangible asset relates to the Bank's core Banking platform, Delta and computer software in use.

23. Due to Banks

	2015	2014
	FRw'000	FRw'000
Current accounts	11,916,823	6,313,823
Term Treasury borrowings	10,692,901	8,900,638
	22,609,724	**15,214,461**
Maturing as follows:		
Payable within 1 month	16,792,426	10,472,516
Payable after 1 month	5,817,298	4,741,945
Total	**22,609,724**	**15,214,461**

The weighted average effective interest rate on deposits and balances from other banks as at 31 December 2015 was 8.9% (2014: 9.1%)

24. Deposits and Balances from Customers

	2015	2014
	FRw'000	FRw'000
Current accounts	256,728,781	227,750,108
Fixed deposit accounts	114,227,384	84,246,898
Savings accounts	6,946,571	4,086,890
Collateral and other deposits	2,183,646	3,992,523
Interest Payable	4,627,318	4,524,741
	384,713,700	**324,601,160**

The weighted average effective interest rate on interest bearing customer deposits as at 31 December 2015 was 8.6% (2014: 10.6%)

25. Deferred Tax

The following table shows deferred tax recognised in the statement of financial position and changes recorded in the income tax expense:

	Deferred tax liability 2015	Income statement	Statement of financial position	Deferred tax liability 2014
	FRw'000	FRw'000	FRw'000	FRw'000
Revaluation of assets-Property	1,532,258	-	(102,151)	1,634,409
Capital Allowance	854,939	93,158	-	761,781
Other temporary differences	(704,677)	260,122	-	(964,799)
	1,682,520	**353,280**	**(102,151)**	**1,431,391**

26. Dividends Payable

	2015	2014
	FRw'000	FRw'000
At 1 January	5,469	7,416,579
Approved dividend - 2014	10,990,095	-
Dividends paid during the year	(10,961,334)	(7,411,110)
At 31 December	**34,230**	**5,469**

During the Board of Directors Meeting held on 22 February 2016, the Directors proposed a dividend pay-out of 40% of the Bank's audited IFRS-based net income in respect of the 3 years 2015, 2016 and 2017.

27. Other Liabilities

	2015	2014
	FRw'000	FRw'000
Clearing accounts	3,483,396	4,622,257
Other payables	1,475,826	315,219
Accrued General expenses	4,697,675	5,922,802
	9,656,897	**10,860,278**

28. Long Term Finance

	2015	Repayment	Revaluation	Additional Drawdown	Accrued Interest	Interest	2014
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
EIB Loan (9.5% - 11.4%)	1,351,559	427,952	(23,583)	-	21,328	206,397	1,781,766
AFD Loan (Libor +3.74% pa)	10,016,316	1,785,079	561,305	-	47,567	747,282	11,192,523
AFDB Loan (Libor +4.15% pa)	6,650,125	1,087,701	266,790	-	125,126	306,503	7,345,910
EADB (Libor +6.65 pa)	5,466,615	1,812,500	352,632	-	29,115	428,379	6,897,368
PTA Loan (8% pa)	4,833,334	1,611,111	346,107	-	-	496,624	6,098,338
OFID Loan (Libor +4.0% pa)	6,679,006	659,091	310,953	-	88,095	287,654	6,939,049
Shelter Afrique (6.44% pa)	7,478,688	-	-	7,250,000	228,688	228,688	-
Total	**42,475,643**	**7,383,434**	**1,814,204**	**7,250,000**	**539,919**	**2,701,527**	**40,254,954**

The Bank has a 7 year arrangement with European Investment Bank (EIB) for a credit of EUR 5,000,000 to be on-lent to final beneficiaries for the financing up to 50% of the total cost of eligible projects in local currency. The drawdown as at 31 December 2015 was EUR 3.8 million (2014: EUR 3.8m), and no further drawdown is expected.

In 2011, the Bank signed two ten year credit lines with Agence Francaise de Development (AFD) and the African Development Bank (AFDB) for USD 20 million and 12 million respectively. As 31 December 2015, both the AFD & AFDB credit lines were fully drawn down.

In 2013, the Bank signed three 5 year term credit lines of USD 10m each with the East African Development Bank (EADB), Eastern and Southern African Trade and Development bank (PTA) and OPEC Fund for International Development (OFID) respectively. As at year end 2015, the Bank had fully drawn down on the EADB, PTA and OFID credit lines.

In 2015, the Bank signed a five year credit line with Shelter Afrique for USD 10 million. As 31 December 2015, the credit line was fully drawn down.

29. Capital & Reserves

(i) Share Capital

	2015		2014	
	Shares	FRw'000	Shares	FRw'000
Authorised Share capital of FRw 10 each	702,460,000	7,024,600	702,460,000	7,024,600
Issued and fully paid up				
At 1 January	671,370,600	6,713,706	668,450,000	6,684,500
New issued	813,600	8,136	2,920,600	29,206
At 31 December	**672,184,200**	**6,721,842**	**671,370,600**	**6,713,706**

29. Capital & Reserves (Continued)

(ii) Share Premium

These reserves arose when the shares of the Bank were issued at a price higher than the nominal (par) value. These will be applied towards capital in future

	2015	2014
	FRw'000	FRw'000
At 1 January	18,572,040	18,236,171
New issued at premium @ FRw 115 each	93,564	335,869
At 31 December	**18,665,604**	**18,572,040**

(iii) Revaluation Reserve

	2015	2014
	FRw'000	FRw'000
Buildings	6,537,638	6,946,241
Transfer of excess depreciation	(510,752)	(510,752)
Deferred tax on transfer	102,149	102,149
	6,129,035	**6,537,638**

Revaluation reserves arose from the periodic revaluation of freehold land and buildings. The carrying amount of these assets is adjusted to the revaluations. Revaluation surpluses are not distributable.

(iv) Other Reserves

	2015	2014
	FRw'000	FRw'000
Legal reserves	5,916,438	5,183,765
Special reserves	6,001,672	5,268,999
Other reserves	-	26,911,749
	11,918,110	**37,364,513**

The Bank transfers 20% of its Retained earnings to reserves (10% legal reserves and 10% special reserves). These reserves are not mandatory and neither are they distributable. Other reserves amount has been transferred to retained earnings and may be decided by the General Assembly.

(v) Retained Earnings

	2015	2014
	FRw'000	FRw'000
Opening balance	20,359,836	8,947,377
Appropriation of prior year profit	(1,465,346)	(7,415,118)
Profit for the current year	20,484,058	18,316,825
Reclassification from other reserves	26,911,749	-
2014 approved dividend	(10,990,095)	-
Transfer of excess depreciation	510,752	510,752
	55,810,954	**20,359,836**

30. Classification of Financial Assets and Financial Liabilities

The following table provides a reconciliation of the line items in the statement of financial position and categories of financial instruments:

	Loans and receivables	Other amortized cost	Held to Maturity	Available for Sale	Total carrying amount
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
31 December 2015					
Assets					
Cash and balances with central bank		59,524,211			59,524,211
Balances due from other Banks		62,568,118			62,568,118
Government securities			93,503,198		93,503,198
Loans and advances to customers	313,925,535				313,925,535
Equity Investments				221,425	221,425
Other assets (un-cleared effects)		8,255,500			8,255,500
Total Financial Assets	**313,925,535**	**130,347,829**	**93,503,198**	**221,425**	**537,997,987**
Liabilities					
Balances due to other Banks	-	22,609,724	-	-	22,609,724
Customer deposits	-	384,713,700	-	-	384,713,700
Other liabilities	-	9,656,897	-	-	9,656,897
Long Term Borrowing	-	42,475,643	-	-	42,475,643
Total Financial Liabilities	**-**	**459,455,964**	**-**	**-**	**459,455,964**

	Loans and receivables	Other amortized cost	Held to Maturity	Available for Sale	Total carrying amount
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
31 December 2014					
Assets					
Cash and balances with central bank	-	58,959,042	-	-	58,959,042
Balances due from other Banks	-	102,988,217	-	-	102,988,217
Government securities	-	-	58,596,907	-	58,596,907
Loans and advances to customers	233,439,509	-	-	-	233,439,509
Equity Investments	-	-	-	221,425	221,425
Other assets (un-cleared effects)	-	7,665,385	-	-	7,665,385
Total Financial Assets	**233,439,509**	**169,612,644**	**58,596,907**	**221,425**	**461,870,485**
Liabilities					
Balances due to other Banks	-	15,214,461	-	-	15,214,461
Customer deposits	-	324,601,160	-	-	324,601,160
Other liabilities	-	10,860,278	-	-	10,860,278
Long Term Borrowing	-	40,254,953	-	-	40,254,953
Total Financial Liabilities	**-**	**390,930,852**	**-**	**-**	**390,930,852**

31. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets analysed according to when they are expected to be recovered or settled:

	Less than 12 months	Over 12 months	Total
	FRw'000	FRw'000	FRw'000
At 31 December 2015			
Assets			
Cash in hand	14,951,617	-	14,951,617
Balances with the National Bank of Rwanda	44,572,594	-	44,572,594
Balances held with other Financial Institutions	62,568,118	-	62,568,118
Held to maturity investments	93,503,198	-	93,503,198
Loans and advances to customers	81,275,392	232,650,143	313,925,535
Other assets	8,242,962	12,538	8,255,500
Equity investments	-	221,425	221,425
Intangible assets	-	381,529	381,529
Property and equipment	-	22,846,884	22,846,884
Total Assets	**305,113,881**	**256,112,519**	**561,226,400**

The table below shows an analysis of liabilities analysed according to when they are expected to be recovered or settled:

	Less than 12 months	Over 12 months	Total
	FRw'000	FRw'000	FRw'000
At 31 December 2015			
Liabilities			
Balances from other Financial Institutions	22,609,724	-	22,609,724
Customer deposits	384,538,433	175,267	384,713,700
Tax Liability	808,141	-	808,141
Deferred tax liability	102,151	1,580,369	1,682,520
Dividends payables	34,230	-	34,230
Other liabilities	9,656,897	-	9,656,897
Long-term Finance	3,350,838	39,124,805	42,475,643
Shareholders' funds	-	99,245,545	99,245,545
Total Liabilities and Equity	**421,100,414**	**140,125,986**	**561,226,400**

	Less than 12 months	Over 12 months	Total
	FRw'000	FRw'000	FRw'000
At 31 December 2014			
Assets			
Cash in hand	12,020,669	-	12,020,669
Balances with the National Bank of Rwanda	46,938,373	-	46,938,373
Balances held with other Financial Institutions	102,988,217	-	102,988,217
Held to maturity investments	58,596,907	-	58,596,907
Loans and advances to customers	72,230,317	161,209,192	233,439,509
Other assets	7,652,853	12,532	7,665,385
Equity investments	-	221,425	221,425
Intangible assets	-	234,056	234,056
Property and equipment	-	20,503,423	20,503,423
Total Assets	**300,427,336**	**182,180,628**	**482,607,964**

31. Maturity Analysis of Assets and Liabilities (Continued)

At 31 December 2014	Less than 12 months FRw'000	Over 12 months FRw'000	Total FRw'000
Liabilities			
Balances from other Financial Institutions	15,050,115	164,346	15,214,461
Customer deposits	324,585,588	15,572	324,601,160
Tax Liability	692,518	-	692,518
Deferred tax liability	102,150	1,329,241	1,431,391
Dividends payables	5,469	-	5,469
Other liabilities	10,860,278	-	10,860,278
Long-term Finance	7,226,977	33,027,977	40,254,954
Shareholders' funds	-	89,547,733	89,547,733
Total Liabilities and Equity	**358,523,095**	**124,084,869**	**482,607,964**

32. Contingent Liabilities, Commitments and Leasing Arrangements

Legal Claims

Litigation is a common occurrence in the Banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

At year end, the Bank is party to various legal proceedings for a total amount of FRw 25.7m (2014: FRw 31.0m). Having regarded the legal advice received, the management is of the opinion that these legal proceedings will not give rise to significant liabilities; however the amount has been fully provided for in these financial statements.

33. Related Parties Disclosures

	2015 FRw'000	2014 FRw'000
Compensation of key management personnel of the Bank		
Short term employee benefits	785,363	658,078
Post-employment pension (defined contribution)	48,395	65,343
Terminal benefits	-	7,823
	833,758	**731,244**
Directors emolument	334,521	357,209
	1,168,279	**1,088,453**

The non-executive directors do not receive pension entitlements from the Bank.

Transaction with key management personnel of the Bank

The Bank enters into transactions, arrangements and agreements involving directors, senior management and their related party concerns in the ordinary course of business at commercial interest and commission rates.

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year

33. Related Parties Disclosures (Continued)

	2015			2014		
	Maximum balance during	Balance as at 31 December	Income/ Expense	Maximum balance during	Balance as at 31 December	Income/ Expense
	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
Residential mortgages	190,594	170,957	18,628	139,854	131,958	12,981
Credit cards and other loans	181,095	161,251	33,056	90,235	90,325	10,560
Deposits	187,586	88,723	988	138,895	104,561	16

The amounts above relate to key management personnel.

Transaction with other related parties

In addition to transactions with key management, the Bank enters into transactions with entities with significant influence over the Bank. The following table shows the outstanding deposits balance and the corresponding interest during the year

Subsidiaries to the Bank:

	Income	Expense	Balance as at year end	Maximum balances during the year
	FRw'000	FRw'000	FRw'000	FRw'000
2015	5,751	5,381,536	62,128,569	67,902,871
2014	38	5,301,459	51,072,731	57,505,625

The above mentioned outstanding balances arose from the ordinary course of business. The interests charged to and by related parties are at normal commercial rates. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the Bank has not made any provision for doubtful debts relating to amounts owed by related parties (2014: Nil).

The Bank offers loans to its employees at 7.5% and 16.0% (2014: 7.5% and 16.0%). The Bank closely monitors the loans to ensure they are performing. As at the end of year there were no non performing staff loans.

34. Subsidiaries

BK Securities Limited

The Bank opened a wholly owned subsidiary, BK Securities Ltd on the 28 January 2013. Its principal place of office is in the Bank of Kigali office premises. BK Securities offers the Bank's customers seamless service consistent with the Bank's customer service. The investing public has an opportunity to buy and sell shares or bonds under the umbrella BK brands. The firm offers brokerage services for all stocks listed on the Rwanda Stock Exchange including Bank of Kigali shares. The value of the investment at cost less impairment is FRw 100,000,000.

BK Nominees Limited

The Bank opened a wholly owned subsidiary, BK Nominees Ltd on the 10 December 2013. Its principal place of office is in the Bank of Kigali office premises. The main activity of the Company is to hold assets for Custody clients. The value of the investment at cost less impairment is FRw 100,000,000.

34. Subsidiaries (Continued)

BK Registrars Limited

The Bank opened a wholly owned subsidiary, BK Registrars Ltd on the 10 April 2015. Its principal place of office is in the Bank of Kigali office premises. The company offers Registrar, Administration and Fund Management Services. The value of the investment at cost less impairment is FRw 10,000,000.

BK Telecom Limited

The Bank opened a wholly owned subsidiary, BK Telecom Ltd on the 10 August 2015. Its principal place of office is in the Bank of Kigali office premises. The company offers Internet Services to customers. The value of the investment at cost less impairment is FRw 100,000,000.

BK General Insurance Company Limited

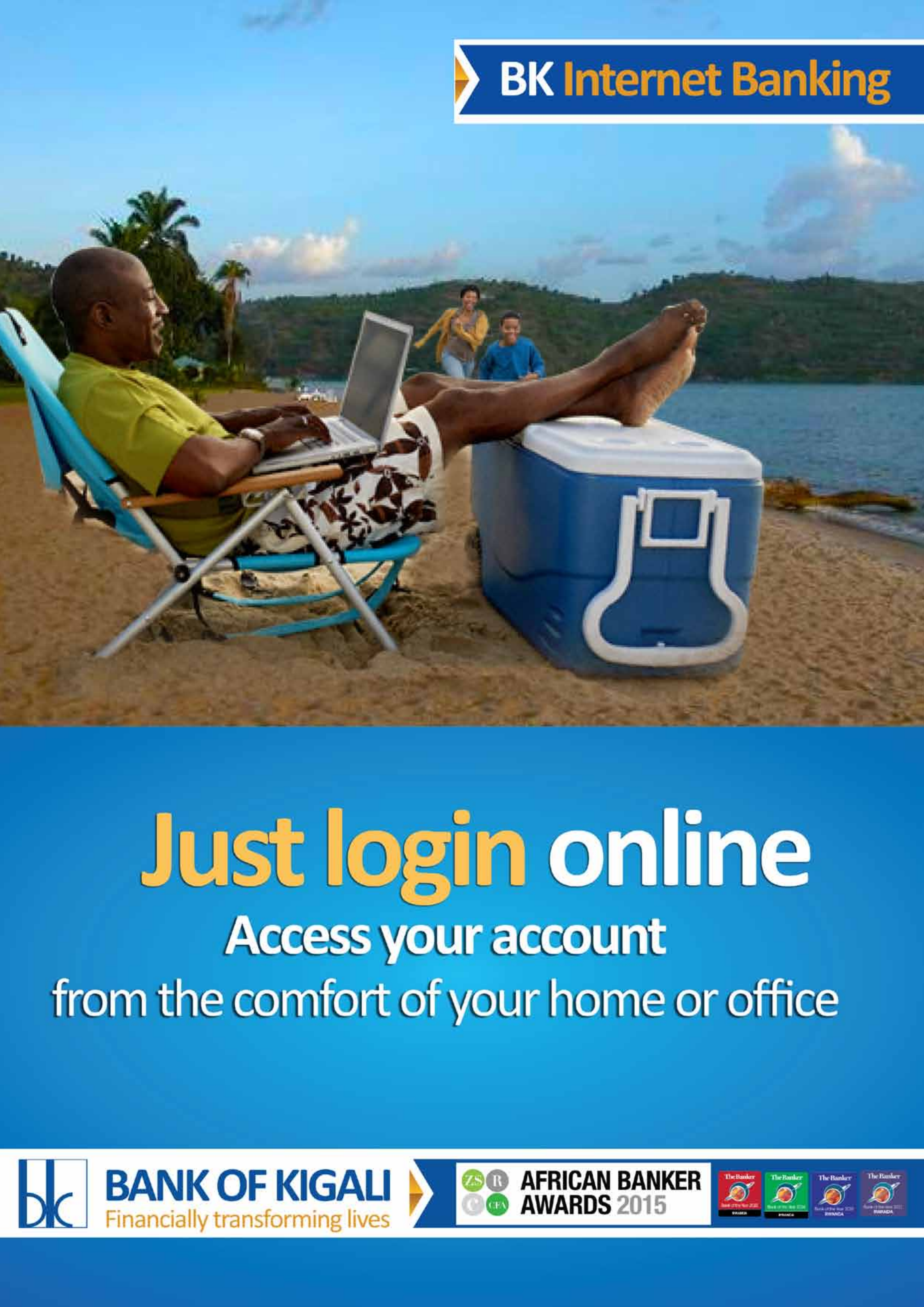
The Bank opened a wholly owned subsidiary, BK General Insurance Company Ltd on the 16 September 2015. Its principal place of office is in the old Bank of Kigali building. The company offers non- life Insurance Services to customers. The value of the investment at cost less impairment is FRw 3,500,000,000.

35. Comparatives

Where necessary; comparative figures have been adjusted to conform to changes in presentation in the current year.

36. Post Period End Events

Except as disclosed in the notes to the financial statements, there are no events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.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AWARDS 2015

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Bank of Kigali Limited will be held on Monday 16 May 2016, at the New Century Residence Ltd, Kigali Rwanda at 3.30 p.m. to transact the following Business:

1. ***To determine whether quorum is present;***
2. ***The Company Secretary to read the notice convening the meeting;***
3. ***To receive, consider and if thought fit, adopt the Annual Report and Audited Financial Statements for the year ended 31 December 2015 together with the Chairman's, Directors' and Auditor's reports thereon;***
4. ***Approve a dividend of FRw 8,193,623,200 (2014– FRw 10,990,094,600) which represents 40% pay-out on the Bank's audited IFRS-based net income for the year 2015, 2016 and 2017.***
5. ***Election of Directors;***
6. ***To approve the remuneration of the directors;***
7. ***Appointment of Auditor and fixing of the Auditor's remuneration;***
8. ***Any other business of which notice will have been duly received.***

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By order of the Board
Dr. Byamukama Shivon
Company Secretary
Plot 6112, Avenue de la Paix
Kigali, Rwanda

Proxy

A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company.

To be valid, a proxy form attached at the end of this Annual Report must be duly completed by the member and lodged with the Company Secretary at the Bank of Kigali Head Office, Plot 6112, Avenue de la Paix, Kigali, Rwanda not later than 10.00 a.m. on the 13th of May 2016, failing which it will be invalid. In the case of a corporate body the proxy must be under its common seal.

Closure of Register

Dividend for the year ended 31 December 2015 of FRw 8,193,623,200 will be paid to shareholders on the register of members of the Company at the close of business on Tuesday 16 June 2016. The dividend will be paid on or about Monday 30 June 2016.

Bank of Kigali Proxy Form

I/We ____ CSD A/C No__________________________

of (address) ____ being a member(s) of Bank of Kigali Limited,

hereby appoint: ____

of (address) ________________________ or, failing him, the duly appointed Chairman of the meeting to be my/our proxy, to vote on my/our behalf at the Annual General Meeting of the Company to be held on Monday 16 May 2016 at 3.30 p.m, or at any adjournment thereof.

As witness to my/our hands this ____________________ day of ___________________ 2015

Signature(s) ______________________________

Notes:

1. *In case of corporate shareholders and individual shareholders who would like to be represented at the AGM, please tear this page carefully and complete as appropriate.*
2. *This proxy form is to be delivered to the Company Secretary at Bank of Kigali Head Office Plot 6112, Avenue de la Paix, Kigali, Rwanda not later than 10.00 a.m. on the 13th day of May 2016, failing which it will be invalid.*
3. *A proxy form must be in writing and in the case of an individual shall be signed by the shareholder or by his attorney, and in the case of a corporation the proxy must be either under its common seal or signed by its attorney or by an officer of the corporation.*

Please admit ______________________________ ________________ **to the Annual General Meeting of Bank of Kigali Limited which will be held at the New Century Residence Ltd, Kigali, Rwanda on 16th day of May 2016 at 3.30 p.m.**	**Number of ordinary shares held:**
This admission card must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting **Dr Shivon Byamukama** *Company Secretary*	**Name of Shareholder:** **Address of Shareholder:** **CSD Account Number:**

BK Branch Network

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