RWANDA STOCK EXCHANGE

**FIND US AT:**
KCT, 1St Floor, KN81 St.

**CONTACT US:**
**Tel:** +250 788 51 6021
**Email:** info@rse.rw
www.rse.rw

www.rse.rw

RWANDA STOCK EXCHANGE

# ANNUAL REPORT

# 2019

Wealth a way of life.

www.rse.rw

RWANDA STOCK EXCHANGE

# ANNUAL REPORT

# 2019

Wealth A Way of Life

*East Africa Capital Market Day Inaugral Conference 23rd – 24th Kigali – Serena Hotel, Rwanda*

*Pannel discussion during the East African Capital Market Day*

# RSE ANNUAL REPORT 2019

## CONTENT


| | |
|---|---|
| Our Vision, Mission & Core Values | 1 |
| List of Acronyms and Abreviations | 2 |
| Profile of Board of Directors | 4 |
| **BRIEF DESCRIPTION OF RWANDA STOCK EXCHANGE** | **10** |
| RSE Ownership Structure | 11 |
| Corporate Information | 12 |
| Statement of The Chairman | 13 |
| Management | 15 |
| **MARKET PERFORMANCE** | **16** |
| Rwanda Shares Index (RSI) | 17 |
| All Shares Index (ALSI) | 17 |
| Market Participation by End of 2019 | 18 |
| Comparison Turnover Between 2018-2019 | 18 |
| **ECONOMIC PERFORMANCE** | **20** |
| Global Economic Outlook | 21 |
| Emerging Markets | 21 |
| Sub Saharan Africa and EAC | 21 |
| The Rwandan Economic Performance | 22 |
| Macroeconomic Performance and Outlook | 23 |
| **MARKET PERFORMANCE** | **24** |
| Primary Market | 25 |
| Secondary Market | 25 |
| **ACTIVITIES REPORT** | **30** |
| What RSE Conducted | 31 |
| **REPORT OF THE DIRECTORS** | **40** |

# OUR VISION, MISSION & CORE VALUES

## Our Vision

To be a big contributor to the economic development and key player in leading Rwanda to become a Regional Financial Center .

## Our Mission

To provide the main platform for promotion of savings and raising funds for long term investments in Rwanda and beyond.

## Our Core Values

- Efficiency
- Innovation
- Transparency
- Accountability
- Integrity





# LIST OF ACRONYMS AND ABREVIATIONS

| | |
|---|---|
| **ALSI:** | All Share Index |
| **ASEA:** | African Securities Exchanges Association |
| **BNR:** | Banque Nationale du Rwanda |
| **Bralirwa:** | Brasseries et Limonaderies du Rwanda |
| **BK :** | Bank of Kigali |
| **CBE :** | College of Business and Economics |
| **CDSC:** | Central Depository and Settlement Corporation |
| **CEO:** | Chief Executive Officer |
| **CSD:** | Central Securities Depository |
| **CTL:** | Crystal Telecom Limited |
| **DSE:** | Dar es Saalam Stock Exchange PLC |
| **EASEA:** | East Africa Stock Exchange Association |
| **EASRA:** | East African Securities and Regulatory Authorities |
| **EGH:** | Equity Group Holdings |
| **IFAC:** | International Federation of Accountants |
| **IFC:** | International Finance Corporation. |
| **INES:** | Institut d'Enseignement Superieur |
| **IPB:** | Institut Polytechnique de Byumba |
| **IPSAS:** | International Public Sector Accounting Standards |
| **IOSCO:** | International Organization of Securities Commissions |
| **FSDRP:** | Financial Sector Development Regionalization Project |
| **KCB:** | Kenya Commercial Bank |
| **MINECOFIN:** | Ministry of Finance and Economic Planning |
| **MINICOM:** | The Ministry of Trade andIndustry |
| **MoU:** | Memorandum of Understanding |

# LIST OF ACRONYMS AND ABREVIATIONS

| | |
|---|---|
| **NSE:** | Nairobi Securities Exchange |
| **OTC:** | Over The Counter |
| **PSF:** | Private Sector Federation |
| **RSE:** | Rwanda Stock Exchange |
| **RSI:** | Rwanda Share Index |
| **RSSB:** | Rwanda Social Security Board |
| **SITI:** | Securities Industry Training Institute |
| **SORAS:** | Sociète Rwandaise d'Assurance |
| **UR:** | University of Rwanda |
| **USE:** | Uganda Securities Exchange |
| **US SEC:** | United States Securities and Exchanges Commission |
| **UTAB:** | University of Technology and Arts of Byumba |
| **WBG:** | World Bank Group |
| **WFE:** | World Federation of Exchanges |





# PROFILE OF THE BOARD OF DIRECTORS

**Dr James NDAHIRO**
*Chairman*

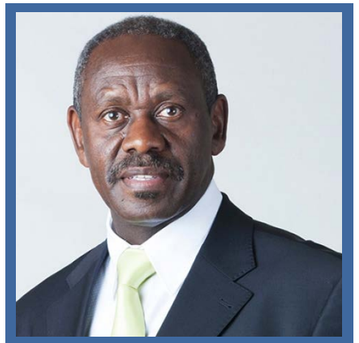
Dr. James NDAHIRO is the Rwanda Stock Exchange (RSE) Chairman. He is also the chairman for Zigama Credit and Saving Society (ZCSS) and has been the chairman for Societe Nouvelle d'Assurances du Rwanda (SONARWA) up to 2013.

He has been a Member of East African Legislative Assembly from 2008 to 2017 where he was the chairperson of the Committee on Communications, Trade and Investment which is one of the standing committees of the parliament.

He plays another role including Coordinator of the Rwanda Investment Climate project (RICP) and Director for the Central African Affairs in the African Union of the blind.

He is also a member of the Association of Certified Chartered Accountants of England and Wales. He is a PhD holder in Accounting and Finance from the University of Manchester (UK) and an MBA in Accounting and Finance from Maastricht School of Management (Netherlands).Accounting and Finance from Maastricht School of Management (Netherlands).

# PROFILE OF THE BOARD OF DIRECTORS



**Mr. Bob KARINA**
*Vice Chairman*

Mr. Karina is the Founder and Chairman of Faida Investment Bank, which is licensed by the Capital Markets Authority Kenya and a Member of the Nairobi Securities Exchange (NSE) Ltd. He is also the Managing Director, Faida Securities (Rwanda).

He is the Vice Chairman of the NSE and also the Vice Chairman of the Rwanda Stock Exchange (RSE), where he has played a key role in the set-up of the RSE, where he serves as the Chairman of the Operations and Market Development Committee. He is also a Board Member of the Central Depository and Settlement Corporation (CDSC), where he serves as the Chairman of the Finance Committee. He is also a Board Member of the Kenya Industrial Estate (KIE), where he serves as the Chairman of the Finance Committee. KIE's principal activity is to promote and facilitate industrialization through the provision of credit facilities, business development services and industrial workspaces in Kenya.

He is an accomplished stockbroker, an information technology professional and a successful businessman. He plays other roles including; Chairman of Norwich Union Properties Ltd., Chairman of Association of Kenya Stock-brokers (AKS) Nominees Ltd and Founder Member of the Institute of Certified Securities and Investment Analysts (ICSIA). He is also a member of the Institute of Directors. He also served as a Governor and Director of the Kenya Private Sector Alliance (KEPSA) and as a Director of the Kenya National Chamber of Commerce and Industry (KNCCI) as the Chairman of the Finance Committee.

Mr. Karina was instrumental in the establishment of the CDSC, the implementation of the NSE's Automated Trading System (ATS), the Wide Area Network (WAN), and the Broker Back Office (BBO) system, as the Chair of the implementation committees that spearheaded these developments in the Kenyan capital markets. He has broad experience in advising institutional and corporate investors, corporate finance consulting and research analysis. He is a former Lecturer at the KCA University, Nairobi, Kenya.

He holds a Master of Science (MSc) in Corporate Finance from the University of Liverpool, in the UK.





# PROFILE OF THE BOARD OF DIRECTORS

**Ms. IZA Irame**
*Board Member*

Ms.Iza Irame is the Chief Executive Officer of Crystal Telecom Ltd and Chief Corporate Officer at Crystal Ventures Ltd .Prior to joining CVL, Iza was the Chief Executive Officer of African Alliance for four years. She led diverse corporate finance transactions in the Rwanda Market and has been instrumental in growing the local capital market industry. She was the first chairperson of the Rwanda Stockbrokers Association.

Prior to joining African Alliance, Iza was Group Finance Manager at the Horizon Group Ltd and worked as the Chief Accountant at the Office of the Prosecutor General. She currently serves as a non-Executive Director on various boards including the Rwanda Stock Exchange, African Alliance Rwanda, Zigama CSS, Sonarwa General Insurance and Rwanda Teaching University Hospital.

Iza holds a Bachelor's degree in Finance from the Kigali Institute of Science, Technology and Management (KIST) and is an affiliate of the UK Association of Chartered Certified Accountants (ACCA).

**Mr. Shehzad Noordally**
*Board Member*

Mr.Shehzad Noordally is the CEO of CDH Capital Ltd, an Investment Banking and Management service provider in Rwanda. He started his career in the Accountancy and Financial Sector. Shehzad has 20+ experience in the financial sector. He is currently the Chairman of the Rwanda Association of Stockbrokers and a Board Member of the Rwanda Stock Exchange and BK General Insurance.

# PROFILE OF THE BOARD OF DIRECTORS

**Mr. ANDREW OTENGO OWINY**
*Board Member*

Andrew is a Group Executive Director and Group Head of Corporate Finance & Research with MBEA Brokerage Services (Rwanda) Ltd ('MBEA Rwanda 'or 'MBSRW'), a Licensed Stock Broker Member of the Rwanda Stock Exchange (RSE).

For over 28 years, Andrew has been intimately involved with investment banking in Africa, the USA and parts of Europe, having served as Managing Director at MBEA Brokerage Services (Uganda) Limited, a Member of the Uganda Securities Exchange (USE) from 1997 to 2010; and as Senior Vice President and Head of International Finance at Pryor, Counts & Co., Inc., a full service boutique investment banking firm headquartered in Philadelphia, Pennsylvania in the United States of America ('USA').

Andrew currently serves as a Board Member on the Board of Directors of the Rwanda Stock Exchange ('RSE'), and is the Chairman of the Board Finance & Administration Committee. He has, over the years, served on numerous other Boards of organizations across Africa. He currently serves as a Director on the Board of ICEA Life Assurance Company Limited (Uganda); and, on the Board of G4S Secure Solutions (Uganda) Limited.

Other Boards on which Andrew has also served include: Uganda Securities Exchange (USE); National Social Security Fund ('NSSF') of Uganda; aBi Finance Limited (Uganda); CAL Merchant Bank Limited (now Cal Bank Limited) in Accra, Ghana; National Merchant Bank of Zimbabwe Limited ('NMBZ') in Harare, Zimbabwe; and Securities Discount Company Limited ('SDC') in Accra, Ghana. Andrew also served as Chairman of Uganda Rugby Union, the governing body of the Game of Rugby in Uganda.

In June 1997, Andrew, at the invitation of the United States Congress/House of Representatives Subcommittee on Africa of the House Committee on International Relations, provided written and oral testimony regarding "Africa's Emerging Capital Markets". He was also the 1st recipient of the "Kikonyogo Capital Markets Award" ('KCMA') 2003, presented by Capital Markets Authority of Uganda ('CMA Uganda') in recognition of his exemplary contribution towards the development of the Ugandan capital market. In 2007, Andrew received the Runner-up KCMA.

Andrew was nominated one of the "2009 Distinguished Wharton Alumni (contributing to Africa)" by the Wharton African Students Association ('WASA'), of which Mr. Owiny was the Founding President; and the Wharton Club of Africa ('WCA'), a congregation of Wharton Alumni from across the African Continent, both organizations associated with The Wharton School of the University of Pennsylvania in Philadelphia, Pennsylvania, USA.

Andrew received his Master of Business Administration degree in Finance & Accounting from the Wharton School of the University of Pennsylvania, and holds a Bachelor of Commerce honours degree in Finance from Makerere University, Kampala ('MUK'), Uganda.





# PROFILE OF THE BOARD OF DIRECTORS

**Ms. Amina RWAKUNDA**
*Board Member*

Ms.Amina Umulisa RWAKUNDA has been a Board Director of the Rwanda Stock Exchange (RSE) since 2012. She is the current Chief Economist in the Ministry of Finance and Economic Planning; and board Director of the NISR (National Institute of Statistics Rwanda). Ms. Rwakunda is an Economist with over 12 years' experience and a seasoned negotiator on regional integration matters where she has been serving as the Deputy Chief Negotiator for Rwanda's High Level Task Force on the EAC Monetary Union and she is also involved in negotiations on fiscal related policies.

Ms. Rwakunda holds a Masters in Globalisation and Development Economics from the University of Antwerp.

**Mr. Innocent Idi KABANDA**
*Board Member*

Innocent Idi KABANDA has served as a member of the Rwanda Stock Exchange Board of Directors since May 2015.

Mr. Innocent joined RSSB in 2007 as investment analyst. Since 2015 he was promoted as Portfolio Management Division Manager of Rwanda Social Security Board (RSSB) after being successively Director of Non Fixed Income Investments since April 2013 and Director of Fixed Income Investments since September 2011.

The responsibilities of his position are to carry out the analysis of the Fixed Income Investments (bank term deposits, Government securities, mortgage, commercial papers and loans) and non-fixed income investments (Real estates and Equity) to determine prudent investment reallocation opportunities to generate additional yield or minimize investment risk; follow up the global & macro-economic situation and prepare various analysis reports on regular basis.

He serves other Boards such as Eastern Province Investment Company (EPIC) as Vice chairman since January 2016, SONARWA Life since October 2018; GOSHEN FINANCE ltd (banking services) since May 2017; SILOWAMU Medical Clinic since September 2018 and former Board member of SOYCO MOUNT MERU RWANDA Ltd (soy bean factory located at Kayonza District) from January 2016 to December 2017.

An expert in Economics Policy Management graduate from a known University of Kinshasa sponsored by World Bank, Bachelor's degree in Management from University of Rwanda at Huye Campus and currently pursuing Chartered Public Accountant course (CPA®) under sponsorship of ICPAR.

# PROFILE OF THE BOARD OF DIRECTORS

**Mr. Pierre Celestin Rwabukumba**
*Board Member*

Mr. Pierre Celestin RWABUKUMBA, a Rwandan national, is the current Chairman of the East African Securities Exchanges Association (EASEA) and Chief Executive Officer of the Rwanda Stock Exchange Ltd. He was the Co- founder and Chairman of Kigali Cement Company, a private company that produces, Markets and sells cement in Rwanda and neighboring countries. He is also a non-Executive in a number of institutions in finance and business development, hospitality and industry in Rwanda and beyond. The list includes the Securities Industry Training Institute (SITI East Africa) where he serves as Chairman, The Executive Committee of the African Securities Exchanges Umbrella Organization (ASEA), The New Faces New Voices – Rwanda and others. He is also involved in different investment projects ranging from Real Estate, Poultry and Agro – processing to Energy.

Mr. Rwabukumba started his career in financial services in New York City more than a decade ago after graduating from the University of Buffalo (UB), New York in the United States with A bachelor's Degree in Economics. He worked in different professional positions as a stock broker, in Compliance and Operations and Institutional Investors' Sales before he joined the Central Bank of Rwanda in 2004 to help start the Capital Market Development Project in Rwanda. Mr. Rwabukumba is a seasoned negotiator as he has been instrumental in different negotiations on regional integration of the East African Community. He has served on different Capital Market Committees both at the national and the regional level; the latest being the High Level Task Force negotiating the EAC Monetary Union. He completed an international post Graduate Advanced Management Program (AMP) for Executives at Strathmore Business School.





# BRIEF DESCRIPTION OF RWANDA STOCK EXCHANGE

A Stock Exchange is an oganized and regulated financial market where securities are bought and sold at prices governed by the forces of demand and supply. Stock exchanges impose stringent rules, listing requirements, and statutory requirements that are binding on all listed and trading parties. Rwanda Stock Exchange Limited was incorporated on 7th October 2005 with the objective of carrying out stock market operations. The Stock Exchange was demutualized from the start as it was registered as a company limited by shares. The company was officially launched on 31st January, 2011.

## RSE OWNERSHIP STRUCTURE

The ownership structure of Rwanda Stock Exchange is as follows:

| No | Shareholders | Ownership (%) |
|---|---|---|
| 1 | Agaciro Development Fund. | 20 |
| 2 | Faida Securities Rwanda Ltd | 10 |
| 3 | African Alliance Rwanda Ltd. | 10 |
| 4 | CDH Capital Ltd | 10 |
| 5 | Baraka Capital Ltd. | 10 |
| 6 | MBEA Brokerage Services Rwanda Ltd | 10 |
| 7 | Dyer & Blair Rwanda Ltd. | 10 |
| 8 | RSSB | 10 |
| 9 | BRD | 8 |
| 10 | SONARWA General Insurances Company Ltd | 1 |
| 11 | Sanlam Insurance | 1 |

## RSE BOARD COMPOSITION & REPRESENTATION

The Rwanda Stock Exchange Board is comprised of 7 members distributed as follows:

- Government of Rwanda has one representative
- Members have three representatives
- Institutional investors have one representative
- Members of the public and/or professional bodies have one representative
- Listed companies have one representative





## CORPORATE INFORMATION

**Directors**

| No | Names | Role |
|---|---|---|
| 1 | Mr. Innocent Idi Kabanda | Director |
| 2 | Dr. James Ndahiro | Chairman |
| 3 | Mr. Bob Karina | Vice Chairman |
| 4 | Ms. Iza Irame | Member |
| 5 | Mr. Andrew Otengo Owiny | Member |
| 6 | Ms. Amina Rwakunda | Member |
| 7 | Mr. Shehzad Noordally | Member |
| 8 | Mr. Pierre Celestin Rwabukumba | Member/Secretary |

**Board Secretary**
Mr. Pierre Celestin RWABUKUMBA
Avenue du Commerce
P. O. Box 5337, Kigali- RWANDA

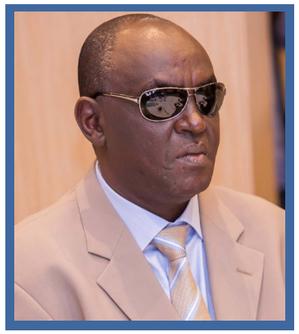
**Registered Office**
KCT Building 1st Floor,
Avenue du Commerce,
P. O. Box 5337 Kigali- Rwanda

**Bankers**
Bank of Kigali
Plot No.6112,
Avenue de la Paix
P.O. Box 175, Kigali, Rwanda

**Auditors**
ABC Consultants
Avenue de la Republique,
P.O. Box 1901
Kigali

**Legal Advisor**
K-Solutions

# STATEMENT OF THE CHAIRMAN



It is my pleasure to report that 2019 was a good year for Rwanda Stock Exchange (RSE). As fundamentally our economy maintained a healthy growth of of 8.5% despite challenges across the globe especially in sub Saharan Africa due to exogenous factors affecting economies continued registering positive numbers of 5.4% growth from 6.3% in 2018. The positive domestic growth was also translated into the increase in activity especially in fixed income securities at the primary and the secondary market and price stability in the equities market. These developments clearly makes our role as a stock exchange becoming even more relevant. Given the fact that the RSE was established to facilitate implementation of the country's economic reforms and encourage wider ownership of public resources, collaboration and support from the Government and other key stakeholders continues to be key towards supporting the country's economic development. The RSE strategy and Plans therefore, aim at positioning the RSE as the focus for raising capital for private enterprises and to the Government development projects through providing the platform for mobilizing savings for productive investments activities and creating investment opportunities for investors.

During 2019, RSE marked the last year of implementation of its current 5 year strategic plan where efforts and resources were directed towards laying down the foundation for the investment clinic project aimed at handholding Small and Medium Enterprises (SMEs) and other corporates. This and combined efforts to sensitize retail investor market niche, increasing on efficiency levels and public outreach contributed to raising further the profile of the exchange.

In the course of the year we increased our visibility on world stage by actively participating in different regional and international conferences and activities. The RSE actively participated in the 23rd ASEA Conference and Annual General meeting in Kasene, Botwana from 25th – 26th November, 2019 which was graced by His Excellence, The President of the Republic of Botwana, The RSE has also joined the Executive Committee of the Umbrella organization for the African exchanges (ASEA) and currently chairing the capacity building of the committee of the continental body.

I am also happy to note that this year we have continued our work with the World Federation of Exchanges (WEF) as an associate member and actively pursued our interactions and consultations with the UN's Sustainable Stock Exchanges initiative (SSE) through their working groups after joining in 2015. This initiative aims to provide an effective platform for peer-to-peer dialogue among global exchanges. RSE has joined number 5 on the continent after Nigeria, Mauritius, Ivory Coast and the Nairobi Securities Exchanges and a few more Exchanges that have joined this year.

The Outlook is exciting, as all these efforts start to bear fruits i.e. increase activity, broaden the range of products, streamline the operations and commercialize the RSE as an entity.





During this period we continued our efforts towards the automation of the exchange. The Market Capitalization at the close of 2019 was at USD 3.31 billion slightly down from USD 3.35 billion at the end of 2018 mainly due to price fluctuation.

With regard to the fixed income securities, the government's quarterly bond issuance program continued with an average of 236.4% RSE subscription rate.

This increased secondary trading activity in the fixed income securities to the tune of 106.49% in bonds value traded compared to Frw 10.03 billion recorded in the same period of 2018.

The recorded performance positively impacted the financial performance during the year. The RSE internal income generated increased by 10.66% from Rwf 444 million in 2018 to Rwf 488 million in 2019. We managed to stay within the projected performance despite the fact that we operated in a volatile year mainly due to exogenous factors.

On behalf of the Board of Directors, Management and the rest of the members of staff at Rwanda Stock Exchange, I wish to acknowledge and extend our appreciation to the continued support of the Government of Rwanda through the Ministry of Finance to the CMA. It is our sincere belief that the Government will continue supporting the RSE for the foreseeable future.

I am also grateful to all our development partners such as Financial Sector Development Plan (FSDP), Banque National Du Rwanda (BNR) and the Private Sector Federation (PSF) for their support in developing the market. During the year under review we intensified the Public awareness campaigns for Small and Medium Enterprises Market Segment at the RSE and increased our presence up country road shows for the general public. We believe through these we will envisage to result into an appetite for Small & Medium Enterprises raising capital and list on the Exchange and see more participation from the general public on the demand side.

Again in a special way I acknowledge with appreciation the outstanding role played by all my colleagues (the Members of Board of Directors) for their continued contribution and commitment to the development of the Exchange. The concerted efforts by the Management and the Board should push even further the development agenda of the RSE in years to come.

On behalf of the Board, I would like to also thank the RSE Management and entire team of staff for their dedication and commitment in ensuring that the Exchange meets its strategic objectives even during challenging moments.

In the longer term, we remain very positive about the opportunities to grow our Exchange as we are well positioned to capitalize on the ongoing economic reforms and development in the country through providing efficient capital raising platform to support growth.

**Dr. James Ndahiro**
*Chairman*

# MANAGEMENT

**The management of RSE during the year and to the date of this report was:**

| No | Names | Role |
|---|---|---|
| 1 | Mr. Pierre Celestin RWABUKUMBA | Chief Executive Officer |
| 2 | Ms. IRIBAGIZA Alice | Head of Finance and Administration |
| 3 | Mr.  TWAGIRA Robert | Head of Operations and IT |
| 7 | Mr. MITALI David | Operations Officer |

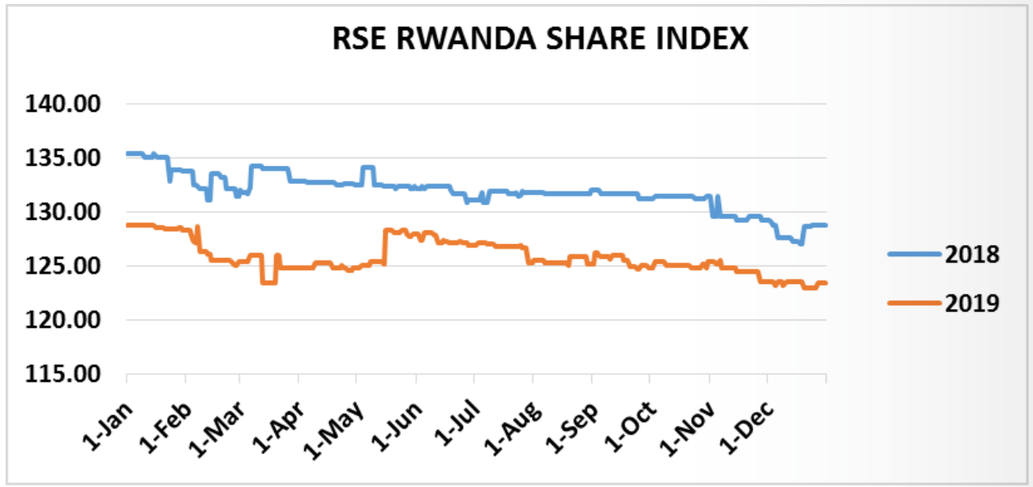
*RSE management*



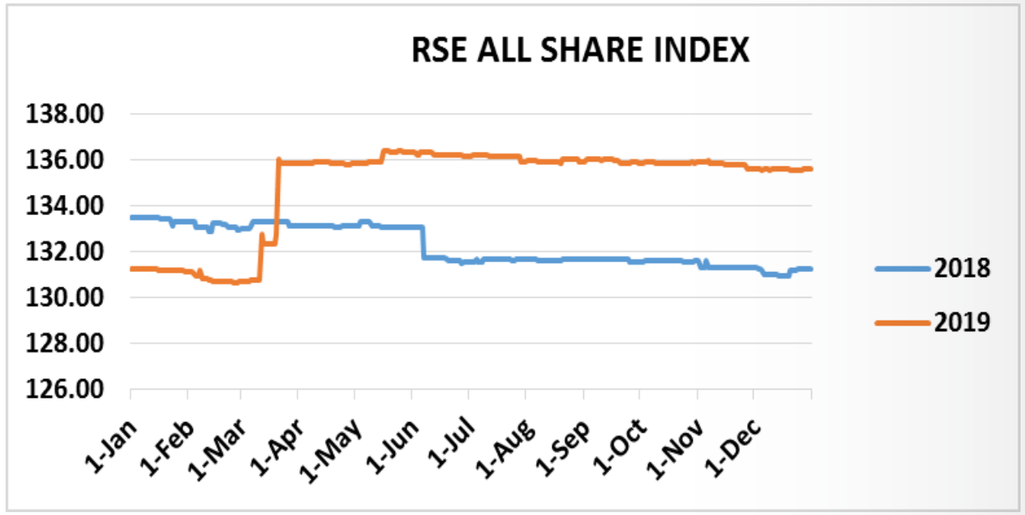


# FINANCIAL HIGHLIGHTS

## RWANDA SHARE INDEX (RSI)



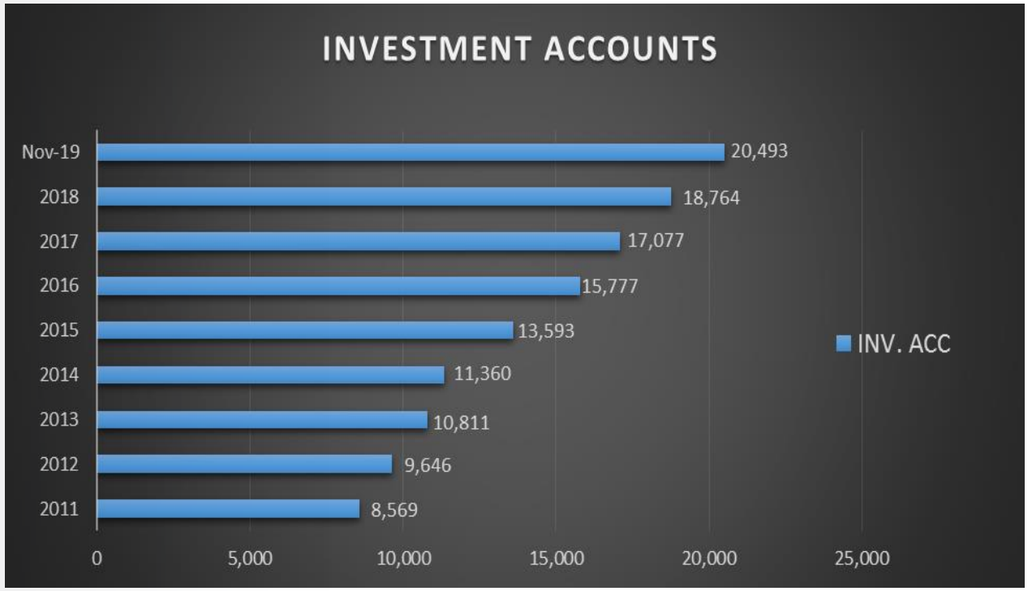

## ALL SHARES INDEX (ALSI)



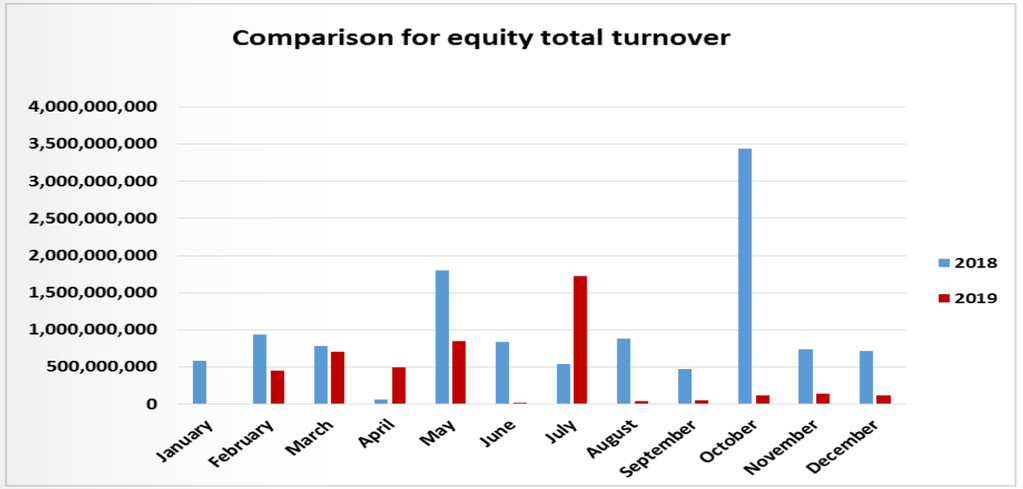





## MARKET PARTICIPATION BY END OF 2019




## COMPARISON TURNOVER BETWEEN 2018-2019



www.rse.rw

# ECONOMIC PERFORMANCE

# GLOBAL ECONOMIC OUTLOOK

According to the IMFs July 2019 estimates, global growth is project to slow down from 3.6 percent in 2018 to 3.2 percent in 2019 ,and to later pickup to 3.5 percent in 2020.Projected growth for 2019 and 2020 was revised down by 0.1 percentage point each relative to April forecast.

In the first half of 2019 momentum in the global activity remained low, as a result of challenges from intensified US-China trade, prolonged uncertainties on Brexit. Weaker than expected growth in emerging and developing economies, despite growth in advanced economies.

The projected pickup in global growth in 2020, will depend on supportive reactions from financial markets; continuous fading of temporary drags in the euro area; stabilization in same stressed emerging market economies, and avoidance of worse collapse in others.

Growth in advanced economies is projected at 1.9 percent in 2019 (0.1 percentage point higher than in April WEO), mostly reflecting an upward revision for the United States. Real GDP growth is projected to slow down to 1.7 percent in 2020 for advanced economies despite an upward revision for the United States and Euro area.

# EMERGING MARKETS

In emerging and developing economies, growth is expected to slow down to 4.1 percent in 2019 (0.3percentage point lower than in April forecast) before improving to 4.7 percent in 2020 (0.1 percentage point lower than in April forecast), reflecting downward revisions for major economies in that category such as china and India.

In china, the negative effects of escalating tariffs and weakening external demand have added pressure to an economic grew already amid a structural slowdown. In 2019 Q2, Chinese economy grew by 6.2 percent (y-o-y), lower than 6.4 percent in 2019 Q1.despite policy stimulus expected to support activity in the face of the adverse external shock, the Chinese economy is projected to slow down to 6.2 percent in 2019 and decelerate further to 6.0 percent in 2029.

India s economy is projected to grow by 7.0 percent in 2019, picking up to 7.2 percent in 2020. The downward revision of 0.3 percent point for both years relative to April forecast, reflects a weaker than expected outlook domestic demand.

# SUB SAHARAN AFRICA AND EAC

In sub-Saharan Africa, growth expected to increase from 3.1%in 2018 to 3.4 %in 2019,and 3.6% in 2020 (0.1% point lower for both years than the April forecast).this improving performance is reflected in non –resource intensive and oil-exporting counties. However, growth in South Africa is





expected to slightly decline in 2019 than projected in April forecast, following a weak first quarter, owing to a large than anticipated impact of energy supply issue in mining and weak agricultural production.

In the east African community (EAC) GDP growth is project at 5.3 %in 2019 and 5.4%in 2020, after 6.3%in 2018.rwandas economic growth stood at 8.4%in 2019. In Uganda, GDP growth stood at 5.6% in 2019Q1from 6.6 percentage in 2018Q4, and projected at 6.3percent in 2919, during the same period, Kenya's real GDP grew from 6.0 percent in 2018Q4 to 5.6 percentage in 2019 Q1, and projected at 5.8 percent in 2019, Tanzania's economic growth stood at 6.6 percent in 2019 Q1 from 6.3 percent in 2018Q4, and project at 4.0 percent in Burundi, growth is projected to remain subdued at 0.4 percent in 2019 from 0.1 percent in 2018

According to the IMF's July 2019 estimates, global growth is projected to slowdown from 3.6 percent in 2018 to 3.2 percent in 2017, and to later pickup to 3.5 percent in 2020. Projected growth for 2019 and 2020 was revised down by 0.1 percent point each relative to April forecast. In the first half of 2019, momentum in the global activity remained low, as a result of challenges from intensified US-China trade prolonged uncertainities on Brexit, weaker than expected growth in emerging and developing economies, despite growth in advanced economies.

# THE RWANDAN ECONOMIC PERFORMANCE

Rwandan economy performed well in 2019, recording a double digit growth surpassing the initially projected growth of 8.5%. For the fist three quartes of 2019, economic growth averaged 10.9% compared to 8.3% registered in the same period of 2018.

The high performance mainly resulted from the industry sector that grew by 17.7% followed by the service sector (10.6%) and agriculture sector (5.8%).

The good performance recorded in 2019 is reflected in the notable busness developments, as indicated by the total turnovers of undustry and servoces sectors that increases by 19.3%, from a 16.2% increase in 2018.

The service sector, with a share of 75.6% in total turnovers, grew by 19.8%.this resulted from positive developments in wholesale and retail trade (16.1%), petroleum distributors (31.2%), transport and storage services (23.9%) hotel (16.7%) , information and communication (15.7%) real astates (77.3%) as well as professional, scientific ad technical activities (45.9%).
Turrnovers in the industry sector increased by 17.8% in 2019 from 10.8 in 2018; mainly steered by the constraction and manufacturing subsectors. The construction subsector grew by 22.5% from 10.2%, while the manufacturing subsector increased by 18.2% from 10.8% thans to the good performance in food processing (13.2% from 10.4%) and construction material industries (14.8% from 15.6%) BNR, Monetary policy and financial stability, 2020).

Headline inflation increased to 2.4% on average from 1.4% recoreded in 2018.the uptake in headline inflation was mainly attribiuted to the rise in food inflation since the second half of 2019.during the same period, core inflation rose to 2.3% from 1.6% on the back of increasing cost of production.

## MACROECONOMIC PERFORMANCE AND OUTLOOK

Real GDP was estimated to grow at 8.7% in 2019, higher than the regional average. Growth was mainly in services (7.6%) and industry (18.1%), particularly construction (30%). Investment drove growth, led by public investment in basic services and infrastructure. Real GDP per capita increased 6.1% in 2019.

Inflation moved up slightly to 1.6% in 2019, driven by increased domestic demand. Since inflation was below the 5% target, the National Bank of Rwanda reduced the monetary policy rate by 50 basis points to 5% in May 2019, stimulating bank lending to the private sector. Domestic credit to the private sector increased by 0.9 percentage point to 21.1% of GDP in 2019.

Despite strong tax revenue growth of 11.5%, similar public investment growth led to a 1.9 percentage point increase in the fiscal deficit to 6.2% of GDP in 2019. Government securities largely financed the deficit. Public and publicly guaranteed debt increased to 50.3% of GDP in 2019, though Rwanda is assessed at low risk of debt distress. Imports grew faster than exports as traditional exports slowed. The trade deficit widened by 3.5 percentage points to 11.3% of GDP in 2019, increasing the current account deficit by 1.5 percentage point to 9.2% of GDP. External reserves increased by 8% to $1.4 billion in 2019, equal to 4.7 months of imports. The exchange rate depreciated against the dollar by 5.0% in 2019 due to the growing trade deficit.





# MARKET PERFORMANCE

On Rwanda Stock Exchange (RSE), Market performance in 2019 remained stable compared to 2018 due to trading activities in fixed income.

# PRIMARY MARKET

During the period under review, the government of Rwanda issued 5 Treasury bonds with maturity period ranged between 3-20 years and re-opened 7 bonds with a total face value of Frw 199,283 billion and a subscription level of 196.29%; 280.77% ; 230.91% ;247,78% ; 237,92%; 121,54% ;141.03%; 125.27%; 120.21%; 159.05%; 129.62%, 159.05% and 161.25% at coupon rates ranged between 10.95% and 13.5%.

On equity primary market, there was no IPO recorded.

# SECONDARY MARKET

## Bond market

During the period under review 5 Treasury Bonds with a face value of Frw 80 billion listed and the other 7 reopened with a maturity value of Frw 104.2 billion.

The bond market recorded Frw 20.71 billion worth of bonds traded in 275 transactions. This translated into an increase of 106.49% in bonds value traded compared to Frw 10.03 billion recorded in the same period of 2018.

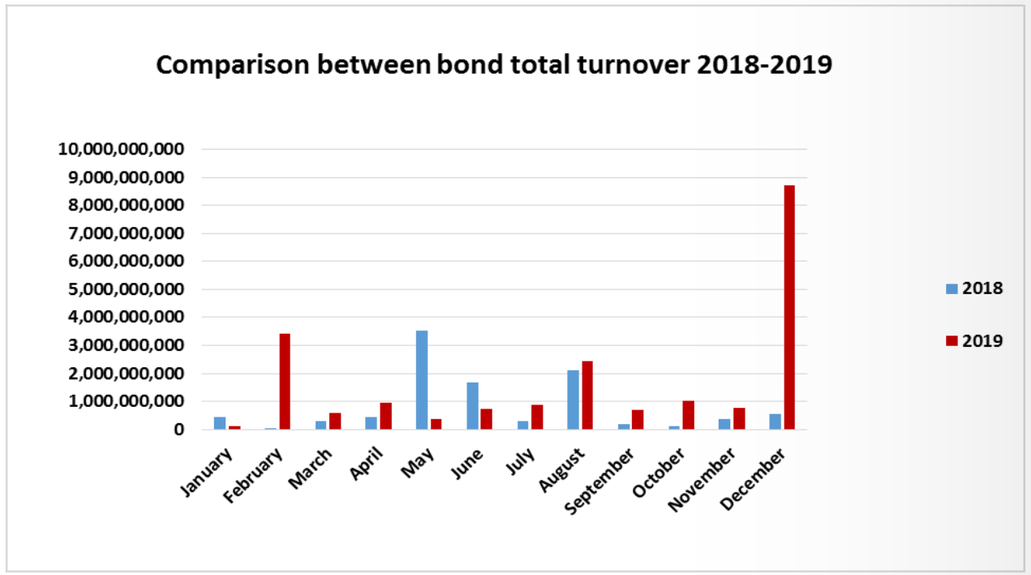



*Figure 1: RSE,2019*





## Equities market

The equity market recorded a total turnover of Frw 4,729 million from 26.20 million shares traded in 469 deals translating into a decline of 68.75% in turnover compared to Frw 11.78 million recorded in the same period of 2018.

**Comparison for market total turnover 2018-2019**

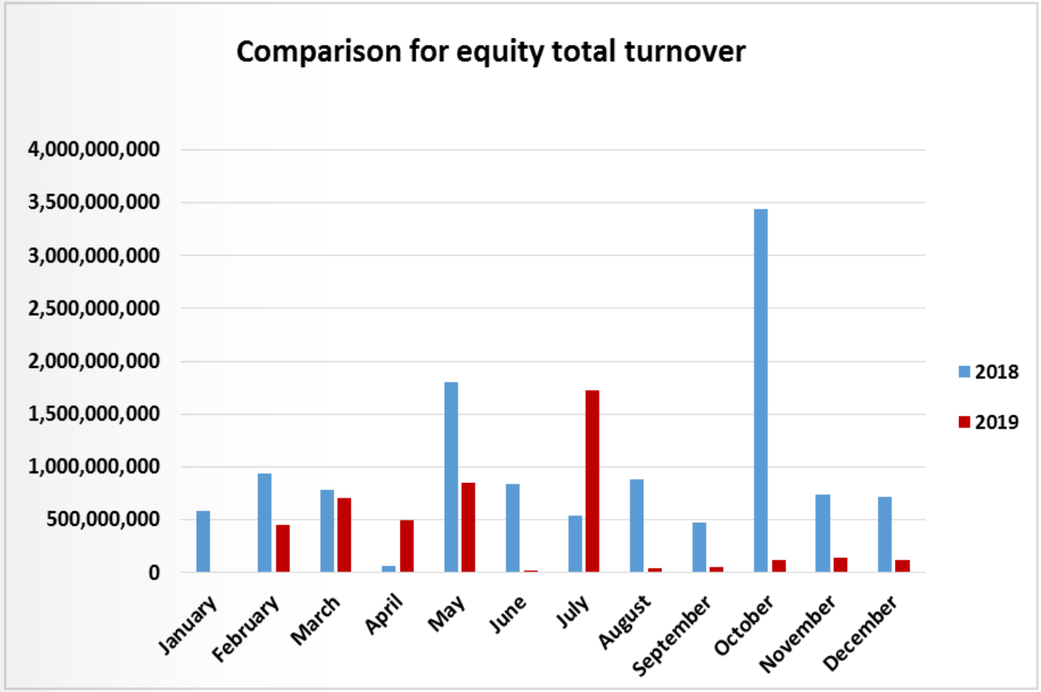



*Figure2: RSE, 2019*

## RSE indices

From January to December, 2019 the All Share Index (ALSI) went up 3.34% to close at 135.59 points and Rwanda Share Index (RSI) went down 4.18% to close at 123.40 points.

### RSE Rwanda Share Index (RSI)

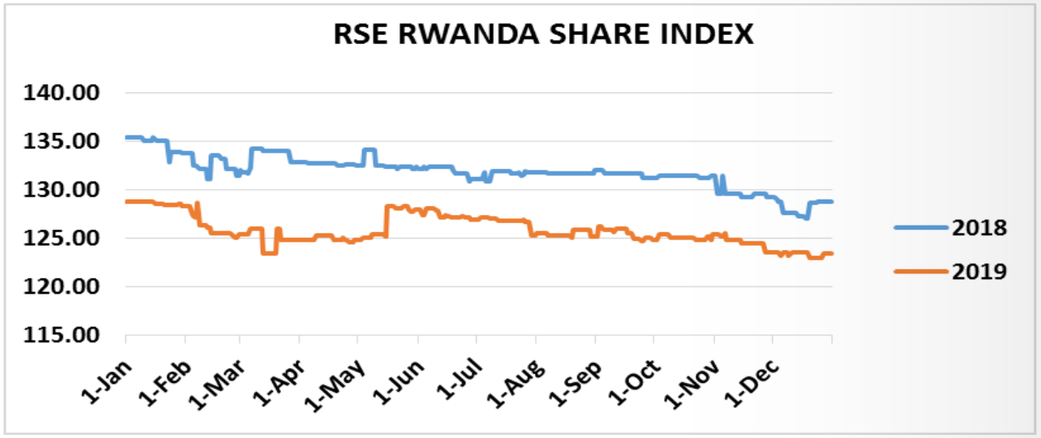



*Figure 3: RSI, 2019*

### RSE All Share Index (ALSI)

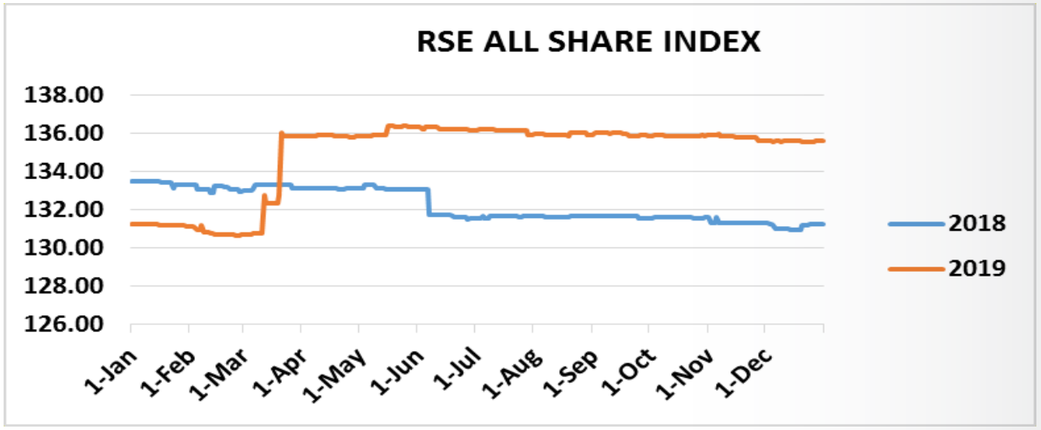



*Figure 4: ALSI, 2019*





## Market Capitalization

By end of December, the market capitalization stood at US$ 3.31 billion and slightly decreased by 1.04% compared to the same period of December, 2018 where it was at US$ 3.35 billion.

## Investors participation

As of November, 2019 there were 20,493 active investors recorded and domestic investors were 83.6%; other East Africans 13.8% and 2.6% were international. This translated into an increase of 9.2% in terms of new investment accounts opened from December, 2018.

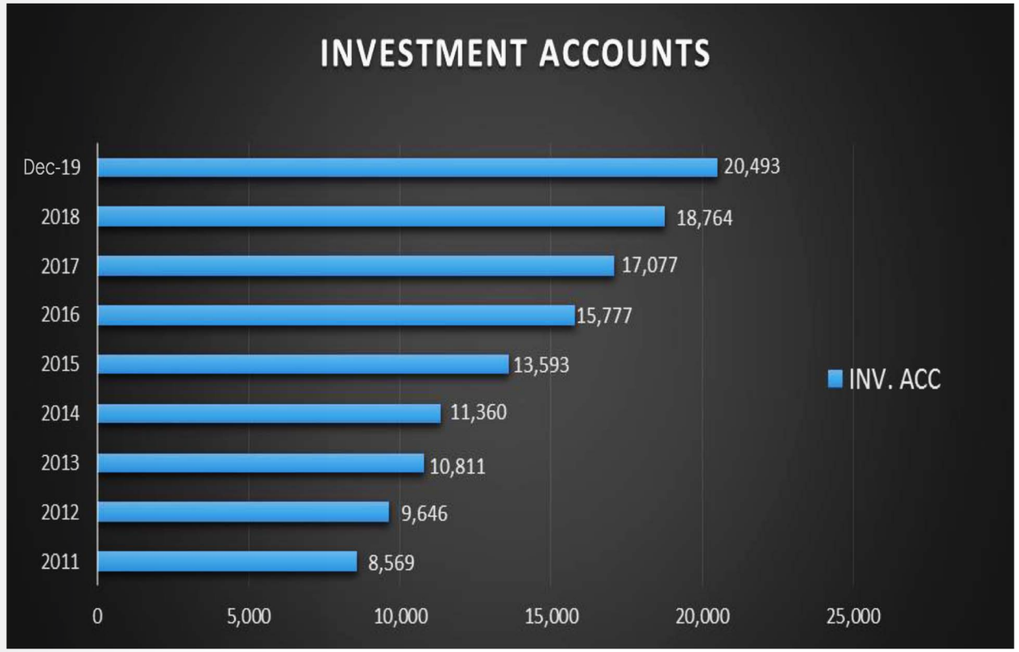



*Figure 5: Market participation, 2019*

www.rse.rw

# ACTIVITIES REPORT

Rwanda Stock Exchange (RSE) conducted various activities as follows:

a) Conferences, meetings and workshop

b) Public education and investement awareness campaigns

c) Capacity building

d) Corporate social responsibility (CSR)

## Conferences, Meetings and Workshops

- RSE hosted EASEA Consultative meeting in Kigali and the 1st Inaugural East Africa Capital Market Day at Kigali Serena Hotel in May, 2019 under the theme ”Showcasing East Afrca’s economic vibrancy and the capital market’s place within the region”.
- RSE participated in the African Securities Exchange Association (ASEA) Executive Committee meetings in Marrakesh, Abidjan in February and May 2019 and the ASEA Annual General Meeting and Conference in Kasane, Botswana end of November 2019 under the them “Building Resilient African Capital Markets’.
- RSE conducted workshops on investment clinic project the purpose of the clinic is to process the companies in need of capital to be investment ready.
- RSE participated in the Global Money week initiative in collaboration with AISEC in March,2019 under the theme ”Lean, Earn and Save”
- Participated in the official launch of BK Capital
- RSE participated in different workshops with our partners the one organized by the National Public Prosecution Authority and addressed the participants on the topic: “Capital Market regime in Rwanda and stock exchanges practices from a financial crime perspective” and the one on Disclosure and Transparency and Environmental Social Governance (ESG) Reporting organized by CMA & IFC among others.
- RSE participated in different meetings organized by the EAC Secretariat such as CMIPC and Sectoral Council on Finance and Economic Affairs (SCFEA) and other Technical Working Group meetings on the regional Capital Market Infrastructure project (CMI) and regional legal frameworks.
- RSE participated in different AGMs of listed companies namely BK Group PLC, Bralirwa PLC, Crystal Telecom Ltd and I&M Bank Ltd.
- RSE participated in different AGMs of listed companies namely BK Group PLC, Bralirwa PLC, Crystal Telecom Ltd and I&M Bank Ltd.





- RSE participated in high level international events and meetings hosted by the Rwandan government, the Private Sector Federation and other development partners such as The Africa CEO Forum in March 2019, the 5th ERPRN Annual Economic Research Conference in March 2019, Transform Africa Summit in May 2019, BNR Research Day in June 2019, The Association of African Central Banks Symposium in July 2019 etc.
- RSE participated in “Rwanda Day “held in Bonn, Germany in October, 2019.

*EASEA Consultative meeting in Kigali and the 1st Inaugural East Africa Capital Market Day at Kigali Serena Hotel in May, 2019*

*African Securities Exchange Association (ASEA) Annual General Meeting and Conference in Kasane, Botswana ,November 2019*

*Ringing the bell on Gender Equality 2019 ceremony at Marriott Hotel in March, 2019*

*Ringing the bell on Gender Equality 2019 ceremony at Marriott Hotel in March, 2019*

*Official launch of BK Capital*

## Public education awareness campaigns

- Particiapaed in Government bonds issuance program through roadshows in different districts of the country.
- Aired different radio and TV talk shows on various topics.
- Participated in the official launch of Nyanza Investment Group organized by Nyanza District.
- RSE in collaboration with CMA organized the University Challenge 2019.

*RSE in collaboration with CMA organized the University Challenge 2019.*

*RSE in collaboration with CMA organized the University Challenge 2019.*

*RSE conducting a workshop on investement clinic project*

*RSE conducting a workshop on investement clinic project*

*RSE Hosted Chinese Investors*

## Capacity Building

- RSE hosted 419 students from local and international universities and secondary schools from different programs of Masters and Bachorols level.

*RSE Hosted Students from Lycee de Ruhango Ikirezi*

*Students from Riviera high School Goma-RDC in the faculty of Economics*

*A delegation from Lagos Business School, Nigeria*

## Corporate Social Responsibility (CSR)

Corporate social responsibility is the continued commitment by businesses to behave ethically and contribute to the economic development while improving the quality of lives of workforce and their families as well as of the local community and society in general.

- RSE in collaboration with other sponsors sponsored the Rwanda tennis federation genocide memorial tournament
- Rwanda Stock Exchange staff together with Dukundane Family participated in the remembering of the 1994 Genocide victims who were killed and thrown in different rivers and lakes across Rwanda.

*Rwanda tennis federation genocide memorial tournament*





# REPORT OF THE DIRECTORS

# COMPANY INFORMATION

## The Board of Directors

The present members of the board of Rwanda Stock Exchange Ltd who served from the start of the year are:

| | | |
|---|---|---|
| 1. | Dr. James Ndahiro | Chairman; |
| 2. | Mr. Bob Karina | Vice Chairman; |
| 3. | Mr. Andrew Otengo Owiny | Member; |
| 4. | Mr. Idi Innocent Kabanda | Member; |
| 5. | Mrs Amina Umulisa Rwakunda | Member. |
| 6. | Mrs Iza Irame | Member |
| 7. | Shehzad Noordally | Member, |

## Registered Office

Rwanda Stock Exchange,
Kigali City Tower
Avenue du Commerce,
P.O Box 5337
Kigali
Rwanda

## Principal Bankers

Bank of Kigali
P.O Box 1863
Kigali
Rwanda

## Independent Auditor

ABC CONSULTANTS LTD,
2ND Floor, La Bonne Adresse Building,
Republic Avenue,
P O Box 1901,
Kigali – Rwanda.





# Report of the Directors of Rwanda Stock Exchange (*For the Year ended 31st December 2019*)

The Directors of Rwanda Stock Exchange submit their report and the audited financial statements for the year ended 31st December 2019,which disclose the state of affairs of the company.

## Principle Activities

The principle activities of the company are responsible for carrying out financial securities.

## Results

| | 2019 Rwf | 2018 Rwf |
|---|---|---|
| **Results** | **70,670,051** | **32,797,290** |
| **Income Tax Expenses** | (35,112,218) | (22,822,831) |
| **Profit of the Year** | **35,557,833** | **9,974,459** |

## Dividends

The directors do not recommend the declaration of dividend for the year.

## Directors

The directors who held office during the year and to the date of this report are shown on the previous page.

## Auditors

The auditor, ABC CONSULTANTS LTD, was appointed in accordance with the law 17/2018 of the 13/04/2018 governing companies.

**BY ORDER OF THE BOARD**
**CHAIRMAN**

# Statement of Director's Responsibilities (*For the Year Ended December 31st, 2019*)

The law 17/2018 of the 13/04/2018 governing Companies requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with the International Financial Reporting Standards and the requirements of the law No. 17/2018 of the 13 April 2018 governing companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as 31st December 2019 and its operating results for the year then ended. The directors further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

The company realized a net profit of RWF 35,557,833 during the year ended 31st December 2019 [2018: RWF 9,974,459 (profit)]; and the company's total assets exceed total Liabilities by RWF 452,851,385 (2018: RWF 417,293,550). We expect the company to remain a going concern for at least twelve months from the date of this statement. It is on this basis that we have prepared the financial statements on a going concern basis.

## Approval of Financial Statements

The accompanying financial statements were approved for issue by the board of directors and signed on its behalf by:

**CHAIRMAN**





# Report of the Independent Auditor to the Members RSE Ltd (*For the Year Ended December 31st, 2019*)

## Our Opinion

In our Opinion, financial statements of Rwanda Stock Exchange Ltd (the "Company") give a true and fair view of the financial position of the company as at 31st December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Law No. 17/2018 of 13th April 2018 Governing Companies.

## Audited Financial Statements

The Financial Statements of Rwanda Stock Exchange Limited set out in pages 7 to 18 comprise:

- The Statement of financial Position as at 31st December 2019
- The statement of Comprehensive Income for the year ended 31st December 2019
- The statement of changes in Equity for the year ended 31st December 2019
- The statement of Cash flows for the year ended 31st December 2019
- The Notes to the financial statements, which include a summary of significant accounting policies

## Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in auditor's responsibilities for the audit of the financial statements section of our report.

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

## Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of Law No. 17/2018 of the 13th April 2018 governing Companies and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material mis-statement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the audit of the financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if individually, or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement arising from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





## Report on the Other Legal and Regulatory Requirements

Law No. 17/2018 of the 13 April 2018 governing companies requires that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

i) We have no relationship, interests or debts in the company

ii) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

iii) In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books, and

iv) We have communicated to the company's board of Directors, through a separate report, internal control matters identified in the course of our audit including our recommendations in relation to those matters.

Yours faithfully,

**ABC CONSULTANTS**

Audit & Advisory

P.O. Box 1901

Kigali, Rwanda

# Comprehensive Income Statement
## (*For the Year ended 31st December 2019*)

The Directors of Rwanda Stock Exchange submit their report and the audited financial statements for the year ended 31st December 2019,which disclose the state of affairs of the company.

### Principle Activities

The principle activities of the company are responsible for carrying out financial securities.

### Results

| | Notes | 2019 Rwf | 2018 Rwf |
|---|---|---|---|
| Revenue | 2 | 488,099,418 | 441,046,348 |
| Other Income | 3 | 71,711,451 | 31,868,393 |
| Administrative Expenses | 4 | (482,814,651) | (436,034,540) |
| Depreciation | | (6,326,167) | (4,082,911) |
| **Operating Profit/Loss** | | **70,670,051** | **32,797,290** |
| Corporate Income Tax | 5 | (35,112,218) | (22,822,831) |
| **Profit for the year** | | **35,557,833** | **9,974,459** |

The notes set out on pages 11 to 18 form an integral part of these financial statements





# Statement of Financial Position
## (*As at 31st December 2019*)

| | Notes | 31-Dec-19 Rwf | 31-Dec-18 Rwf |
|---|---|---|---|
| **CAPITAL EMPLOYED** | | | |
| Share Capital | 6 | 100,000,000 | 100,000,000 |
| Retained Earnings | | 108,548,517 | 72,990,684 |
| **Shareholders' funds** | | **208,548,517** | **172,990,684** |
| Grant | 7 | 244,302,868 | 244,302,868 |
| | | **452,851,385** | **417,293,552** |
| **REPRESENTED BY** | | | |
| **Non Current Assets** | | | |
| Property and Equipment | 8 | 8,504,537 | 8,987,405 |
| Investments Bonds | 10 | 5,500,000 | 5,500,000 |
| **Shareholders' funds** | | **14,004,537** | **14,487,405** |
| **Current Assets** | | | |
| Cash and Cash Equivalents | 9 | 77,553,122 | 75,860,249 |
| Short Term Investments | 10 | 200,000,000 | 225,000,000 |
| Trade and other receivables | 11 | 321,898,619 | 301,690,210 |
| | | **599,451,741** | **602,550,460** |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | 438,846,848 | 402,806,146 |
| **TOTAL EQUITY AND LIABILITIES** | | **452,851,385** | **417,293,550** |

**Chief Executive Officer**

*The notes set out on pages 11 to 18 form an integral part of these financial statements*

# Statement of Changes in Equity
## (*As at 31st December 2019*)

| | Share Capital Rwf | Retained Earnings Rwf | Grant Rwf | Total Rwf |
|---|---|---|---|---|
| **Year ended 31st December 2019** | | | | |
| At Start of Year | 100,000,000 | 72,990,684 | 244,302,868 | 417,293,552 |
| Adjustment to Opening | - | - | - | - |
| Amortisation of Grant | - | - | - | - |
| Profit of the year | - | 35,557,833 | - | 35,557,833 |
| **Balance as at 31 December 2019** | **100,000,000** | **108,548,517** | **244,302,868** | **452,851,385** |
| **Year ended 31st December 2018** | | | | |
| At Start of Year | 100,000,000 | 63,016,225 | 244,302,868 | 407,319,093 |
| Adjustment to Opening | - | - | - | - |
| Amortisation of Grant | - | - | - | - |
| Profit of the year | - | 9,974,459 | - | 9,974,459 |
| **Balance as at 31 December 2018** | **100,000,000** | **72,990,684** | **244,302,868** | **417,293,552** |

The notes set out on pages 11 to 18 form an integral part of these financial statements





# Cash Flow Statement
## (*For the year ended December 31st 2019*)

| | Notes | 2019 Rwf | 2018 Rwf |
|---|---|---|---|
| **Surplus for the Year** | | **70,670,051** | **32,797,290** |
| **Adjustments for non-cash expenses** | | | |
| Depreciation | **8** | 6,326,167 | 4,082,911 |
| Tax | **5** | (35,112,218) | (10,564,824) |
| | | **208,548,517** | **172,990,684** |
| **Changes in working capital** | | | |
| Increase in trade and other receivables | **11** | (10,772,477) | 75,605,023 |
| Increase in trade and other payables | **12** | (39,139,420) | 37,338,022 |
| **Cash flow from operating activities** | | **(8,027,897)** | **139,258,422** |
| **Investing Activities** | | | |
| Acquisition of non-current assets | **8** | (5,843,300) | (3,227,600) |
| Changes in Investments | **10** | 15,564,068 | (100,000,000) |
| **Cash flow from Investing activities** | | **9,720,768** | **(103,227,600)** |
| **Financing Activities** | | | |
| Changes in financing | | - | - |
| **Cash flow from Investing Activities** | | **-** | **-** |
| Net Cash flows | | 1,692,871 | 36,030,822 |
| Cash at the beginning of the year | **9** | 75,860,251 | 39,829,429 |
| **Cash at End of the Year** | | **77,553,122** | **75,860,251** |

*The notes set out on pages 11 to 18 form an integral part of these financial statements*

# Notes to Financial Statements
(*For the year ended December 31st, 2019*)

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### (i) Basis of Preparation

The financial statements have been prepared on a historical cost basis and presented in the functional currency of Rwandan Franc (RWF).

### (ii) Statement of Compliance

The financial statements of the Company have been prepared on accrual basis in compliance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

### (iii) Comparability

The principle of consistency with accounting standards and policies applied, the current financial statements are comparable to the previous period.

### (iv) Revenues Recognition

Rwanda Stock Exchange Ltd recognizes revenue when the amount of the revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and when the specific criteria have been met. The amount of revenue is not considered to be reliable measured until all contingencies relating to the revenues have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

### (v) Property, Plant, Equipment and depreciation

Property, Plant and Equipment are stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation or accumulated impairment in value. The initial cost of an asset comprises its purchase price, and any costs directly attributable to bringing the asset into operation. Depreciation estimated according to articles 28 & 29 of the law nº 016/2018 of 13/04/2018 establishing taxes on income. The assets have been grouped into communication equipment, computer Equipment, and furniture and fittings. The annual depreciation rates applied are given in the table below:

| Non-Current Assets | Depreciation Basis | Rate |
|---|---|---|
| Communication Equipment | Net Book Value | 50% |
| Computer Equipment | Net Book Value | 50% |
| Furniture and fittings | Net Book Value | 25% |





### (vi) Trade and Other Receivables

Trade and other receivables are recognized at cost or net realizable amounts in accordance with IAS 39, and IAS 21 an objective assessment of financial assets is made at the end of the year to determine possible impairment and gains. Impairment losses or gains are recognized as an expense or income in the statement of comprehensive income.

### (vii) Trade and other Payables

Trade and other payables are non-interest-bearing liabilities and are carried at amortized cost, which is measured at the fair or contractual value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed to the Organization or not, less any payments made to the suppliers.

### (viii) Cash and Cash equivalents

Cash and cash equivalents comprise bank, and cash at hand

### (ix) Foreign Currencies

Foreign currency transactions during the year are accounted for at the average exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Rwandan Francs at the rates of exchange ruling at the end of the financial year. Gains and losses resulting from the settlement of foreign currency transactions or from the translation of monetary assets and liabilities denominated in foreign currencies, whether realized or not, are recognized in the profit and loss account.

According to IFRS, at the end of reporting period, foreign currency monetary items are translated using the closing rate and non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### (x) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# Notes to Financial Statements
## (*For the year ended December 31st, 2019*)

### ***Choice of functional currency***

Judgement is required in determining the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Company has therefore concluded that the currency that most reflects the economic effects of the underlying operating activities is the Rwf.

### (xi) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future.

### (xii) Government Grants

Government grants are recognized when there is a reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grants relate to an expense item, it is recognised as an income over the period necessary to match the grant on a systematic basis to the cost that is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is amortised over the expected useful life of the asset.

### (xiii) Taxation

**(a) Current tax**

Current tax is provided on the result for the year, adjusted in accordance with tax regulations

**(b) Deferred tax**

Deferred tax is provided using the liability method for all temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.





### (xiv) Financial assets

The company financial assets which includes cash and cash equivalents and trade and other receivables fall into the following category

- **Receivables**: financial assets with fixed or determinable payments that are not quoted in an active market such assets are classified as current assets where maturities are within 12 months of the balance sheet date. All assets with maturities greater than 12 months after the balance sheet date are classified as non-current assets. Such assets are carried at amortised cost using the effective rate method change in the carrying amount are recognised in the income statement.

Purchase and sales of financial assets are recognised on trade date i.e. date on which the company commit to purchase or sell assets. Financial assets are derecognised when the rights to receive cash flows from investments have expired or the company has substantially transferred all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of impairment loss for assets carried at amortised cost is calculated as the difference between the assets carrying amount and the present value of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment loss are taken into account for determining operating.

### (xv) Financial liabilities

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities.

### (xvi) Share capital

Ordinary shares are classified as equity.

# Notes to Financial Statements
(*For the year ended December 31st, 2019*)

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

### (i) Basis of Preparation

The financial statements have been prepared on a historical cost basis and presented in the functional currency of Rwandan Franc (RWF).

### (ii) Statement of Compliance

The financial statements of the Company have been prepared on accrual basis in compliance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

### (iii) Comparability

The principle of consistency with accounting standards and policies applied, the current financial statements are comparable to the previous period.

### (iv) Revenues Recognition

Rwanda Stock Exchange Ltd recognizes revenue when the amount of the revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and when the specific criteria have been met. The amount of revenue is not considered to be reliable measured until all contingencies relating to the revenues have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

### (v) Property, Plant, Equipment and depreciation

Property, Plant and Equipment are stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation or accumulated impairment in value. The initial cost of an asset comprises its purchase price, and any costs directly attributable to bringing the asset into operation. Depreciation estimated according to articles 28 & 29 of the law nº 016/2018 of 13/04/2018 establishing taxes on income. The assets have been grouped into communication equipment, computer Equipment, and furniture and fittings. The annual depreciation rates applied are given in the table below:

| Non-Current Assets | Depreciation Basis | Rate |
|---|---|---|
| Communication Equipment | Net Book Value | 50% |
| Computer Equipment | Net Book Value | 50% |
| Furniture and fittings | Net Book Value | 25% |





### (vi) Trade and Other Receivables

Trade and other receivables are recognized at cost or net realizable amounts in accordance with IAS 39, and IAS 21 an objective assessment of financial assets is made at the end of the year to determine possible impairment and gains. Impairment losses or gains are recognized as an expense or income in the statement of comprehensive income.

### (vii) Trade and other Payables

Trade and other payables are non-interest-bearing liabilities and are carried at amortized cost, which is measured at the fair or contractual value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed to the Organization or not, less any payments made to the suppliers.

### (viii) Cash and Cash equivalents

Cash and cash equivalents comprise bank, and cash at hand

### (ix) Foreign Currencies

Foreign currency transactions during the year are accounted for at the average exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Rwandan Francs at the rates of exchange ruling at the end of the financial year. Gains and losses resulting from the settlement of foreign currency transactions or from the translation of monetary assets and liabilities denominated in foreign currencies, whether realized or not, are recognized in the profit and loss account.

According to IFRS, at the end of reporting period, foreign currency monetary items are translated using the closing rate and non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### (x) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### ***Choice of functional currency***

Judgement is required in determining the functional currency that most faithfully represents the

economic effects of the underlying transactions, events and conditions. The Company has therefore concluded that the currency that most reflects the economic effects of the underlying operating activities is the Rwf.

## (xi) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future.

## (xii) Government Grants

Government grants are recognized when there is a reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grants relate to an expense item, it is recognised as an income over the period necessary to match the grant on a systematic basis to the cost that is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is amortised over the expected useful life of the asset.

## (xiii) Taxation

**(a) Current tax**

Current tax is provided on the result for the year, adjusted in accordance with tax regulations

**(b) Deferred tax**

Deferred tax is provided using the liability method for all temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

## (xiv) Financial assets

The company financial assets which includes cash and cash equivalents and trade and other receivables fall into the following category

- **Receivables**: financial assets with fixed or determinable payments that are not quoted in an active market such assets are classified as current assets where maturities are within 12 months of the balance sheet date. All assets with maturities greater than 12 months after the balance sheet date are classified as non-current assets. Such assets are carried at amortised cost using the effective rate method change in the carrying amount are recognised in the income statement.

Purchase and sales of financial assets are recognised on trade date i.e. date on which the company commit to purchase or sell assets. Financial assets are derecognised when the rights to receive cash flows from investments have expired or the company has substantially transferred all risks and rewards of ownership.





A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of impairment loss for assets carried at amortised cost is calculated as the difference between the assets carrying amount and the present value of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment loss are taken into account for determining operating.

## (xv) Financial liabilities

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities.

## (xvi) share capital

Ordinary shares are classified as equity.

# Notes to Financial Statements
## (*For the year ended December 31st, 2019*)

## NOTE 2: REVENUE

| | Notes | 2019 Rwf | 2018 Rwf |
|---|---|---|---|
| Transaction levies | | 19,459,985 | 19,459,985 |
| Membership fees | | 3,795,000 | 3,200,000 |
| Listing fees | | 464,844,433 | 401,000,000 |
| **Total** | | **488,099,418** | **441,046,348** |

## NOTE 3: OTHER INCOME

| | Notes | 2019 Rwf | 2018 Rwf |
|---|---|---|---|
| Interest received | | 17,616,445 | 19,863,764 |
| ASAE registration fees | | 26,500 | - |
| Gain on exchange | | - | 40,629 |
| Other income | | 54,068,506 | 11,964,000 |
| **Total** | | **71,711,451** | **31,868,393** |

# Notes to Financial Statements
(*For the year ended December 31st, 2019*)

## NOTE 4: ADMINISTRATIVE EXPENSES

| | Notes | 2019 Rwf | 2018 Rwf |
|---|---|---|---|
| Bank Charges | | 1,221,538 | 1,014,686 |
| Board members allowances | | 42,634,586 | 41,676,231 |
| Capacity Building | | 13,426,462 | 6,869,306 |
| Consultancy Services | | 3,500,000 | 9,130,000 |
| General Expenses | | 8,164,462 | 6,598,961 |
| Health Insurance | | 6,729,331 | 6,418,747 |
| IT Equipment Expenses | | 600,000 | 1,857,700 |
| Loss on Exchange | | - | 15,705 |
| Miscelleneous/Contigency | | 3,000,000 | 3,988,160 |
| Office Rent | | 49,430,640 | 49,745,639 |
| Marketing | | 30,422,763 | 22,792,190 |
| Reception & Entertainment | | 4,000,000 | 4,000,000 |
| Staff Emoluments | | 232,225,301 | 231,707,319 |
| Travel, Research & Development | | 38,944,631 | 26,711,597 |
| CSR Activities | | 2,000,000 | 2,101,499 |
| Staff Health & Sports Activities | | 3,500,000 | 4,000,000 |
| Utilities | | 19,588,780 | 17,406,800 |
| Event Hosting Expenses | | 23,426,157 | 0 |
| **Total** | | **482,814,651** | **436,034,540** |

## NOTE 5: CORPORATE INCOME TAX

| | Notes | 2019 Rwf | 2018 Rwf |
|---|---|---|---|
| Profit(Loss) before income tax | | 70,670,051 | 32,797,290 |
| Non deductable Expenses | | 46,370,675 | 43,278,814 |
| **Basis of Tax** | | **117,040,726** | **76,076,104** |





| | Notes | 2019 Rwf | 2018 Rwf |
|---|---|---|---|
| CIT | | 35,112,218 | 22,822,831 |
| **Prepayments** | | | |
| CIT prepayment b/f | | - | 43,278,814 |
| CIT prepayments | | (17,117,069) | (10,145,504) |
| **Net CIT payable** | | **17,995,149** | **419,320** |

## NOTE 6: SHARE CAPITAL

| | Notes | Number of Shares | Ordinary Shares (Rwf) |
|---|---|---|---|
| Balance as at 1st January 2018 to 31st December 2018 and 1 January 2019 to 31st December 2019 | | 1,000,000 | 100,000,000 |

## NOTE 7: GRANT FOR EQUIPMENT AND SOFTWARE

| | Notes | 31-Dec-19 Rwf | 31-Dec-18 Rwf |
|---|---|---|---|
| Balance at the Start of the year | | 244,302,868 | 244,302,868 |
| Additions during the Year | | - | - |
| Amortisation | | - | - |
| **Balance as at 31st Dec** | | **244,302,868** | **244,302,868** |

## NOTE 8: PROPERTY PLANT AND EQUIPMENT

| | Communication Rwf | Computers Rwf | Office furniture Rwf | Purchase in progress Rwf | Total Rwf |
|---|---|---|---|---|---|
| **Year Ended 31 Dec 2019** | | | | | |
| Cost as at 01.01.2019 | 1,226,000 | 244,302,868 | 244,302,868 | 244,302,868 | 244,302,868 |
| Additions | - | - | 7,843,300 | 7,843,300 | 7,843,300 |
| **As at 31 Dec 2019** | **1,226,000** | **36,352,000** | **23,978,816** | **-** | **61,556,816** |
| **Depreciation** | | | | | |
| As at 1 Jan 2019 | 1,169,438 | 25,934,598 | 19,622,076 | - | 46,726,111 |
| Depreciation of Year | 28,281 | 5,208,701 | 1,089,185 | - | 6,326,167 |
| **As at 31 Dec 2019** | **1,197,719** | **31,143,299** | **20,711,261** | **-** | **53,052,279** |
| Net Book Value | 1,169,438 | 1,169,438 | 1,169,438 | - | 1,169,438 |
| **Year Ended 31 Dec 2018** | | | | | |
| Cost as at 01.01.2018 | 1,226,000 | 27,658,700 | 23,601,216 | - | 52,485,916 |
| Additions | - | 850,000 | 377,600 | 2,000,000 | 3,227,600 |
| **As at 31 Dec 2019** | **1,226,000** | **28,508,700** | **23,978,816** | **-** | **55,713,516** |
| **Depreciation** | | | | | |
| As at 1 Jan 2018 | 1,112,875 | 23,360,496 | 18,169,829 | - | 42,643,200 |
| Depreciation of Year | 56,563 | 2,574,102 | 1,452,247 | - | 4,082,911 |
| **As at 31 Dec 2018** | **1,169,438** | **25,934,598** | **19,622,076** | **-** | **46,726,111** |
| Net Book Value | 56,563 | 2,574,102 | 4,356,740 | - | 8,987,405 |





## NOTE 9: CASH AND BANK

| | Notes | 31-Dec-19 Rwf | 31-Dec-18 Rwf |
|---|---|---|---|
| BK Rwf 0465317-41 | | 51,845,594 | 62,406,328 |
| BK USD 00040-0699804-18 | | 11,516,531 | 2,276,911 |
| BPR Rwf 400416419810291 | | 11,012,210 | 11,046,210 |
| I&M Bank Account(USD) | | 3,086,487 | - |
| Petty cash | | 92,300 | 130,800 |
| | | **77,553,122** | **75,860,249** |

## NOTE 10: INVESTMENTS

| | Notes | 31-Dec-19 Rwf | 31-Dec-18 Rwf |
|---|---|---|---|
| **(a) Maturity over 12 months** | | | |
| IFC Long term Bond | | - | - |
| Treasury Bond | | 5,500,000 | 5,500,000 |
| | | **5,500,000** | **5,500,000** |
| **(b) Maturity Less than 12 Months** | | | |
| IFC Long term Bond | | - | 21,969,400 |
| Treasury Bond | | - | 3,030,600 |
| Term deposit | | 50,000,000 | 100,000,000 |
| Term deposit | | 150,000,000 | 100,000,000 |
| | | 200,000,000 | 225,000,000 |
| **Total Investments** | | **205,500,000** | **230,500,000** |

# NOTE 11: TRADE AND OTHER RECEIVABLES

| | Notes | 31-Dec-19 Rwf | 31-Dec-18 Rwf |
|---|---|---|---|
| Faida | | - | 262,060 |
| African Alliance | | 12,407 | 128,259 |
| CDH | | 4,950,029 | 1,000,490 |
| Baraka Capital | | 1,344 | 2,712,772 |
| Mbea | | 12,589 | 42,405 |
| Dyer & Blair | | 111,403 | 111,403 |
| SBG | | 121,969 | 5,443 |
| MO Capital | | 337,626 | - |
| Renaissance Capital-Kenya | | 320,000 | - |
| BK Securities | | 7,154,310 | 391,201 |
| BNR | | 29,250,000 | 14,250,000 |
| NMG | | 309,178 | 309,178 |
| Fixed deposit accrued Interest | | 9,435,932 | 10,450,829 |
| Equity Bank Group | | - | 3,000,000 |
| BDF | | 960,000 | 640,000 |
| RNIT | | 1,000,000 | 1,000,000 |
| Core Securities | | 899,037 | 574,586 |
| Prepayments | | 253,742,197 | 253,530,986 |
| Rent Prepayment | | 13,280,598 | 13,280,598 |
| **Total** | | **321,898,619** | **301,690,210** |





# NOTE 12: TRADE AND OTHER PAYABLES

| | Notes | 31-Dec-19 Rwf | 31-Dec-18 Frw '000 |
|---|---|---|---|
| BNR/CDSC | | 28,868,109 | 120,261,683 |
| Compensation fund | | 69,896,650 | 59,713,384 |
| Other Payables | | 29,124,487 | 12,218,306 |
| RSE Staff Fund | | 650,000 | 350,000 |
| RSSB | | 2,461,084 | 1,350,649 |
| Corporate Income Tax | | 17,995,149 | 419,320 |
| Paye Tax | | 10,004,157 | 5,430,972 |
| Agaciro Fund | | 1,063,480 | - |
| Faida | | 541,778 | - |
| **Total** | | **321,898,619** | **301,690,210** |