



**National Bank of Rwanda**  
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*The Governor*

**DIRECTIVE NO 04/2016 OF 22/03/2016 ON LENDING IN FOREIGN CURRENCY**

Pursuant to the Law N° 55/2007 of 30/11/2007 governing the Central Bank of Rwanda, especially in articles 33, 44, and 56;

Pursuant to the regulation n° 004/2015 of 18/8/2015 modifying and complementing the regulation N° 05/2013 of 21/10/2013 governing foreign exchange operations, especially in article 1;

The National Bank of Rwanda, hereafter referred to as "Central Bank", decrees:

**Article One: Definitions.**

In this Directive, unless the context requires otherwise, the following words and expressions shall mean:

- 1° **Resident strategic sector:** importation of petroleum products, chemical fertilizers and water and energy generating equipments;
- 2° **Income stream:** any borrower's foreign currency income not less than 70% from a project, service or business.

Other words and expressions have the same meaning as provided for in the Regulation N° 05/2013 of 21/10/2013 governing foreign exchange operations as modified and complemented to date.

**Article 2: Purpose of the Directive.**

This Directive aims at establishing conditions for which resident banks shall meet when lending in foreign currency.

**Article 3: Conditions on granting loans in foreign currency.**

Resident banks are authorized to grant loans in foreign currency to both residents and non-residents subject to the following conditions:

- 1° Borrower's income stream is in the currency being borrowed, and repayment will be made in that currency until the maturity of the loan;

- 2° Lending in foreign currency shall not exceed 50% of a bank's total foreign currency deposits, lines of credit and borrowed funds from abroad, provided that they are not part of Tier II Capital (Subordinated debt);
- 3° The foreign exchange risk is mitigated;
- 4° The collaterals pledged by non-residents are realizable in foreign currency;
- 5° They comply with other prudential rules on insiders, credit concentration and large exposure limits.

**Article 4: Specific conditions on granting loans to resident strategic sector.**

Notwithstanding the conditions provided for in article 3 of this Directive, resident banks are further authorized to grant loans in foreign currency:

- 1° To resident strategic sectors which incomes are in local currency, provided that maturity period of the loan does not exceed twelve (12) months. In agreement with the lender, the borrower may also pay in local currency.
- 2° In granting such loans to strategic sectors, resident banks shall ensure that only borrowings or credit lines from abroad are used and, in any case, clients' deposits in foreign currency shall not be the source of the above loans in foreign currency.

**Article 5: Reporting to Central Bank.**

Banks are required to report, on quarterly basis, to the Central Bank loans granted in foreign currency using the format provided for in appendix to this Directive.

**Article 6: Repealing.**

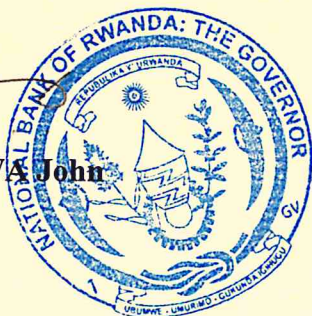
Any prior provision contrary to this Directive is hereby repealed.

**Article 7: Commencement.**

This Directive shall come into force on the date of its signature.

Done at Kigali, on 22/03/2016

**RWANGOMBWA John**  
Governor



**APPENDIX: LOANS IN FOREIGN CURRENCY REPORTING FORMAT**

<b>Number</b>	<b>Name of client</b>	<b>Identification(ID Registration number)</b>	<b>Amount</b>	<b>Interest rate</b>	<b>Initiation date</b>	<b>Maturity Date</b>	<b>Purpose of the loan/Financed Sector</b>
1							
2							
3							

Seen to be annexed to the Directive n° 04/2016 of 22/03/2016 on lending in foreign currency.

Kigali, on 22/03/ 2016

**RWANGOMBWA Jean**  
Governor

