Agusto&Co.

Research, Credit Ratings, Credit Risk Management

2025 SOVEREIGN RATING REPORT

ON THE REPUBLIC OF RWANDA

RATING RATIONALE

Rating Assigned: B+
Outlook: Stable
Issue Date: 26 January 2026
Expiry Date: 31 December2026

Agusto & Co. hereby affirms the **"B+"** rating assigned to the **Republic of Rwanda** ("Rwanda", "the Country", or "the Nation") and attaches a **stable outlook**. The rating affirmation reflects our opinion on Rwanda's resilient economy, evidenced by the average real GDP growth of circa 7% in the last decade and an estimated 9% in FY 2025 and a projected 9.5% in FY 2026, supported by improved performance in the service sector, increased activities in the industrial sector and a resilient agricultural sector. Rwanda's public debt also remains sustainable with a moderate risk of distress and a debt service to revenue ratio below the International Monetary Fund (IMF) threshold of 30%. The rating also takes into account Rwanda's storied political stability, alongside key structural reforms, which continue to drive national unity and accelerate economic development. In addition, the Rwandan government's commitment to promoting investments in strategic sectors such as tourism, renewable energy and infrastructure has made the Country an attractive investment destination thereby fostering economic growth. The rating is however constrained by a 14% depreciation of the Rwandan Franc against the US dollar recorded in the last two years to 31 December 2025, with further depreciation of 4.8% projected by end of 2026. This is expected to negatively impact the debt service to revenue ratio due to high reliance on foreign currency debt.

By the end of Q2'2025, the value of export earnings stood at USD 826 million, while, the value of imports stood at USD 2.3 billion, resulting in a trade deficit of USD 1.5 billion, expanding by 3.6%[1]. We estimate exports and imports to close at USD 1.9 billion and USD 4.9 billion, respectively during the year ended 31 December 2025, resulting in an expanded trade deficit of USD 3 billion due to a high domestic demand and a need for capital and intermediate goods necessitating more imports, while export earnings will be negatively impacted by the decline in tea unit prices, further exacerbating the trade deficit by an estimated 6% by end of 2025. In 2026 and the medium term, however, we anticipate the trade deficit to gradually narrow as Rwanda focuses on economic diversification and improvement of its export base. This will be supported by the National Strategy for Transformation (NST2), which aims to develop domestic manufacturing sub-sectors such as agro-processing, horticulture, mineral processing, leather and textile and apparel to boost exports.

For the fiscal year 2025/26, the Rwandan Parliament approved a budget totaling FRW 7,032.5 billion, which was 21% higher than the FRW 5,816.4 billion approved in the 2024/25 revised budget[2]. The budget estimated total revenue at FRW 4,837.8 billion, which comprises FRW 3,708 billion tax revenue, grants of FRW 585.2 billion

1 Monetary Policy and Financial Stability Statement | September 2025
2 https://www.minecofin.gov.rw/news-detail/government-unveils-frw-70325-billion-budget-for-fy-2025-26

and other revenue amounting FRW 544.4 billion. The budget prioritized resource allocation to various sectors guided by critical considerations that enhance delivery of the National Strategy for Transformation (NTS2). In Q1 of 2025/26 (July – September)[3], the total revenue of FRW 1,156.6 was slightly lower than the projected FRW 1,157.2 billion. As at the same date, the total expenditure[4] of FRW 1,354.9 billion was marginally lower compared to the estimated amount of the original budget of FRW 1,371.9 billion. The shortfall was due to less spending on subsidies and delayed outlays under goods & services in response to late accrual of funds from some revenue sources.

In June 2025, the total public debt stood at FRW 16.1 billion (74.8% of GDP), of which external debt accounted for 82.1%, while domestic debt constituted the remaining 17.9%. In addition, concessional financing accounted for 88.2% of the external debt. Through the Rwandan government's fiscal consolidation strategy that emphasises on spending rationalisation coupled with efficient domestic revenue mobilisation and enhanced fiscal risk management, we project that Rwanda's debt will remain within sustainable levels, with a target of reducing the debt-to-GDP ratio below 65% by FY 2033[5] and a debt service to revenue ratio of less than 23%.

In FY 2024, Rwanda's real GDP growth was 8.9%, surpassing the 10-year average growth rate of circa 7%. By the end of Q3 2025, the economy expanded further, registering 11.8% growth, with agriculture expanding by 10%, industry 17%, and services 10%[6]. Agusto & Co. estimates GDP growth to average 9% in 2025 and 9.5% in 2026, supported by sustained performance in the service and industrial sectors, as well as modest progress in the agricultural sector. In addition, the Rwandan government's commitment to promoting investments in strategic sectors such as tourism, renewable energy, and infrastructure has made the country an attractive investment destination thereby fostering economic growth.

In December 2025, Rwanda recorded an inflation rate of 8% which was high due to a rise in alcoholic beverages, tobacco and narcotics, health and energy. We anticipate Rwanda's inflation rate to gradually decline to 4.6% by December 2026, driven by stabilisation of supply chains, tightening of monetary policies, easing international commodity prices and reduced food prices. In the first half of 2025, Rwanda's unemployment rate fluctuated substantially, starting at 14.7%[7] at the end of 2024, falling to 11.1%[8] by the end of Q1 2025 and rising back to 13.4% by the end of Q2'2025. The shifts were as a result of seasonal effects in agricultural employment. In the near term, Agusto & Co. expects a gradual improvement in Rwanda's unemployment rate, supported by enhanced labour market conditions, alongside significant growth in job opportunities across key economic sectors mainly manufacturing and construction.

From 2024, the Rwandan Franc experienced moderate depreciation against major currencies as a result of a widening current account deficit and the strengthening of the US dollar. As a result, the Rwandan Franc depreciated by 14% from beginning of 2024, closing at FRW/US$1,458.1 as at end of 31 December 2025. Going forward, we anticipate that the persistent global and domestic challenges will exert pressure on the currency, we project a further depreciation to FRW/US$1,502.3 by the end of June 2026.

3 MINISTRY OF FINANCE AND ECONOMIC PLANNING | BUDGET EXECUTION REPORT July - September 2025/26
4 Total expenditure = total expenses plus net investments in nonfinancial assets (considered as capital / development spending)
5 Debt Management Strategy FY 2025/2026-2027/2028
6 GDP National Accounts (Third Quarter 2025) – National Institute of Statistics of Rwanda
7 NBR Monetary Policy Report | August 2025
8 NBR Monetary Policy Report | May 2024

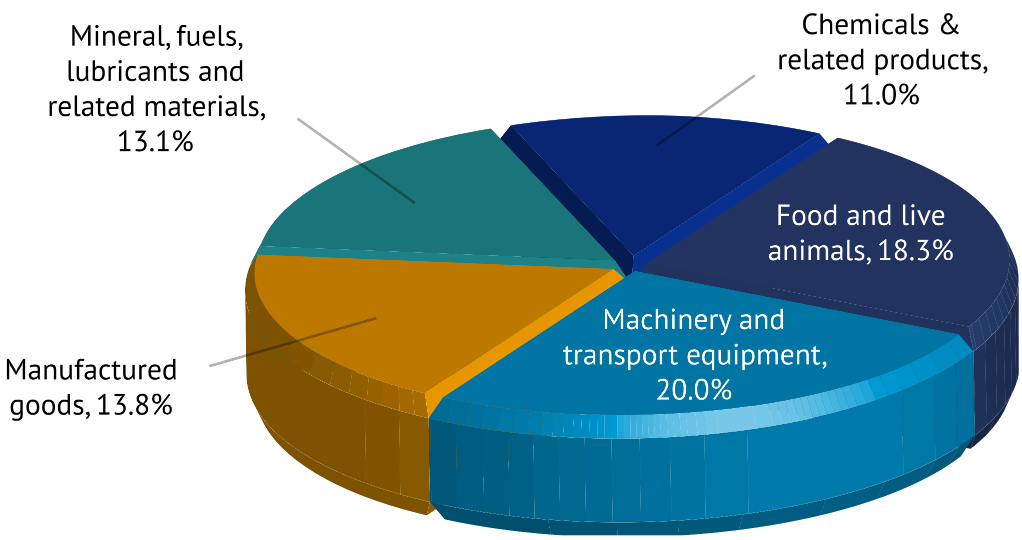
Nonetheless, Rwanda's foreign exchange reserves remained resilient, estimated at US$2.4 billion[9] by the end of 2024, equivalent to 5.4 months of import cover. We anticipate an increase in reserves to US$2.7 billion by the end of 2025, supported by government strategic initiatives to attract foreign investments, ensuring coverage of at least four months of imports.

Going forward, we expect Rwanda's economic growth trajectory to remain strong, supported by a robust services sector along with increased industrial activities and a resilient agricultural sector. Growth will further be supported by government initiatives aimed at increasing investments in the Country's key sectors, therefore enhancing the Nation's attractiveness as a premier investment and financial services hub in East Africa. Additionally, Rwanda's ongoing transformational reforms (National Strategy for Transformation) as well as the Country's political stability are expected to accelerate development and foster national unity, reinforcing the Country's economic resilience. We note that the ongoing conflict between Rwanda and the Democratic Republic of Congo has caused mass displacement, humanitarian crises and regional instability. Nonetheless, with an aim to end the long-running conflict in the region, the two countries signed a U.S.-mediated peace agreement on 27 June 2025 and subsequently endorsed on 4 December 2025 by the Presidents of Rwanda and Congo DRC. Successful implementation of the agreement is expected to create lasting peace and security in the region and expand foreign trade and investment derived from regional critical mineral supply chains, further supporting Rwanda's growth.

Therefore, we attach a **stable** outlook to the Republic of Rwanda.

CHARTS AND FIGURES

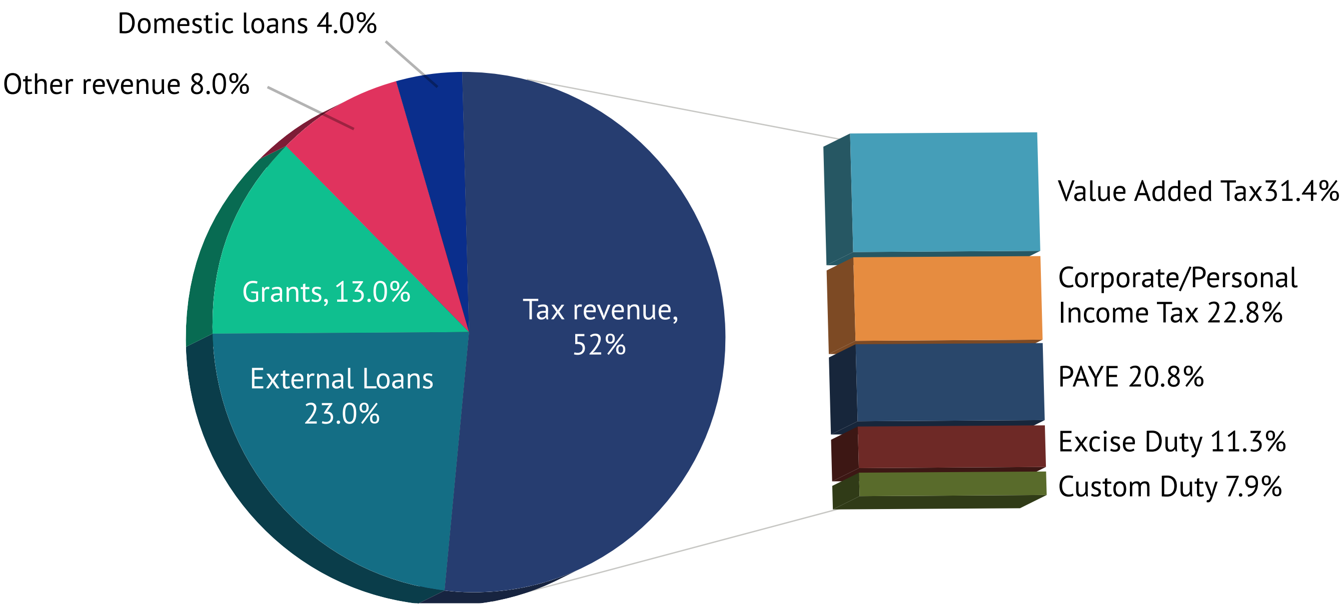
Figure 1: Breakdown of Top Imported Products – Q2'2025



Source: National Institute of Statistics of Rwanda

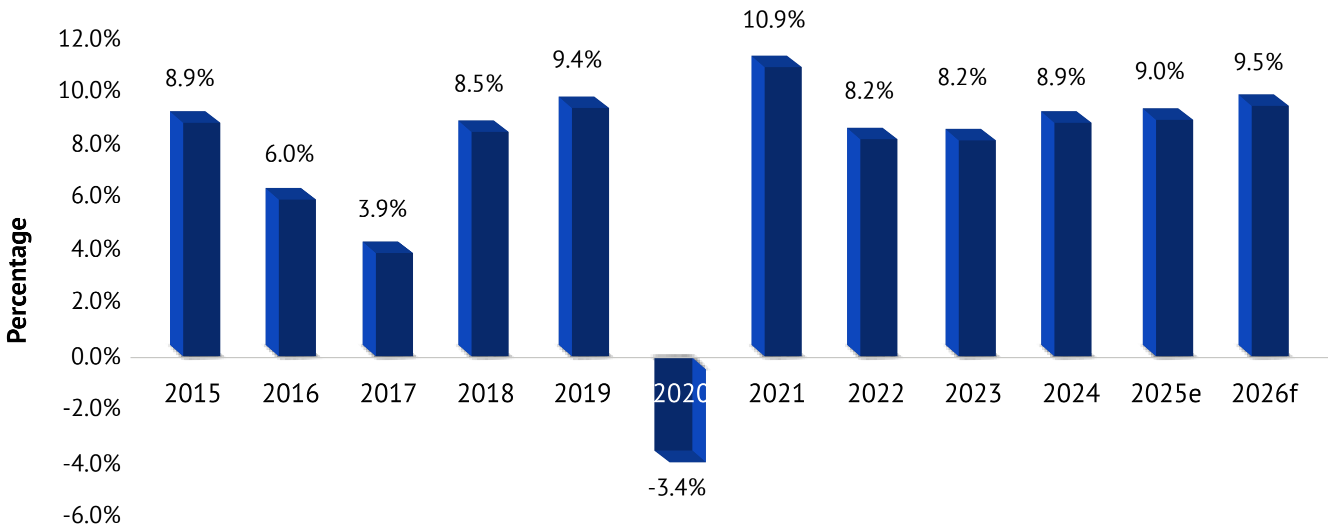
9 *Ministry of Finance and Economic Planning – Public Dataset March 2025*

Figure 2: Revenue Breakdown & Tax Revenue Breakdown (FY 2024/25)



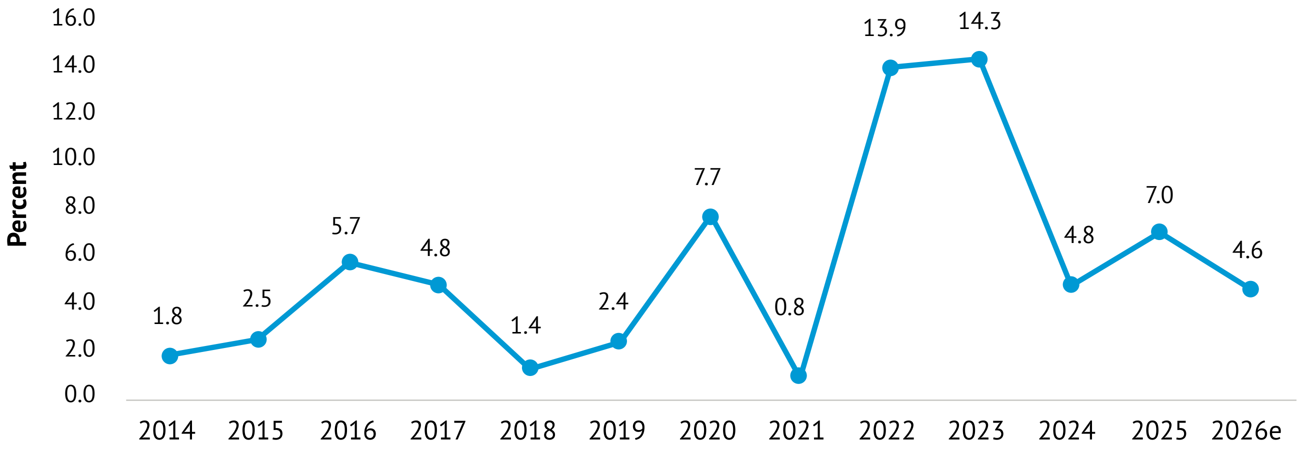
Source: Ministry of Finance and Economic Planning (MINECOFIN)

Figure 3: Rwanda's Real GDP Growth Rate (2015 – 2026f)



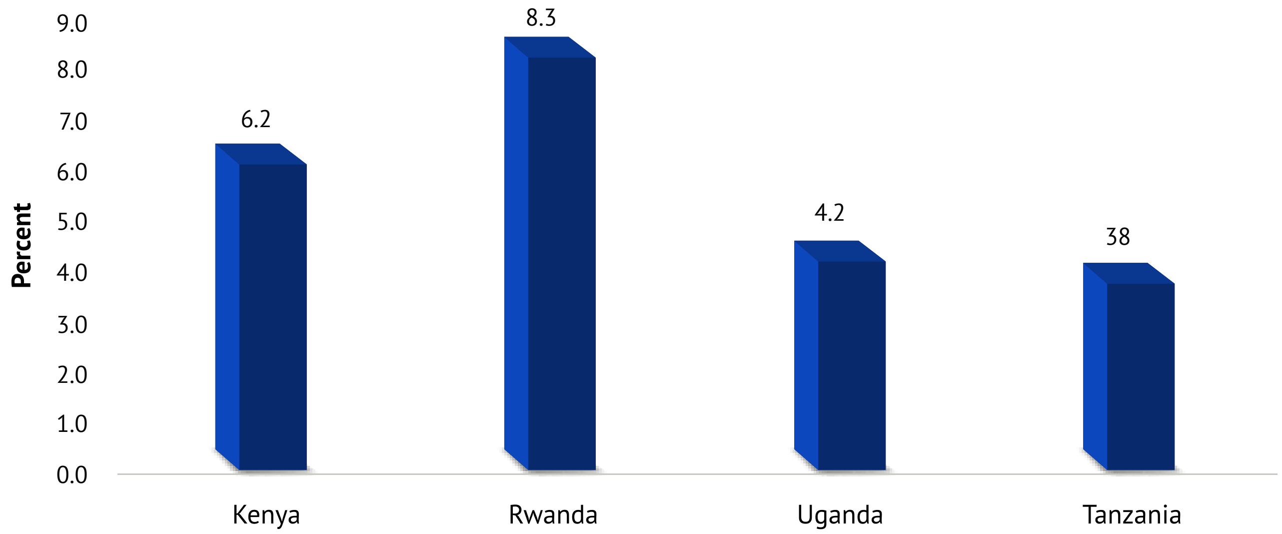
Source: National Institute of Statistics Rwanda, Agusto & Co. Research

Figure 4: Rwanda's Average Inflation (2014 – 2026e)



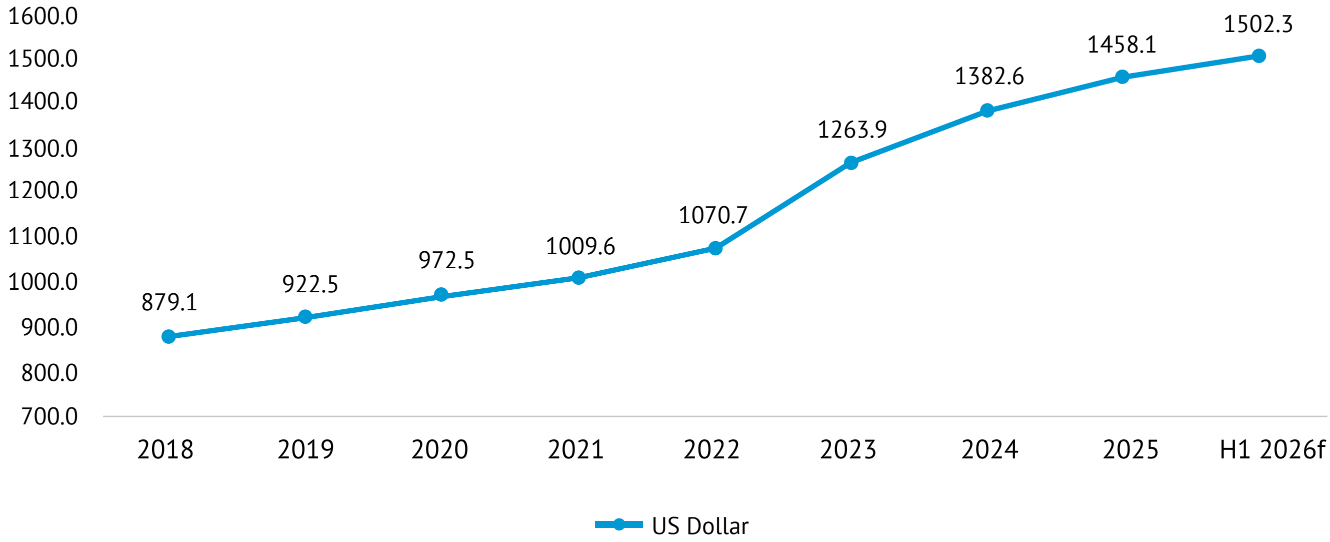
Source: MINCOFIN and National Bank of Rwanda – Economic Bulletin May 2025, Agusto & Co. Research

Figure 5: Five Year (2020– 2024) Average Inflation Rate of Selected East African Countries



Source: National Institute of Statistics of Rwanda, National Bank of Rwanda, World Bank and Agusto & Co. Research

Figure 6: Rwandan Franc Exchange Rate as at Year End



Source: National Institute of Statistics of Rwanda, Agusto & Co. Research

RATINGS DEFINITIONS	
Aaa	**Extremely Low Risk** Peaceful changes in leadership is assured, government pursues outstanding economic policies. Life, property and investments are very secure. The country therefore attracts very significant savings and investments and her citizens enjoy an extremely high standard of living.
Aa	**Very Low Risk** Peaceful changes in leadership is assured, government pursues very good economic policies. Life, property and investments are secure. The country therefore attracts significant savings and investments and her citizens enjoy a very high standard of living.
A	**Low Risk** Recent track record of peaceful changes in leadership, government pursues acceptable economic policies characterized by moderate government deficits financed by borrowing. Crimes involving fatalities are infrequent therefore the country attracts moderately high level of investments and savings, can access international credit and her citizens enjoy a moderately high standard of living.
Bbb	**Acceptable Risk** Recent track record of peaceful changes in leadership, government pursues acceptable economic policies characterized by moderate government deficits financed partly by monetary growth. Crimes rates are high but declining therefore the level of investments and savings is low but improving, Country may not be able to access international credit however new private investments are being attracted. Although standard of living of the citizens is low it is improving.
Bb	**Moderately High Risk** Country has a history of violent changes in leadership, central government runs a large deficit financed mainly with monetary growth thereby resulting in a moderate level of inflation. Crime rate is high and poses a risk to life and property, therefore savings and investments are low. A significant proportion of the population cannot access all the basic needs.
B	**High Risk** Violent changes to leadership are not unusual, central government runs large deficit financed with monetary growth resulting in a high inflationary environment. Serious crimes are prevalent and pose a high risk to life and property and investments therefore savings and investments are very low. A substantial proportion of the population does not have access to all the basic needs.
C	**Very High Risk** Violent changes to leadership are normal, central government runs very large deficits financed with monetary growth resulting in hyperinflation. Serious crimes are prevalent and pose a very high risk to life, property and investments therefore savings and investments are virtually non-existent. A very large proportion of the population lives in abject poverty.
D	**Major Civil Disturbance or Breakdown of the system or War** There really is no central government as the country is at war or there is a major civil disturbance. Central government financing is unrecorded or there is an unreasonably large deficits financed with monetary growth resulting in hyperinflation. Life, property and investments are not secure therefore there is significant capital flight. A significant proportion of the population lives in extreme poverty.

Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

Agusto&Co.

Research, Credit Ratings, Credit Risk Management

CLIMATE BONDS STANDARD APPROVED VERIFIER

Eden Square (7th Floor)
Chiromo Road, Westlands
Nairobi, Kenya
P.O. Box 856-00606, Nairobi
+254 793 842 397

info@agusto.co.ke
www.agusto.co.ke

@Agusto&cokenya

Kigali Heights (4th Floor),
East Wing, KG 7 Ave,
Kigali, Rwanda
+250 791 956 445

info@agustorw.com
www.agustorw.com

@Agusto&corwanda

Accra Atlantic Tower,
Liberation Road,
Accra, Ghana
+233 538 092 386

info@agustogh.com
www.agustogh.com

@Agusto&coghana

UBA House (5th Floor)
57 Marina
Lagos, Nigeria
P.O. Box 56136, Ikoyi
+234 (1) 270 7222-4

info@agusto.com
www.agusto.com
www.agustoresearch.com

@Agusto&Co