

NATIONAL BANK OF RWANDA

FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

I. Income statement

	Note	30 June 2008	30 June 2007
Interest income	3	5 212 789 580	6 120 260 894
Interest expenses	4	(1 305 111 523)	(1 537 339 248)
Net interest income		3 907 678 057	4 582 921 646
Net commission and fees income	5	76 551 416	87 973 745
Net income on foreign currency trading	6	1 968 377 092	1 187 267 536
Other income	7	1 279 244 542	1 038 806 993
Net income before non interest expenses and foreign exchange reevaluation		7 231 851 107	6 896 969 920
Non interest expenses	8	(6 062 771 274)	(3 250 051 543)
Foreign exchange reevaluation	9	(865 680 958)	192 595 214
Net income at 30 June 2008		303 398 875	3 839 513 591

NATIONAL BANK OF RWANDA

FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

II. Balance sheet

		30 June 2008	30 June 2007
ASSETS			
Cash balance		844 258 777	842 541 905
Foreign assets	10	359 500 181 104	305 803 936 301
International Monetary Fund Quota	11	70 971 211 981	66 455 463 542
Due from Government of Rwanda	12	39 737 444 140	41 274 345 729
Due from the banks and other local financial institutions	13	2 699 742 989	2 239 496 995
Staff loans	14	3 558 121 254	3 221 067 686
Other assets	15	946 589 009	929 756 415
Intangible assets	16	1 250 483	26 721 561
Investment property	17	181 989 405	213 338 415
Properties and equipment	18	2 031 005 406	1 762 038 509
Deffered costs	19	543 851 732	1 422 776 653
TOTAL ASSETS		481 015 646 280	424 191 483 711
LIABILITIES			
Currency in circulation	20	82 380 969 670	59 280 437 665
Government deposits	21	198 797 454 128	171 136 488 405
Due to banks and other local financial institutions	22	64 319 996 314	63 184 107 509
Due to International Monetary Fund	23	88 676 951 478	81 143 008 011
Other foreign liabilities	24	22 113 022 007	13 518 093 836
Other liabilities	25	6 233 868 685	16 483 854 472
TOTAL LIABILITIES		462 522 262 282	404 745 989 898
EQUITY			
Share capital	26	2 000 000 000	2 000 000 000
General reserve fund		12 819 736 113	10 634 975 326
Other reserves		3 370 249 010	2 971 004 896
Net income for the period ended at 30 June 2008		303 398 875	3 839 513 591
TOTAL EQUITY		18 493 383 998	19 445 493 813
TOTAL LIABILITIES AND EQUITY		481 015 646 280	424 191 483 711

NATIONAL BANK OF RWANDA
FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

Statement of change in equity

Year ended at 31 December 2007

	Share capital	General reserves fund	Others reserves	Proposed dividend	Total
Balance at the beginning of the year	2 000 000 000	10 634 975 326	2 978 607 751	1 987 038 296	17 600 621 373
Net profit of the year	-	7 153 552 594	-	-	7 153 552 594
Final 2007 proposed dividend	-	(4 864 415 764)	-	4 864 415 764	-
Final 2006 paid dividend	-	-	-	(1 987 038 296)	(1 987 038 296)
Transfer to Staff Welfare Fund	-	(858 426 311)	858 426 311	-	-
Change of unrealised gain on foreign assets	-	-	22 049 632	-	22 049 632
Transfer of foreign exchange fluctuation reserves to General reserve fund	-	754 050 268	(754 050 268)	-	-
Writing back of currency printing costs	-	-	(131 348 440)	-	(131 348 440)
Balance at the end of the year	2 000 000 000	12 819 736 113	2 973 684 986	4 864 415 764	22 657 836 863
Period ended at 30 June 2007					
Balance at 01 January 2008	2 000 000 000	12 819 736 113	2 973 684 986	4 864 415 764	22 657 836 863
Net profit of the period	-	303 398 875	-	-	303 398 875
Change of unrealised gain on foreign assets	-	-	396 564 024	-	396 564 024
Final 2007 dividend paid	-	-	-	(4 864 415 764)	(4 864 415 764)
Balance at 30 June 2008	2 000 000 000	13 123 134 988	3 370 249 010	-	18 493 383 998

NATIONAL BANK OF RWANDA**FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008**

Cash flow statement	30 June 2008	31 December 2007
Net cash from operating activities (see note 27)	55 175 685 717	48 752 966 885
Investing activities		
Purchase of property and equipment	(526 969 090)	(510 048 765)
Proceeds from sale and property equipment	310 764 161	16 469 060
Net cash utilised in/or generated from investing activities	(216 204 929)	(493 579 705)
Financing activities		
Dividend paid	(4 864 415 764)	(1 987 038 296)
Currency in circulation	9 622 487 852	14 321 844 010
Net cash from financing activities	4 758 072 088	12 334 805 714
Net increase in cash and cash equivalent	59 717 552 876	60 594 192 894
Cash and cash equivalent at beginning of the year	301 492 674 545	241 591 924 967
Foreign exchange revaluation losses	(865 680 958)	(693 443 316)
Cash and cash equivalent at the end of the period (see note 28)	360 344 546 463	301 492 674 545

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

1. Corporate information

National Bank of Rwanda is governed under the law n° 55/2007 of 30 November 2007. According to its article 6, its responsibilities are focused towards achieving the following missions:

- to define and implement the monetary policy ;
- to organise, supervise and regulate the foreign exchange market ;
- to supervise and regulate the activities of financial institutions, notably banks, micro finance institutions, insurances companies, social security institutions, collective placements companies and pension fund institutions ;
- to supervise and regulate payments systems ;
- to mint and manage money ;
- to hold and manage official foreign exchange reserves ;
- to act as State cashier.

At 30 June 2008, the NBR's share capital was 2 billions of RWF, subscribed by the Rwandan Government. Law n° 55/2007 of 30 November increases it to 7 billions of RWF. So, from August 2008, it will be equal to that amount by deducting an amount of 5 billions of RWF from the general reserve account.

In accordance with article n° 66 of Law n° 55/2007 of 30 November 2007, NBR's net profit is appropriated as follows:

- 20 % to the General Reserve Accounts,
- After all other appropriations to other reserves duly authorized by the Board of Directors, the remaining amount shall be paid to the Public Treasury.

At 30 June 2008, NBR's equity amounted to RWF 18 493 383 998.

2. Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below :

(a) Basis of preparation

NBR's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) except for the specific departure in IFRS in accounting for deferred cost incurred in 2003 and 2004 when the Bank withdrew all old notes and coins from circulation due to the Rwandan decision of change in armories.

They are also in accordance with Law n° 55/2007 of 30 November 2007. They have been prepared under the historical cost basis, except for measurement at fair value of some financial assets. They are presented in units of RWF.

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

(b) Significant accounting judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies, reported values of assets, liabilities, disclosures, income and expenses during the reporting period.

The estimate and associated assumptions are based on historical experiences, the results of which form the basis of making judgements while acknowledging that the actual results may ultimately, differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and the future periods if the revision effect both current and future periods. The most significant use of judgement and estimates are as follows :

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities of the balance sheet cannot be derived from active markets, they are determined using valuation techniques which are based on some assumptions.

Impairment of losses on loans and advances

NBR reviews its loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the income statement. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required.

(c) Revenue and expenses recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Bank and it can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

Interest and similar income expenses

For all financial instruments measured at amortized cost and interest bearing financial instruments classified as available for sale financial instruments, interest income and expense is recorded at the effective interest rate based on actual purchase price.

Fee and commission income or expenses

NBR receives fee and commission income from a range of services it provides to its customers as well as it pays them for services done on its request. Fee and commission income for the provision of services is recognized on accrual basis.

Dividend income and expenses

Revenue is recognised when NBR's right to receive the payment is established. Dividend payable is recognised as an appropriation of profit at the end of the year.

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

(d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Changes in expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates. Depreciation is calculated using the straight-line method to write down the costs of property and equipment to their residual value over their estimated useful lives. Land is not depreciated. The annual depreciation rates used for each asset category are:

Building	: 5 - 10 %
Computer equipment	: 33,3 %
Machines	: 20 %
Motors vehicles	: 25 %
Furniture, fittings and office equipment	: 10 %
Security equipment	: 10 %

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising of asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in income statement as other income statement or other expense in the year when the asset is derecognized.

(e) Intangible assets and amortization

Intangible assets acquired separately are measured on initial recognition at costs. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method as follows:

Computer software	: 33,3 %
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(f) Consumable stock valuation

The consumable stock is valued at the lower of cost and net realisable value. Cost is determined using the weighted average method. The net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Provisions are made for all anticipated inventory losses, impairment and obsolescence.

(g) Currency printing costs

Currency note printing and coins minting costs are expensed in the income statement in the period in which they are incurred.

(h) Provisions

Provisions are recognised when the bank has a present obligation (legal or constructive) as a result of a past event, and it is possible that an outflow of resource embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(i) Cash and cash equivalents

Cash comprises of foreign currency held in the Bank and demand deposits held with foreign banks. Cash equivalents comprise of a short term highly liquid investment and term deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk in change in value.

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

The short-term highly liquid investments include balances with maturities of three months or less from the date of acquisition.

(j) Foreign currency transactions and balances

Transactions in foreign currencies during the year are converted into Rwandan Francs at the rate ruling at the transaction date. Foreign currency holdings, placements and liabilities are adjusted for the daily exchange variations. The resulting difference from conversion and translation are dealt with in the income statement in the year in which they arise. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency at the exchange rate applicable at the balance sheet date.

(k) Financial instruments

Financial instruments are recognized when the Bank becomes a party to contractual provisions of the instrument. They are initially measured at cost, which include transactions costs.

(l) Loans and receivables

Loans and receivables are advances made by the Bank including staff loans and advances. Loans and receivables are initially measured at the fair value and subsequently at the amortized cost.

Amortized costs represents the amounts at which the financial instruments were measured at the initial recognition minus principal repayment plus or minus the cumulative amortization of any difference between the initial amount and the maturity amount and minus any write down for impairment or uncollectability.

The Bank provides loans facilities to staff in order to help them to acquire or improve and equip their houses and purchase motor vehicles.

(m) Impairment of non-financial assets

NBR assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If such indications exist, or when an impairment testing for an asset is required, NBR makes an estimate of the asset's recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(n) Investment properties

The Bank hold certain properties as investments to earn rental income, or awaiting disposal or any future use. Investment properties are carried at cost less accumulated depreciation. Depreciation is calculated at a rate of 5 % or 10 % using the straight-line method, depending on construction materials used or the method of acquisition.

(o) Employee benefits

In accordance with the existing law to social security, NBR makes contributions to the Social Security funds of Rwanda on behalf of its employees. The Bank 's and employees' contributions amount respectively to 5 % and 3 % of the employees' monthly gross salary.

In addition, NBR has an in house pension scheme. The employees' contribution to this amount to a third of the total annual salary and the remaining two thirds is contributed by NBR which charge them in its income statement in the year in which it relates.

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

The Bank also provides medical facilities for employees and their families. Related costs are charged to the income statement.

(p) Loans and provisions for loans impairment

Loans are stated at outstanding amounts less provision for impairment.

As State Cashier, NBR can make direct advances to the Government for the purpose of offsetting fluctuations between Government receipts and expenditure. In accordance with Article 49 of Law n° 55/2007, the total amount of advances to the Government outstanding shall not exceed eleven percent of the gross ordinary revenue of the Government collected during the preceding fiscal year.

As a lender of last resort, NBR may grant loans or advances for fixed periods not exceeding seven days to commercial banks. Interest rates charged to these banks are determined by NBR based on the inter-bank money market rates.

NBR also operates a staff loans scheme for its employees in order to allow them to acquire their own houses and cars. It determines the terms and conditions for granting those loans and fixes applicable rates that are generally below market rates. Specific provisions for impairment of these kinds of loans are made in accordance with NBR instruction n° 03/2000 of 29 March 2000 relating to classification of assets and monitoring of liabilities of banks and other financial institutions.

When a loan is deemed uncollectable, it is written off against the related provision for impairment. Subsequent recoveries are credited to the income statement if previously written off.

(q) Taxation

According to Article 75 of Law n° 55/2007 of 30 November 2007 governing the Central Bank of Rwanda, NBR shall be considered as State with regard to the rules of tax liability and tax payment pertaining to all taxes levied for benefit of State and its administrative entities.

(r) Dividend payable

Dividends are recognised upon payment. Dividends declared after the balance sheet date but before financial statements are authorised for issue are disclosed in the notes to the financial statements.

NATIONAL BANK OF RWANDA**NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008****(Continued)**

	30 June 2008	30 June 2007
3. Interest income		
Local interest earnings	511 605 338	519 769 701
Foreign interest earnings	4 700 919 312	5 600 769 701
	5 212 524 650	6 120 539 402
4. Interest expenses		
Interest on monetary policy issues	981 530 964	1 276 063 893
Interest on foreign deposits	254 081 588	97 248 129
Interest paid to International Monetary Fund	69 498 971	164 248 129
	1 305 111 523	1 537 560 151
5. Net commission and fee income		
Commission and fees income	113 350 580	118 399 886
Commission and fees paid	(36 799 164)	(30 426 141)
	76 551 416	87 973 745
6. Net gain on foreign currency trading		
Gain on purchase and sale of foreign currencies	1 969 807 270	1 394 244 813
Foreign exchange losses	(1 430 178)	(206 977 277)
	1 968 377 092	1 187 267 536
7. Other income		
Fine, penalties, and other administrative income	35 497 192	51 730 376
Write back of accruals and provisions	43 614 665	693 455
Gain on sale of property plant and equipment	309 918 075	3 274 000
Revenue grant from the Government of Rwanda	818 101 380	839 434 386
Other income	72 113 230	143 674 776
	1 279 244 542	1 038 806 993
8. Non-interest expenses		
Currency printing and minting cost	2 562 042 973	-
Staff costs (see note 8 a)	2 250 835 812	1 997 264 977
Depreciation of tangible assets	276 674 345	245 972 208
Depreciation of investment property	15 674 502	16 116 335
Amortization of intangible assets	11 571 912	41 699 352
Amortization of deferred costs	448 952 530	429 972 390
Other non-interest expenses	497 019 200	519 026 281
	6 062 771 274	3 250 051 543

NATIONAL BANK OF RWANDA**NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008****(Continued)**

	30 June 2008	30 June 2007
3. Interest income		
Local interest earnings	511 605 338	519 769 701
Foreign interest earnings	4 700 919 312	5 600 769 701
	5 212 524 650	6 120 539 402
4. Interest expenses		
Interest on monetary policy issues	981 530 964	1 276 063 893
Interest on foreign deposits	254 081 588	97 248 129
Interest paid to International Monetary Fund	69 498 971	164 248 129
	1 305 111 523	1 537 560 151
5. Net commission and fee income		
Commission and fees income	113 350 580	118 399 886
Commission and fees paid	(36 799 164)	(30 426 141)
	76 551 416	87 973 745
6. Net gain on foreign currency trading		
Gain on purchase and sale of foreign currencies	1 969 807 270	1 394 244 813
Foreign exchange losses	(1 430 178)	(206 977 277)
	1 968 377 092	1 187 267 536
7. Other income		
Fine, penalties, and other administrative income	35 497 192	51 730 376
Write back of accruals and provisions	43 614 665	693 455
Gain on sale of property plant and equipment	309 918 075	3 274 000
Revenue grant from the Government of Rwanda	818 101 380	839 434 386
Other income	72 113 230	143 674 776
	1 279 244 542	1 038 806 993
8. Non-interest expenses		
Currency printing and minting cost	2 562 042 973	-
Staff costs (see note 8 a)	2 250 835 812	1 997 264 977
Depreciation of tangible assets	276 674 345	245 972 208
Depreciation of investment property	15 674 502	16 116 335
Amortization of intangible assets	11 571 912	41 699 352
Amortization of deferred costs	448 952 530	429 972 390
Other non-interest expenses	497 019 200	519 026 281
	6 062 771 274	3 250 051 543

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

	30 June 2008	30 June 2007
8.a Staff costs		
Salaries and other allowances	1 707 236 408	1 547 447 743
Pensions	194 979 026	181 083 412
Medical expenses	145 939 960	121 532 028
Training and development	89 084 845	49 200 795
Foreign and local mission allowances	64 738 507	53 761 173
Other staff costs	48 857 066	44 239 826
	2 250 835 812	1 997 264 977
9. Foreign exchange reevaluation		
Change of exchange rate on assets and liabilities in foreign currencies	(274 259 904)	95 802 554
Realised gain on foreign investment	372 799 211	96 792 660
Realised loss on foreign investment	(964 220 265)	-
	(865 680 958)	192 595 214
10. Foreign assets		
Currents accounts	67 752 913 789	49 809 838 352
Placements with foreign correspondent banks	195 087 631 695	210 864 995 550
Foreign investments	54 683 272 301	18 878 414 778
Special Drawing Rights	18 005 168 769	12 618 380 063
Other foreign assets	22 839 111 030	12 744 055 670
Interest receivables	1 132 083 520	888 251 888
	359 500 181 104	305 803 936 301
11. International Monetary Fund Quota	70 971 211 981	66 455 463 542

The International Monetary Fund Quota refers to the Rwanda Government's total capital subscription to the International Monetary Fund (IMF). It is equal to SDR 80,100,000 and was converted to Rwanda Francs using the SDR exchange rate applicable at 30 June.

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

	30 June 2008	30 June 2007
12. Due from Government of Rwanda		
Government consolidated loans	39 737 444 140	41 196 768 869
Government's accounts with debt balances	-	77 576 860
	39 737 444 140	41 274 345 729

The bank signed an agreement with the Rwandan Government on 7 February 1996 in order to consolidate the Government debts amounting to RFW 34.457.639.242 at a rate of 2 % per annum. From 1 August 1997, that amount increased to RFW 43.469.171.160 subsequent to the passing of Law n° 11/97 regarding the statute of the Bank which stipulated under Article 79 that the balance of the state revaluation account at 6 March 1995 has to be consolidated with the amount of the initial debt. The same agreement authorizes NBR to recover that credit from 2002 through a reduction of 30 % of the annual dividends payable to Government. At 30 June 2008, an amount of 3.731.727.020 RWF was already recovered.

Article 49 of the law n° 55/2007 of 30 November 2007 set the limit of the Government of Rwanda's overdraft facility at 11 % of the ordinary Government revenues collected during its previous fiscal year. The limit of the year 2008 is RWF 26.117.422.000, and up to 30 June 2008, it was not attained. Interests levied by NBR on that overdraft facility are determined on basis of the daily average rate of the inter-bank money market.

13. Deposit and loans to banks and other local financial institutions

Receivable from National Post Office	7 146 162	19 146 162
Advances to commercial banks and financial institutions	2 044 890 467	1 321 387 459
Current accounts with commercial banks	647 706 360	898 963 374
	2 699 742 989	2 239 496 995

14. Staff loans

Loans for acquiring houses	3 175 803 480	3 125 426 515
Loans for acquiring cars	282 286 101	251 318 600
Other short loans	188 665 930	171 776 226
Total of loans to staff	3 646 755 511	3 548 521 341
Provisions for impairment	(88 634 257)	(89 970 352)
	3 558 121 254	3 458 550 989

15. Other assets

Suspense accounts	238 911 528	268 316 745
Consumable accounts	102 300 684	183 120 056
Others debtors	772 178 647	561 580 288
	1 113 390 859	1 013 017 089
Provisions for bad debts	(166 801 850)	(83 260 674)
	946 589 009	929 756 415

NATIONAL BANK OF RWANDA**NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008****(Continued)**

	30 June 2008	30 June 2007
16. Intangible assets		
Cost		
	2 008	2 007
At 1 January	709 664 082	709 664 082
Additions	-	-
At 30 June	709 664 082	709 664 082
Amortization		
At 1 January	696 841 687	641 243 169
Amortization of the period	11 571 912	41 699 352
At 30 June	708 413 599	682 942 521
Net book value	1 250 483	26 721 561
17. Investment property		
Cost		
At 1 January	313 490 000	313 490 000
Addition	-	-
At 30 June	313 490 000	313 490 000
Depreciation		
At 1 January	115 826 083	84 477 083
Depreciation of the period	15 674 502	15 674 502
At 30 June	131 500 585	100 151 585
Net book value	181 989 415	213 338 415

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2008 (continued)

18. Property and equipment

	Land	Buildings	Machinery	Motor vehicles	Office furniture	Computer equipment	Security equipment	Capital work in progress	Total
Cost									
At 1 January 2008	54 276 627	1 916 536 928	1 260 674 571	43 770 188	648 368 099	1 332 198 061	961 186 873	-	6 217 011 347
Addition	35 000 000	-	17 060 000	47 769 020	8 780 711	72 571 638	92 040 000	253 747 721	526 969 090
Disposal	-	(4 159 046)	-	-	(2 368 106)	-	-	-	(6 527 152)
At 30 June 2008	89 276 627	1 912 377 882	1 277 734 571	91 539 208	654 780 704	1 404 769 699	1 053 226 873	253 747 721	6 737 453 285
Depreciation									
At 1 January 2008	-	1 760 983 964	831 155 009	23 798 717	520 749 687	996 503 796	302 275 103	-	4 435 466 276
Addition	-	7 951 512	66 176 469	7 461 650	16 432 399	129 936 267	48 704 372	-	276 662 669
Disposal	-	(4 159 046)	-	-	(1 522 020)	-	-	-	(5 681 066)
At 30 June 2008	-	1 764 776 430	897 331 478	31 260 367	535 660 066	1 126 440 063	350 979 475	-	4 706 447 879
Net book value	89 276 627	147 601 452	380 403 093	60 278 841	119 120 638	278 329 636	702 247 398	253 747 721	2 031 005 406
At 30 June 2007	25 060 774	100 024 304	292 177 372	25 442 744	206 037 104	408 959 396	704 336 815	-	1 762 038 509

NATIONAL BANK OF RWANDA**NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008****(Continued)****19. Deferred Costs**

	Printing of notes	Minting of coins	Total
Cost			
At 1 January 2008	3 914 160 734	385 563 168	4 299 723 902
Addition	-	-	-
At 30 June 2008	3 914 160 734	385 563 168	4 299 723 902
Amortization			
At 1 January 2008	3 002 012 922	304 906 718	3 306 919 640
Amortization of the period	409 889 953	39 062 577	448 952 530
At 30 June 2008	3 411 902 875	343 969 295	3 755 872 170
Net book value			
At 30 June 2008	502 257 859	41 593 873	543 851 732
At 30 June 2007	1 303 563 887	119 212 766	1 422 776 653

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

	30 June 2008	30 June 2007
20. Currency in circulation		
Currency printed	176 720 754 524	142 499 754 624
Money in reserve	(64 930 800 000)	(61 294 886 000)
Cash held at NBR	(29 408 984 954)	(21 924 430 959)
	82 380 969 570	59 280 437 665
<p>Money in reserve represents currency printed but not issued into circulation. Cash held at NBR represents notes and coins held by the Bank's principal cashier at 30 June 2008. These two elements have been netted off against the liability for notes and coins in circulations because they do not represent currency in circulation. The cash balance in the balance sheet relates to foreign currency cash balance held by the Bank at 30 June 2008.</p>		
21. Government deposits		
Government main account	57 002 316 887	59 076 230 958
Projects and ministries' accounts	50 266 584 164	39 374 567 683
Special deposits	6 888 188 213	5 389 878 554
Local government	21 467 776 132	15 707 274 041
Public institutions	3 030 537 758	2 608 934 108
Public service enterprises	1 795 637 086	777 054 776
Letters of credit and similar deposits	515 426 226	2 320 002 399
Government foreign currency accounts	57 830 987 662	45 882 545 586
	198 797 454 128	171 136 488 105
22. Due to banks and other financial institutions		
Local currency deposits	18 480 075 191	22 415 879 240
Foreign currency deposits	9 619 373 453	6 288 889 243
Money market interventions	36 220 547 670	34 465 482 221
Interest payable	-	13 856 805
	64 319 996 314	63 184 107 509
23. Due to International Monetary Fund		
International Monetary Funds deposits	70 982 880 277	66 466 389 409
Poverty Reduction and Growth Facilities loans	5 558 082 556	3 312 817 302
Special Drawing Rights allocation	12 135 988 645	11 363 801 300
	88 676 951 478	81 143 008 011

IMF balances are maintained in special drawing rights (SDR) which are revalued with other foreign currency accounts. At the close of the period, they are shown in Rwandan Francs based on the average SDR exchange rate applicable at the balance sheet date.

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

	30 June 2008	30 June 2007
24. Foreign liabilities		
National Bank of Belgium overdraft	21 052 573 121	12 126 036 659
Foreign institution deposits in local currency	125 769 909	150 457 682
Foreign institution deposits in foreign currencies	934 678 977	1 241 599 495
	22 113 022 007	13 518 093 836
25. Other liabilities		
Staff deposits	388 613 661	579 405 770
Non statutory accounts in Rwandan Francs	1 017 696 294	1 267 052 121
Non statutory accounts in foreign currencies	518 853 739	340 017 794
Accrual accounts	2 442 530 230	5 667 183 580
Payables accounts	1 664 796 314	8 218 286 811
Provisions for contingencies	14 727 939	259 793 510
Staff leaves payable	181 881 927	152 114 886
Deferred income	4 768 581	-
	6 233 868 685	16 483 854 472
26. Share capital	2 000 000 000	2 000 000 000

Article n° 2 of Law n° 55/2007 has fixed the NBR 's share capital to 7 billions of RFW. In order to comply with it, in his meeting of 30 June 2008, the Board of Directors have decided to fix it to that amount of seven billions of RFW from August 2008 by reducing the general reserve account for 5 billions of RFW.

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

27. Cash flow from operating activities	30 June 2008	31 December 2007
Net profit of the période	303 493 998	7 153 552 594
Adjustments for		
Depreciation of tangible assets	276 674 345	513 916 006
Depreciation of investment property	15 674 502	31 349 000
Amortisation of softwares	11 571 912	55 598 518
Amortisation of deferred costs	448 952 530	859 944 781
Write back of deferred costs	-	(131 348 440)
Gain on sale of property and equipment	(309 918 075)	(16 469 060)
Foreign revaluation losses	865 680 958	693 443 316
Changes on unrealized profits on foreign investments	396 564 024	22 049 632
Opérating profit before working capital changes	2 008 694 194	9 182 036 347
Increase of International Monetary Fund Quota	(2 162 041 979)	(2 749 893 235)
Decrease of the amounts due from Government of Rwanda	1 528 909 958	527 612 486
Increase of loans to the banks and other local financial institutions	(139 219 613)	(1 069 076 814)
Increase of staff loans	(99 570 265)	(358 081 400)
Decrease/Increase of other assets	770 692 223	(232 748 941)
Increase of Government deposits	57 033 047 940	22 043 784 276
Decrease/Increase of amounts due to banks and other financial institutions deposits	(16 580 592 705)	17 303 505 484
Increase of amounts due to International Monetary Fund	3 611 905 290	5 267 388 907
Increase of other foreign liabilities	7 774 627 432	481 711 783
Incease/Decrease of other liabilities	1 429 233 242	(1 643 272 008)
Net cash from operating activities	55 175 685 717	48 752 966 885

28.Cash and cash equivalent

Cash and cash equivalent included in the cash flow statement comprise the following balances accounts.

Cash balance	844 258 777	842 541 905
Foreign assets	359 500 181 104	305 803 936 301
	360 344 439 881	306 646 478 206

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

29. Related parties transactions

In the course of its operations, NBR enters into relations with related parties. Related parties include the Government of Rwanda, as the sole shareholder of the Bank. Unless otherwise stated, all transactions between these entities take place with reference to market rates.

a) Transaction with the Government of Rwanda

Transactions entered into the Government of Rwanda include :

- Banking services ;
- Management of issue and redemption of securities ; and
- Foreign currency denominated debt settlement and other remittance.

NBR does not charge a fee for maintaining the Government accounts or for the management of issue and redemption of securities. The Government's accounts do not generate interest income. However, NBR earns commissions on all foreign currency transactions carried out on behalf of the Government. On 30 June, the following balances which are included in various balance sheet categories were outstanding :

	30 June 2008	30 June 2007
Due from Government:	39 737 444 140	41 274 345 729
International Monetary Fund deposits	70 982 880 277	66 466 389 409
International Monetary Fund structural loans	5 558 082 556	3 312 817 302
Government deposits	198 797 454 128	171 136 488 105

b) Staff loans

NBR extends the loan facilities to members of staff including the senior management. Staff loans assets (note 14) include advances to employees, which at 30 June amounted to RFW 3 558 121 254 (RFW 3 221 067 686 at 30 June 2007). These loans are given at preference rates of interest fixed by the Bank.

c) Loans to the senior management

Balance at the previous date	86 638 358	106 137 735
Loans advanced during the period	7 500 000	-
Loans repayment during the period	(29 224 337)	(19 499 377)
At 30 June	64 914 021	86 638 358

30. Risk management policies

NBR's risk management policies and practices have been developed for all its business activities. The practice are supported by a stringent risk management culture and a strong commitment to active management risk by senior management and the departmental directors. NBR's primary risk management objective is to ensure the safeguard of the Bank's assets.

Throughout its various business activities, NBR is exposed to four major types of risk, ie credit, market, liquidity and operational risks.

NATIONAL BANK OF RWANDA

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED AT 30 JUNE 2008

(Continued)

Risk management policies (continued)

The NBR's risk management policies and practices are driven by the following principles which are applied to the different types of risks.

- Board oversight : The investment and operational policies and guidelines have been approved by the board of directors and are subject to review from time to time.
- Review by senior management : All activities, including those involving any risk, and the management and investment of external reserves are subject to review and approval by the senior management.
- Diversification : Investment policies and limits are set with a view to ensuring that risks are diversified
- Assessment: Policies and processes have been established to ensure that risks are properly assessed
- Review and reporting : Risk profiles and counterparties and portfolios are subject to ongoing review and reporting to senior management and the board.
- Audit review : Individual risks portfolios and operational risks are subject to comprehensive internal audit review, with independent reporting to senior management by the internal audit function.

The application of the above policies and processes within the NBR is done in order to ensure that risks in the various business activities are properly identified, measured, assessed and controlled in accordance its main objective and its risk tolerance level.