

**NATIONAL BANK FOR
FOREIGN ECONOMIC
ACTIVITY OF THE REPUBLIC
OF UZBEKISTAN**

Consolidated Financial Statements
For the Year ended 31 December 2009

INDEPENDENT AUDITORS' REPORT

To the Founder and the Board of Directors of the National Bank for Foreign Economic Activity of the Republic of Uzbekistan:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the National Bank for Foreign Economic Activity of the Republic of Uzbekistan and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Group and its subsidiaries as at 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion we draw attention to Note 4 to these consolidated financial statements. On 1 January 2007, the Management of the Group decided to change its functional currency from US Dollar (USD) to Uzbek Soum (UZS). For the years ended 31 December 2008 and 2007, the presentation currency of the consolidated financial statements of the Group was the USD, which were presented solely for convenience purposes of the reader. For the year ended 31 December 2009, Management of the Group decided to present the consolidated financial statements in UZS and as such have restated the comparative consolidated financial statements for the years ended 31 December 2008 and 2007.

Deloitte & Touche

19 April 2010
Tashkent

**NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY
OF THE REPUBLIC OF UZBEKISTAN**

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**
(in Uzbek Soums and in millions)

	Notes	Year ended 31 December 2009	Year ended 31 December 2008 (restated)
Continuing operations			
Interest income	5, 28	178,982	161,817
Interest expense	5, 28	(132,298)	(85,393)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		46,684	76,424
Initial recognition adjustment on interest bearing assets		(1,212)	(22,190)
Provision for impairment losses on interest bearing assets		(22,544)	(9,429)
NET INTEREST INCOME		22,928	44,805
Net gain on foreign exchange operations		62,152	47,279
Fee and commission income		109,426	84,468
Fee and commission expense		(24,412)	(10,788)
Net realized loss on investments available-for-sale		(179)	-
Dividends received		1,527	3,150
Recovery of/(provision for) impairment losses on other transactions		10,053	(19,074)
Other income		6,223	5,372
NET NON-INTEREST INCOME		164,790	110,407
OPERATING INCOME		187,718	155,212
OPERATING EXPENSES		(127,348)	(109,973)
PROFIT BEFORE INCOME TAX		60,370	45,239
Income tax expense		(1,847)	(3,299)
PROFIT FROM CONTINUING OPERATIONS		58,523	41,940
Discontinued operations			
Profit from discontinued operations		163	-
NET PROFIT		58,686	41,940
Owners of the parent		57,892	41,841
Minority interest		794	99
		58,686	41,940

On behalf of the Management Board:

Saidakhmad Rakhimov
Chairman of the Board

19 April 2010
Tashkent



Dilshod Rakhimov
Chief Accountant

19 April 2010
Tashkent

**NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY
OF THE REPUBLIC OF UZBEKISTAN**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**


(in Uzbek Soums and in millions)

	Year ended 31 December 2009	Year ended 31 December 2008 (restated)
NET PROFIT	58,686	41,940
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	<u>732</u>	<u>495</u>
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX	<u>59,418</u>	<u>42,435</u>
TOTAL COMPREHENSIVE INCOME	<u><u>59,418</u></u>	<u><u>42,435</u></u>

On behalf of the Management Board:


 Saidakhmad Rakhimov
 Chairman of the Board
 19 April 2010
 Tashkent




 Dilshod Rakhimov
 Chief Accountant
 19 April 2010
 Tashkent

**NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY
OF THE REPUBLIC OF UZBEKISTAN**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2009**

(in Uzbek Soums and in millions)

	Notes	31 December 2009	31 December 2008 (restated)	1 January 2008 (restated)
ASSETS:				
Cash and balances with the CBU	11,28	623,884	357,118	253,243
Due from banks	12	653,727	1,093,184	560,583
Loans to customers	13, 28	2,684,678	2,186,040	2,114,705
Investments available-for-sale	14,28	35,528	35,611	32,320
Investments held-to-maturity		1,408	1,928	2,520
Investment in associates	15	5,220	3,753	3,342
Property, equipment and intangible assets	16	300,920	179,219	193,718
Deferred income tax assets		908	-	-
Other assets	17	47,453	26,495	15,690
Non-current assets held for sale	18	271,612	173,504	26,587
TOTAL ASSETS		4,625,338	4,056,852	3,202,708
LIABILITIES AND EQUITY				
LIABILITIES:				
Amounts due to the CBU and Government of the Republic of Uzbekistan	19,28	279,540	681,419	253,152
Due to banks	20,28	148,380	81,427	94,133
Customer accounts	21, 28	1,854,371	1,565,390	1,194,063
Debt securities issued	22,28	103,828	47,032	50,465
Loans from foreign banks	23	934,630	926,952	943,574
Other borrowed funds	24,28	563,952	76,737	38,133
Current income tax liabilities		352	756	590
Deferred income tax liabilities	10	-	1,461	4,597
Liabilities related to non-current assets held for sale	18	13,325	-	-
Other liabilities	25	14,695	22,831	13,589
Total liabilities		3,913,073	3,404,005	2,592,296
EQUITY:				
Share capital	26	520,306	520,306	520,306
Retained earnings		189,050	130,426	88,090
Minority interest		2,909	2,115	2,016
Total equity		712,265	652,847	610,412
TOTAL LIABILITIES AND EQUITY		4,625,338	4,056,852	3,202,708

On behalf of the Management Board:

Saidakhmad Rakhimov
Chairman of the Board

19 April 2010
Tashkent

Dilshod Rakhimov
Chief Accountant

19 April 2010
Tashkent

**NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY
OF THE REPUBLIC OF UZBEKISTAN**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

(in Uzbek Soums and in millions)


	Share capital	Retained earnings	Minority interest	Total equity
1 January 2008 (restated)	520,306	88,090	2,016	610,412
Net income	-	41,841	99	41,940
Exchange differences on translation of foreign operations	-	495	-	495
31 December 2008 (restated)	520,306	130,426	2,115	652,847
Net income	-	57,892	794	58,686
Exchange differences on translation of foreign operations	-	732	-	732
31 December 2009	<u>520,306</u>	<u>189,050</u>	<u>2,909</u>	<u>712,265</u>

On behalf of the Management Board:

Saidakhmad Rakhimov
Chairman of the Board

19 April 2010
Tashkent




Dilshod Rakhimov
Chief Accountant

19 April 2010
Tashkent

**NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY
OF THE REPUBLIC OF UZBEKISTAN**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(in Uzbek Soums and in millions)

	Year ended 31 December 2009	Year ended 31 December 2008 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax	60,370	45,239
Adjustments for:		
Provision for impairment losses on interest bearing assets	22,544	9,429
(Recovery)/provision for impairment losses on other transactions	(10,053)	19,074
Translation gain on foreign exchange operations	(44,399)	(30,699)
Depreciation and amortization	22,541	22,685
Change in interest accruals, net	24,480	30,865
	<u>75,483</u>	<u>96,593</u>
Cash inflow from operating activities before changes in operating assets and liabilities	75,483	96,593
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Minimum reserve deposit with the CBU	(46,870)	(117,252)
Due from banks	41,116	(33,598)
Non-current assets held for sale	(98,482)	(171,354)
Loans to customers	(650,380)	(233,489)
Other assets	(21,866)	(10,805)
Increase/(decrease) in operating liabilities:		
Amounts due to CBU and Government of the Republic of Uzbekistan	(401,542)	428,877
Due to banks	69,811	25,455
Customer accounts	309,125	411,215
Other borrowed funds	490,638	42,085
Loans from foreign banks	134,622	70,686
Other liabilities	15,616	1,754
	<u>(82,729)</u>	<u>513,167</u>
Cash (outflow)/inflow from operating activities before taxation	(82,729)	513,167
Income tax paid	(3,712)	(6,269)
	<u>(86,441)</u>	<u>506,898</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(147,283)	(11,359)
Proceeds on sale of property, equipment and intangible assets	3,041	3,173
Purchase of investments available-for-sale	(71)	(3,291)
Proceeds on sale of investments available-for-sale	154	-
Purchase of investments in associates	(1,467)	(411)
Purchase of investments held-to-maturity	(1,284)	(667)
Proceeds on sale of investments held-to-maturity	1,804	1,259
	<u>(145,106)</u>	<u>(11,296)</u>
Net cash outflow from investing activities	(145,106)	(11,296)

**NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY
OF THE REPUBLIC OF UZBEKISTAN**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009**
(in Uzbek Soums and in millions)

	Notes	Year ended 31 December 2009	Year ended 31 December 2008 (restated)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from/ (repayments of) debt securities issued		<u>58,814</u>	<u>(5,256)</u>
Net cash inflow/(outflow) from financing activities		<u>58,814</u>	<u>(5,256)</u>
<i>Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents</i>		<u>25,458</u>	<u>55,864</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(147,275)	546,210
CASH AND CASH EQUIVALENTS, beginning of year	11	<u>1,245,860</u>	<u>699,650</u>
CASH AND CASH EQUIVALENTS, end of year	11	<u><u>1,098,585</u></u>	<u><u>1,245,860</u></u>

Interest paid and received by the Group in cash during the year ended 31 December 2009 amounted to UZS 132,925 million and UZS 153,875 million, respectively.

Interest paid and received by the Group in cash during the year ended 31 December 2008 amounted to UZS 84,823 million and UZS 193,352 million, respectively.

On behalf of the Management Board:

Saidakhmad Rakhimov
Chairman of the Board

19 April 2010
Tashkent




Dilshod Rakhimov
Chief Accountant

19 April 2010
Tashkent