

**National Bank for Foreign Economic
Activity of the Republic of Uzbekistan
Consolidated Financial Statements**

Year ended 31 December 2012

Together with Independent Auditors' Report

Independent auditors' report

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

We have audited the accompanying consolidated financial statements of the National Bank for Foreign Economic Activity of the Republic of Uzbekistan and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the fairness of 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 National Bank for Foreign Economic Activity of the Republic of Uzbekistan and its subsidiaries as at 31 December 2012, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young MChJ
30 April 2013

Consolidated statement of financial position**As at 31 December 2012***(Millions of Uzbek soums)*

	Notes	2012	2011
Assets			
Cash and cash equivalents	6	2,170,434	1,855,932
Amounts due from credit institutions	7	722,948	509,325
Loans to customers	8	5,512,392	4,686,190
Investment securities:			
- available-for-sale	10	31,975	26,872
- held-to-maturity		895	1,698
Assets held for sale	9	23,770	46,396
Investments in associates	11	20,850	21,383
Property and equipment	12	733,290	578,094
Current income tax asset		1,609	1,493
Deferred income tax assets	13	20,249	16,490
Other assets	14	204,829	132,152
Total assets		9,443,241	7,876,025
Liabilities			
Amounts due to the Central Bank and the Government	16	175,420	327,217
Borrowings	17	1,669,042	1,547,461
Amounts due to credit institutions	18	898,430	409,941
Amounts due to customers	19	3,464,271	2,927,570
Other borrowed funds	20	2,236,727	1,758,900
Debt securities issued	21	82,314	85,240
Liabilities directly associated with assets held for sale	9	11,162	15,283
Current income tax liabilities		-	1,009
Other liabilities	14	30,826	31,833
Total liabilities		8,568,192	7,104,454
Equity			
Share capital	22	623,867	623,867
Retained earnings		227,115	130,551
Unrealised gains on available for sale securities		8,080	4,365
Other reserves		9,024	7,331
Total equity attributable to the Shareholder of the Bank		868,086	766,114
Non-controlling interests		6,963	5,457
Total equity		875,049	771,571
Total liabilities and equity		9,443,241	7,876,025

Signed and authorised for release on behalf of the Management Board of the Bank

Saidakhmad Rakhimov

Chairman of the Management Board

Alisher Tuychiev

Chief Accountant

30 April 2013

*The accompanying notes on pages 6 to 44 are an integral part of these consolidated financial statements.*

Consolidated income statement**For the year ended 31 December 2012***(Millions of Uzbek soums)*

	<i>Notes</i>	2012	2011
Interest income			
Loans to customers, excluding finance lease receivables		340,212	297,819
Amounts due from credit institutions		7,272	7,485
Finance lease receivables		4,133	5,094
		351,617	310,398
Interest expense			
Other borrowed funds		(54,760)	(35,974)
Amounts due to customers		(52,499)	(42,028)
Borrowings		(47,455)	(38,091)
Amounts due to credit institutions		(29,429)	(26,005)
Debt securities issued		(7,440)	(9,701)
Amounts due to the Central Bank and the Government		(2,550)	(2,599)
		(194,133)	(154,398)
Net interest income		157,484	156,000
Loan impairment charge	8	(77,954)	(69,193)
Initial loss recognition on interest bearing assets		(19,786)	(6,691)
Net interest income after loan impairment charge and initial loss recognition		59,744	80,116
Net fee and commission income	24	147,443	120,506
Net gains from foreign currencies:			
- translation differences		85,055	64,681
- dealing		15,569	12,473
Dividend income		1,142	4,775
Share in (loss)/profit of associates	11	(155)	1,599
Other operating income	25	125,412	106,033
Other income		31,780	3,660
Non-interest income		406,246	313,727
General and other administrative expenses	27	(103,474)	(86,246)
Other operating expenses	28	(114,255)	(86,200)
Personnel expenses	26	(87,271)	(69,938)
Other (impairment and provisions)		(32,674)	(44,407)
Depreciation and amortization		(22,142)	(22,738)
Non-interest expenses		(359,816)	(309,529)
Profit before income tax expense		106,174	84,314
Income tax expense	13	(9,101)	(16,716)
Profit for the year		97,073	67,598
Attributable to:			
- shareholder of the Bank		95,567	66,282
- non-controlling interests		1,506	1,316
		97,073	67,598

The accompanying notes on pages 6 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income**For the year ended 31 December 2012***(Millions of Uzbek soums)*

	Notes	2012	2011
Profit for the year		97,073	67,598
Other comprehensive income			
Unrealised gains on investment securities available-for-sale, net of tax		3,715	4,365
Exchange differences on translation of foreign operations		2,690	720
Other comprehensive income for the year, net of tax		6,405	5,085
Total comprehensive income for the year		103,478	72,683
Attributable to:			
- shareholder of the Bank		101,972	71,367
- non-controlling interests		1,506	1,316
		103,478	72,683

The accompanying notes on pages 6 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity**For the year ended 31 December 2012***(Millions of Uzbek soums)*

	<i>Attributable to the Shareholder of the Bank</i>				<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Retained earnings</i>	<i>Unrealised gain on investment securities available-for-sale</i>	<i>Other reserves</i>			
31 December 2010	623,867	62,427	-	11,173	697,467	4,141	701,608
Profit for the year	-	66,282	-	-	66,282	1,316	67,598
Other comprehensive income for the year	-	-	4,365	720	5,085	-	5,085
Total comprehensive income for the year	-	66,282	4,365	720	71,367	1,316	72,683
Dividends declared	-	(2,720)	-	-	(2,720)	-	(2,720)
Special purpose tax privileges granted (Note 22)	-	4,562	-	(4,562)	-	-	-
31 December 2011	623,867	130,551	4,365	7,331	766,114	5,457	771,571
Profit for the year	-	95,567	-	-	95,567	1,506	97,073
Other comprehensive income for the year	-	-	3,715	2,690	6,405	-	6,405
Total comprehensive income for the year	-	95,567	3,715	2,690	101,972	1,506	103,478
Special purpose tax privileges granted (Note 22)	-	997	-	(997)	-	-	-
31 December 2012	623,867	227,115	8,080	9,024	868,086	6,963	875,049

The accompanying notes on pages 6 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows**For the year ended 31 December 2012***(Millions of Uzbek soums)*

	Notes	2012	2011
Cash flows from operating activities			
Profit before tax		106,174	84,314
Loan impairment charge	8	77,954	69,193
Other impairment and provisions		32,674	44,407
Initial loss recognition on interest bearing assets		19,786	6,691
Net translation gains on foreign exchange operations		(85,055)	(64,681)
Depreciation and amortization		22,142	22,738
Share of profit from associates	11	155	(1,599)
Change in other non-cash accruals		(67,445)	(31,955)
Cash flows from operating activities before changes in operating assets and liabilities		106,385	129,108
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		(213,909)	(191,991)
Loans to customers		(785,793)	(685,908)
Other assets		(272,854)	(242,290)
Assets held for sale		22,626	108,171
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to the Central Bank and the Government		(153,194)	46,088
Borrowings		116,551	250,211
Amounts due to credit institutions		488,489	154,976
Amounts due to customers		538,278	(162,597)
Other borrowed funds		483,975	622,820
Liabilities directly associated with assets held for sale		(4,121)	5,865
Other liabilities		(8,994)	(4,822)
Net cash flows from operating activities before income tax		317,439	29,631
Income tax paid		(13,985)	(15,537)
Net cash from operating activities		303,454	14,094
Cash flows from investing activities			
Proceeds on sale of investments held-to-maturity		803	714
Purchase of investments available-for-sale		(2,724)	(650)
Purchase of investments in associates	11	(36)	(4,502)
Dividends received from associates	11	414	17
Purchase of property and equipment		(10,865)	(12,333)
Proceeds on sale of property and equipment		-	2,720
Net cash used in investing activities		(12,408)	(14,034)
Cash flows from financing activities			
Redemption of debt securities issued		(1,754)	(77,394)
Dividends paid to shareholders		-	(2,720)
Net cash (used in) / from financing activities		(1,754)	(80,114)
Effect of exchange rates changes on cash and cash equivalents		25,210	18,262
Net increase / (decrease) in cash and cash equivalents		314,502	(61,792)
Cash and cash equivalents, beginning		1,855,932	1,917,724
Cash and cash equivalents, ending	6	2,170,434	1,855,932
Interest received		325,270	236,305
Interest paid		199,372	150,438
Non-cash transactions:			
Non-cash increase in property and equipment		178,112	190,279
Non-cash increase in investment securities available-for-sale		4,371	5,135

The accompanying notes on pages 6 to 44 are an integral part of these consolidated financial statements.