



NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY OF THE REPUBLIC OF UZBEKISTAN

**Consolidated Financial Statements and
Independent Auditors' Report**
For the Year Ended 31 December 2015

INDEPENDENT AUDITORS' REPORT

To: 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 (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement 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 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 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 Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte &



“Deloitte & Touche” Audit Organisation LLC
Certificate authorising audit of banks registered by
the Central Bank of the Republic of Uzbekistan
under #3 dated 14 October 2013

Erkin Ayupov
Qualified auditor
Auditor qualification certificate authorising audit
of banks, #6/8 dated 30 June 2015 issued by
the Central Bank of the Republic of Uzbekistan
Director
“Deloitte & Touche” Audit Organisation LLC

18 April 2016
Tashkent, Uzbekistan


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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**


(in millions of Uzbek Soums)

	Notes	31 December 2015	31 December 2014
ASSETS:			
Cash and cash equivalents	5,32	3,292,862	2,429,508
Due from banks	6,32	1,325,367	1,065,718
Loans to customers	7,32	10,237,935	8,277,308
Investments available-for-sale	8,32	48,540	45,747
Investments held-to-maturity		458	499
Investments in associates	9	32,545	14,172
Property and equipment	10	450,661	738,398
Current income tax assets		5,909	8,915
Deferred income tax assets	26	37,130	26,028
Other assets	11	139,755	149,973
Assets classified as held for sale	12	183,278	74,844
TOTAL ASSETS		15,754,440	12,831,110
LIABILITIES AND EQUITY			
LIABILITIES:			
Amounts due to Central Bank of the Republic of Uzbekistan and the Government	13,32	51,553	59,180
Due to banks	14,32	546,509	678,814
Customer accounts	15,32	6,014,985	4,913,017
Other borrowed funds	16,32	7,671,750	5,855,554
Debt securities issued	17,32	95,004	98,915
Other liabilities	18	96,961	118,108
Liabilities directly associated with assets classified as held for sale	12	3,534	2,801
Total liabilities		14,480,296	11,726,389
EQUITY:			
Equity attributable to owner of the Group:			
Share capital	19	658,867	623,867
Investments available-for-sale fair value reserve		8,915	8,915
Retained earnings		615,406	471,359
Other reserves		(10,805)	(6,046)
Total equity attributable to owner of the Group		1,272,383	1,098,095
Non-controlling interests		1,761	6,626
Total equity		1,274,144	1,104,721
TOTAL LIABILITIES AND EQUITY		15,754,440	12,831,110

On behalf of the Management Board:


Rakhimov Saidakhmat
Chairman of the Management
Board

18 April 2015
Tashkent, Uzbekistan


Rakhimova Guzal
Chief Accountant

18 April 2016
Tashkent, Uzbekistan

The notes on pages 10-83 form an integral part of these consolidated financial statements.


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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(in millions of Uzbek Soums)


	Notes	Year ended 31 December 2015	Year ended 31 December 2014
Continuing operations			
Interest income	20,32	590,296	451,205
Interest expense	20,32	(318,779)	(263,638)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES AND INITIAL RECOGNITION ADJUSTMENT ON INTEREST BEARING ASSETS		271,517	187,567
Provision for impairment losses on interest bearing assets	7,32	(164,258)	(15,309)
Initial recognition adjustment on interest bearing assets		(6,627)	(15,278)
NET INTEREST INCOME		100,632	156,980
Net gain on foreign exchange operations	21	182,180	94,125
Fee and commission income	22,32	218,229	207,603
Fee and commission expense	22,32	(41,653)	(33,448)
Share of profit of associates		5,296	3,498
Provision for/(recovery of) impairment losses on other operations	11	(1,596)	10,005
Other operating income	23	64,555	144,131
Other operating expenses	24	(56,838)	(130,247)
Dividend income		6,597	3,625
Other income, net		23,641	13,645
NET NON-INTEREST INCOME		400,411	312,937
OPERATING INCOME		501,043	469,917
OPERATING EXPENSES		(25,32)	(283,322)
PROFIT BEFORE INCOME TAX		184,694	186,595
Income tax expense	26	(23,874)	(28,700)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		160,820	157,895
Discontinued operations			
Loss for the period from discontinued operations	27	(20,735)	(43,532)
NET PROFIT FOR THE YEAR		140,085	114,363
Attributable to:			
Owner of the Group		144,047	112,442
Non-controlling interests		(3,962)	1,921
		140,085	114,363

On behalf of the Management Board:


Rakhimov Saidakhmat
Chairman of the Management
Board

18 April 2016
Tashkent, Uzbekistan




Rakhimova Guzal
Chief Accountant

18 April 2016
Tashkent, Uzbekistan

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

(in millions of Uzbek Soums)


	Year ended 31 December 2015	Year ended 31 December 2014
NET PROFIT FOR THE YEAR	<u>140,085</u>	<u>114,363</u>
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>(5,561)</u>	<u>(23,827)</u>
OTHER COMPREHENSIVE LOSS AFTER INCOME TAX	<u>(5,561)</u>	<u>(23,827)</u>
TOTAL COMPREHENSIVE INCOME	<u><u>134,524</u></u>	<u><u>90,536</u></u>
Attributable to:		
Owner of the Group	139,288	92,021
Non-controlling interests	<u>(4,764)</u>	<u>(1,485)</u>
TOTAL COMPREHENSIVE INCOME	<u><u>134,524</u></u>	<u><u>90,536</u></u>

On behalf of the Management Board:


Rakhimov Saidakhmat
**Chairman of the Management
Board**

18 April 2016
Tashkent, Uzbekistan




Rakhimova Guzal
Chief Accountant

18 April 2016
Tashkent, Uzbekistan

NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY OF THE REPUBLIC OF UZBEKISTAN

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

(in millions of Uzbek Soums)

	Share capital	Investments available-for-sale fair value reserve	Retained earnings	Other reserves	Total equity attributable to owner of the Bank	Non-controlling interest	Total equity
31 December 2013	623,867	8,915	359,605	11,617	1,004,004	8,610	1,012,614
Special purpose tax privileges	-	-	(688)	2,758	2,070	-	2,070
Dividend distribution to non-controlling interest	-	-	-	-	-	(499)	(499)
Total comprehensive income	-	-	112,442	(20,421)	92,021	(1,485)	90,536
31 December 2014	623,867	8,915	471,359	(6,046)	1,098,095	6,626	1,104,721
Contribution made by government in its capacity as shareholder	35,000	-	-	-	35,000	-	35,000
Dividend distribution to non-controlling interest	-	-	144,047	(4,759)	139,288	(101)	(101)
Total comprehensive income	-	-	615,406	(10,805)	1,272,383	(4,764)	134,524
31 December 2015	658,867	8,915	615,406	(10,805)	1,272,383	1,761	1,274,144

On behalf of the Management Board:



Rakhimov Saidakhat
Chairman of the Management Board

18 April 2016

Tashkent, Uzbekistan



Rakhimova Guzal
Chief Accountant

18 April 2016

Tashkent, Uzbekistan

The notes on pages 10-83 form an integral part of these consolidated financial statements.

NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY OF THE REPUBLIC OF
UZBEKISTAN

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

(in millions of Uzbek Soums)

	Notes	Year ended 31 December 2015	Year ended 31 December 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit Before Income Tax		184,694	186,595
Provision for impairment losses on interest bearing assets	7	164,258	15,309
Provision for/(recovery of) impairment losses on other operations	11	1,596	(10,005)
Initial recognition adjustment on interest bearing assets		6,627	15,278
Net unrealised gain on foreign exchange operations	21	(172,829)	(81,066)
Depreciation and amortization	10	33,794	27,021
Loss on disposal of property and equipment		640	1,940
Share of profit from associates		(5,296)	(3,498)
Change in interest income accrual		(32,259)	(30,515)
Change in interest expenses accrual		24,829	20,697
Cash flows from operating activities before changes in operating assets and liabilities		206,054	141,756
<i>Net (increase)/decrease in operating assets</i>			
Due from banks		(6,200)	(190,735)
Loans to customers		(1,130,689)	(748,827)
Other assets		3,391	(27,644)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to Central Bank of the Republic of Uzbekistan and the Government		(7,627)	(134,972)
Due to banks		(164,806)	(106,393)
Customer accounts		912,256	900,392
Other liabilities		(21,147)	11,658
Net cash flows used in operating activities before income tax		(208,768)	(154,765)
Income tax paid		(31,970)	(26,125)
Net cash used in operating activities		(240,738)	(180,890)


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

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**
(in millions of Uzbek Soums)

	Notes	Year ended 31 December 2015	Year ended 31 December 2014
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments available-for-sale		(19)	(1,500)
Purchase of investments in associates		(13,478)	-
Dividend received from associates and investments available-for-sale		2,858	2,883
Dividend distribution to non-controlling interest		(101)	(499)
Purchase of property, equipment and intangible assets		(52,295)	(76,723)
Proceeds on sale of property, plant and equipment		5,026	17,533
Net cash flow from the disposal of subsidiary		30,861	39,362
Net cash used in investing activities		<u>(27,148)</u>	<u>(18,944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from/(repayment of) debt securities issued		768	(111,900)
Contribution made by government		35,000	-
Net proceeds from other borrowed funds		1,021,157	405,757
Net cash from financing activities		<u>1,056,925</u>	<u>293,857</u>
Effect of changes in foreign exchange rate on cash and cash equivalents		74,315	40,701
Net increase in cash and cash equivalents		<u>863,354</u>	<u>134,724</u>
CASH AND CASH EQUIVALENTS, beginning of year	5	<u>2,429,508</u>	<u>2,294,784</u>
CASH AND CASH EQUIVALENTS, end of year	5	<u>3,292,862</u>	<u>2,429,508</u>
Interest received		558,037	481,720
Interest paid		(293,950)	(242,941)
Non-Cash transactions:			
Non-cash increase in property and equipment		16,078	610
Non-cash increase in investments available-for-sale		2,774	3,300

On behalf of the Management Board:


Rakhimov Saidakhmat
Chairman of the Management
Board

18 April 2016
Tashkent, Uzbekistan




Rakhimova Guzal
Chief Accountant

18 April 2016
Tashkent, Uzbekistan