

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

**Consolidated Financial Statements**  
For the Year Ended 31 December 2007

**and Independent Auditors' report**

## INDEPENDENT AUDITORS' REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of National Bank for Foreign Economic Activity of the Republic of Uzbekistan and its subsidiaries (the "Group") which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes. The consolidated financial statements of the Group as at 31 December, 2006 were audited by other auditors whose report, dated 2 April 2007, expressed an unqualified opinion on those consolidated financial statements.

### *Management's responsibility for the 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 as at 31 December 2007, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Deloitte & Touche*

30 May 2008  
Tashkent

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

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007  
(in US Dollars and in millions)**

	Note	Year ended 31 December 2007	Year ended 31 December 2006
Interest income	5,22	121	125
Interest expense	5,22	(79)	(88)
NET INTEREST INCOME BEFORE RECOVERY OF/(PROVISION FOR) IMPAIRMENT LOSSES ON LOANS TO CUSTOMERS		42	37
Recovery of/(provision for) impairment losses on loans to customers	6	12	(7)
NET INTEREST INCOME		54	30
Fee and commission income	7	54	44
Fee and commission expense	7	(6)	(6)
Dividends received		2	1
(Loss)/gain less losses from foreign currencies		(5)	3
Other income		3	6
NET NON INTEREST INCOME		48	48
OPERATING INCOME		102	78
OPERATING EXPENSES	8	(59)	(60)
		43	18
Recovery of/(provision for) impairment losses on other transactions		1	(4)
PROFIT BEFORE INCOME TAX		44	14
Income tax expense	9	(8)	(12)
NET PROFIT		36	2

On behalf of the Management Board:

Saidakhmad Rakhimov  
Chairman of the Board

30 May 2008  
Tashkent



Lyalya Khayrutdinova  
Chief Accountant

30 May 2008  
Tashkent

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

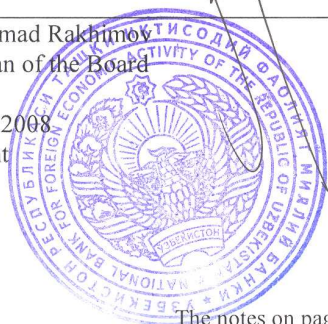
**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2007  
(in US Dollars and in millions)**

	Notes	31 December 2007	31 December 2006
<b>ASSETS</b>			
Cash and cash equivalents	10,22	544	429
Due from banks	11	88	71
Loans to customers	12,22	1,658	1,722
Non-current assets held for sale	13	24	4
Property and equipment	14	159	175
Other assets	15	43	79
<b>TOTAL ASSETS</b>		<b>2,516</b>	<b>2,480</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Due to the Central Bank and Government of Uzbekistan	16	198	380
Due to credit institutions	17	110	56
Customer accounts	18,22	917	678
Debt securities issued		39	1
Interstate credits	19	731	883
Deferred income tax liabilities		38	35
Provisions		5	5
Other liabilities		6	6
<b>Total liabilities</b>		<b>2,044</b>	<b>2,044</b>
<b>EQUITY</b>			
Share capital	20	400	400
Additional paid-in capital		20	20
Retained earnings		52	16
<b>Total equity</b>		<b>472</b>	<b>436</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,516</b>	<b>2,480</b>

On behalf of the Management Board:

Saidakhmad Rakhimov  
Chairman of the Board

30 May 2008  
Tashkent



Lyalya Khayrutdinova  
Chief Accountant

30 May 2008  
Tashkent

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2007  
(in US Dollars and in millions)**

	Share capital	Additional paid in capital	Retained earnings and reserves	Total equity
<b>31 December 2005</b>	<b>400</b>	<b>20</b>	<b>18</b>	<b>438</b>
Profit for the year	-	-	2	2
Dividends to the shareholder of the Bank	-	-	(4)	(4)
<b>31 December 2006</b>	<b>400</b>	<b>20</b>	<b>16</b>	<b>436</b>
Profit for the year	-	-	36	36
<b>31 December 2007</b>	<b>400</b>	<b>20</b>	<b>52</b>	<b>472</b>

On behalf of the Management Board:

Saidakhmad Rakhimov  
Chairman of the Board

30 May 2008  
Tashkent



Lyalya Khayrutdinova  
Chief Accountant

30 May 2008  
Tashkent



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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2007  
(in US Dollars and in millions)**

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before income tax		44	14
Adjustments for:			
Depreciation		15	18
Provision for impairment losses on loans		(12)	7
Provision for impairment on other assets		(1)	(1)
Provision for impairment losses on guarantees		-	5
Unrealized gain on foreign exchange operations		11	6
Change in interest accruals, net		(18)	5
<b>Cash flows from operating activities before change in operating assets and liabilities</b>		<b>39</b>	<b>54</b>
(Increase)/decrease in operating assets:			
Due from banks		(17)	(13)
Loans to customers		12	118
Non-current assets held for sale		(20)	16
Other assets		37	(4)
Increase/(decrease) in operating liabilities			
Due to the Central Bank and Government of Uzbekistan		(181)	(1)
Due to credit institutions		59	43
Customer accounts		255	151
Debt securities issued		38	1
Interstate credits		(110)	(149)
Other liabilities		-	(6)
Cash inflow from operating activities before taxation		112	210
Income tax paid		(5)	(2)
Net cash inflow from operating activities		107	208

**NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY  
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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)  
(in US Dollars and in millions)**

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property and equipment		(6)	(6)
Disposal of property and equipment		7	9
Net cash inflow from investing activities		1	3
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividends paid		-	(4)
Net cash outflow from financing activities		-	(4)
<i>Effect of changes in foreign exchange rate on cash and cash equivalents</i>		7	3
NET INCREASE IN CASH AND CASH EQUIVALENTS		115	210
CASH AND CASH EQUIVALENTS, beginning of the year	10	429	219
CASH AND CASH EQUIVALENTS, end of the year	10	544	429

Interest paid and received by the Group in cash during the year ended 31 December 2007 amounted to USD 84 millions and USD 133 millions, respectively.

Interest paid and received by the Group in cash during the year ended 31 December 2006 amounted to USD 87 millions and USD 119 millions, respectively.

On behalf of the Management Board:

Saidakhmad Rakhimov  
Chairman of the Board

30 May 2008  
Tashkent



Lyalya Khayrutdinova  
Chief Accountant

30 May 2008  
Tashkent