

**STATE JOINT-STOCK  
COMMERCIAL  
BANK “ASAKA”  
(OPEN JOINT STOCK COMPANY)**

**Consolidated Financial Statements**  
For the Year Ended 31 December 2009

# STATE JOINT-STOCK COMMERCIAL BANK “ASAKA” (OPEN JOINT STOCK COMPANY)

## TABLE OF CONTENTS

---

	<b>Page</b>
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009	1
INDEPENDENT AUDITORS’ REPORT	2-3
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009:	
Consolidated income statement	4
Consolidated statement of comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8-9
Notes to the consolidated financial statements	10-58

# STATE JOINT-STOCK COMMERCIAL BANK “ASAKA” (OPEN JOINT STOCK COMPANY)

## STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

The following statement, which should be read in conjunction with the independent auditors’ responsibilities stated in the independent auditors’ report, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of the State Joint-Stock Commercial Bank “ASAKA” (Open Joint Stock Company) (“the Bank”) and its subsidiaries (“the Group”).

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group at 31 December 2009, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (“IFRS”).

In preparing the consolidated financial statements, management is responsible for:


- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed; and
- Preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:


- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Uzbekistan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements for the year ended 31 December 2009 were authorized for issue by the Management Board of the Group on 19 April 2010.

**On behalf of the Management Board:**

  
\_\_\_\_\_  
**Aripov K.T.**  
**Chairman of the Board**  
**19 April 2010**  
**Tashkent**



  
\_\_\_\_\_  
**Galinova Z.A.**  
**Chief accountant**  
**19 April 2010**  
**Tashkent**

## **INDEPENDENT AUDITORS' REPORT**

To the Shareholders and the Council of the State Joint-Stock Commercial Bank "ASAKA" (Open Joint Stock Company):

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the State Joint-Stock Commercial Bank "ASAKA" (Open Joint Stock Company) ("the Bank") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2009, 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 of the Group 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 the consolidated 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. Except as discussed in the paragraph "Basis for Qualified Opinion" below, 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 auditor's 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.

### **Basis for Qualified Opinion**

The Group's building and premises are stated at revalued amounts, as permitted by International Accounting Standards ("IAS") 16, Property, Plant and Equipment, with the last revaluation performed as at 31 December 2003. As explained in Note 18 to the accompanying consolidated financial statements, management has not carried out any further revaluation of these assets in subsequent years through 31 December 2009. Revaluation of assets with sufficient regularity is required by IAS 16, Property, Plant and Equipment. In the absence of information to assess the fair value of these assets, we were unable to obtain sufficient appropriate audit evidence that the carrying amount of the Group's building and premises does not materially differ from their fair value.

### **Opinion**

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

*Deloitte & Touche*

19 April 2010  
Tashkent, Uzbekistan


**STATE JOINT-STOCK COMMERCIAL BANK “ASAKA” (OPEN JOINT STOCK COMPANY)**

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

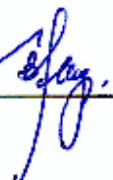
*(in Uzbek Soums and in thousands)*

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
Interest income	4, 27	128,175,384	64,484,429
Interest expense	4, 27	<u>(70,986,166)</u>	<u>(30,335,433)</u>
<b>NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS</b>	4	57,189,218	34,148,996
Provision for impairment losses on interest bearing assets	5, 27	<u>(10,526,535)</u>	<u>(18,798,310)</u>
<b>NET INTEREST INCOME</b>		<u>46,662,683</u>	<u>15,350,686</u>
Net gain on foreign exchange operations	6	18,185,840	15,432,736
Fee and commission income	7, 27	42,380,910	38,900,889
Fee and commission expense	7	(11,148,677)	(5,741,448)
Dividend received		630,320	224,770
Other income, net	8	<u>2,059,299</u>	<u>2,909,834</u>
<b>NET NON-INTEREST INCOME</b>		<u>52,107,692</u>	<u>51,726,781</u>
<b>OPERATING INCOME</b>		98,770,375	67,077,467
Provision for impairment losses on other operations	5	(14,138,543)	(2,745,085)
<b>OPERATING EXPENSES</b>	9, 27	<u>(59,139,644)</u>	<u>(42,942,504)</u>
<b>PROFIT BEFORE RESULTS OF ACTIVITIES FROM ASSOCIATES</b>		25,492,188	21,389,878
Share of results from associates	16	<u>1,140,916</u>	<u>2,431,919</u>
<b>PROFIT BEFORE INCOME TAX</b>		26,633,104	23,821,797
Income tax expense	10	<u>(3,392,266)</u>	<u>(1,893,411)</u>
<b>NET PROFIT</b>		<u>23,240,838</u>	<u>21,928,386</u>
Attributable to:			
Equity shareholders of Parent		23,048,140	21,863,331
Non-controlling interest		<u>192,698</u>	<u>65,055</u>
		<u>23,240,838</u>	<u>21,928,386</u>

**On behalf of the Management Board:**

  
**Aripov K.T.**  
**Chairman of the Board**  
**19 April 2010**  
**Tashkent**



  
**Galinova Z.A.**  
**Chief accountant**  
**19 April 2010**  
**Tashkent**


**STATE JOINT-STOCK COMMERCIAL BANK “ASAKA” (OPEN JOINT STOCK COMPANY)**

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

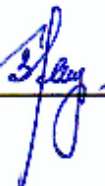
*(in Uzbek Soums and in thousands)*

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
NET PROFIT		<u>23,240,838</u>	<u>21,928,386</u>
Other comprehensive income			
Deferred income tax on revalued property	10, 18	(78,468)	(78,762)
Exchange differences on translation of foreign operations		<u>(19,897)</u>	<u>(120,564)</u>
Other comprehensive loss		(98,365)	(199,326)
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>23,142,473</u></u>	<u><u>21,729,060</u></u>
Attributable to:			
Equity shareholders of Parent		22,949,775	21,664,005
Non-controlling interest		<u>192,698</u>	<u>65,055</u>
<b>Total comprehensive income</b>		<u><u>23,142,473</u></u>	<u><u>21,729,060</u></u>

**On behalf of the Management Board:**

  
\_\_\_\_\_  
**Aripov K.T.**  
Chairman of the Board  
19 April 2010  
Tashkent



  
\_\_\_\_\_  
**Galinova Z.A.**  
Chief accountant  
19 April 2010  
Tashkent

**STATE JOINT-STOCK COMMERCIAL BANK "ASAKA" (OPEN JOINT STOCK COMPANY)**


**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2009**


*(in Uzbek Soums and in thousands)*

	Notes	31 December 2009	31 December 2008
<b>ASSETS:</b>			
Cash and Balances with the Central Bank of the Republic of Uzbekistan	11, 27	487,563,349	329,180,371
Due from banks	12	185,556,356	215,404,502
Loans to customers	13, 27	954,577,622	806,434,494
Investments available-for-sale	14	4,721,449	4,321,310
Investments held-to-maturity	15, 27	19,866,660	17,478,061
Investments in associates	16, 27	13,620,835	12,419,919
Loans under reverse repurchase agreements	17	2,312,265	2,100,559
Property, equipment and intangible assets	18	34,411,897	35,137,413
Deferred income tax assets	10	3,550,273	2,607,246
Non-current assets held for sale	19	45,671,556	43,032,930
Other assets	20	11,734,106	18,131,586
<b>TOTAL ASSETS</b>		<b>1,763,586,368</b>	<b>1,486,248,391</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Due to banks	21, 27	221,072,453	308,830,287
Customer accounts	22, 27	1,119,999,001	946,378,049
Debt securities issued		60,440,491	11,581
Other borrowed funds	23, 27	27,008,815	28,613,982
Provision on contingent liabilities	5	710,195	231,280
Other liabilities	24	6,209,152	7,715,526
<b>Total liabilities</b>		<b>1,435,440,107</b>	<b>1,291,780,705</b>
<b>EQUITY:</b>			
Share capital	25	334,121,566	40,701,866
Unpaid capital		(25,068,367)	-
Capital reserve		7,382,187	7,382,187
Property, plant and equipment revaluation reserve		984,624	1,004,521
Cumulative translation reserve		9,324,450	9,897,808
Retained earnings		-	134,183,406
<b>Total equity attributable to equity holders of the parent</b>		<b>326,744,460</b>	<b>193,169,788</b>
<b>Non-controlling interest</b>		<b>1,401,801</b>	<b>1,297,898</b>
<b>Total equity</b>		<b>328,146,261</b>	<b>194,467,686</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,763,586,368</b>	<b>1,486,248,391</b>

**On behalf of the Management Board:**

  
**Aripov K.T.**  
**Chairman of the Board**  
**19 April 2010**  
**Tashkent**



  
**Galinova Z.A.**  
**Chief accountant**  
**19 April 2010**  
**Tashkent**


# STATE JOINT-STOCK COMMERCIAL BANK "ASAKA" (OPEN JOINT STOCK COMPANY)

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

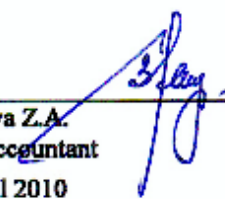
(in Uzbek Soums and in thousands)

Notes	Share capital	Unpaid capital	Capital reserve	Property and equipment revaluation reserve	Cumulative translation reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
31 December 2007	40,701,866	-	7,382,187	10,501,650	1,125,085	114,871,324	174,582,112	-	174,582,112
Transfer of realised revaluation reserve	-	-	-	(603,842)	-	603,842	-	-	-
Other comprehensive loss	-	-	-	-	(120,564)	(78,762)	(199,326)	-	(199,326)
Net profit	-	-	-	-	-	21,928,386	21,928,386	65,055	21,993,441
Dividends paid	-	-	-	-	-	(3,141,384)	(3,141,384)	-	(3,141,384)
Acquisition of subsidiary	-	-	-	-	-	-	-	1,232,843	1,232,843
<b>31 December 2008</b>	<b>40,701,866</b>	<b>-</b>	<b>7,382,187</b>	<b>9,897,808</b>	<b>1,004,521</b>	<b>134,183,406</b>	<b>193,169,788</b>	<b>1,297,898</b>	<b>194,467,686</b>
Transfer of realised revaluation reserve	-	-	-	(573,358)	-	573,358	-	-	-
Other comprehensive loss	-	-	-	-	(19,897)	(78,468)	(98,365)	-	(98,365)
Net profit	-	-	-	-	-	23,048,140	23,048,140	192,698	23,240,838
Dividends paid	-	-	-	-	-	(8,361,353)	(8,361,353)	(88,795)	(8,450,148)
Share capital increase of:									
-ordinary shares	25 293,419,700	(25,068,367)	-	-	-	(149,365,083)	118,986,250	-	118,986,250
<b>31 December 2009</b>	<b>334,121,566</b>	<b>(25,068,367)</b>	<b>7,382,187</b>	<b>9,324,450</b>	<b>984,624</b>	<b>-</b>	<b>326,744,460</b>	<b>1,401,801</b>	<b>328,146,261</b>

On behalf of the Management Board:

  
Aripov K.T.  
Chairman of the Board  
19 April 2010  
Tashkent



  
Galina Z.A.  
Chief accountant  
19 April 2010  
Tashkent

**STATE JOINT-STOCK COMMERCIAL BANK “ASAKA” (OPEN JOINT STOCK COMPANY)**

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

*(in Uzbek Soums and in thousands)*

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before income tax		26,633,104	23,821,797
Adjustments for:			
Provision for impairment losses on interest bearing assets	5, 27	10,526,535	18,798,310
Provision for impairment losses on other transactions	5	14,138,543	2,745,085
Unrealized gain on foreign exchange operations		(8,758,602)	(9,259,388)
Gain from sale or disposal of property, equipment and intangible assets		(102,805)	(259,155)
Depreciation and amortization expenses	9, 18	4,055,000	3,470,517
Changes in interest accruals, net		2,480,629	(631,704)
Dividend received		630,320	224,770
Share of results from associates	16	1,140,916	2,431,919
		<u>50,743,640</u>	<u>41,342,151</u>
Cash inflows from operating activities before changes in operating assets and liabilities			
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with the Central Bank of the Republic of Uzbekistan		22,310,513	(34,012,810)
Due from banks		97,339,455	(21,046,012)
Loans to customers		(137,684,948)	(193,191,031)
Loans under reverse repurchase agreements		(211,706)	(1,499,977)
Non-current assets held for sale		(14,220,235)	-
Other assets		4,588,333	5,349,932
Increase/(decrease) in operating liabilities:			
Due to banks		(100,119,807)	40,923,703
Customer accounts		133,670,661	73,946,204
Debt securities issued		60,428,910	(29,256)
Other borrowed funds		(1,424,511)	(648,476)
Other liabilities		1,091,794	2,594,491
		<u>116,512,099</u>	<u>(86,271,081)</u>
Cash inflow/(outflow) from operating activities before taxation			
Income tax paid		(7,084,098)	(1,326,321)
		<u>109,428,001</u>	<u>(87,597,402)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, equipment and intangible assets		(7,065,368)	(3,897,423)
Proceeds on sale of property, equipment and intangible assets		3,838,689	846,015
Purchase of investment available-for-sale		(709,191)	(986,083)
Purchase of investments held-to-maturity		(2,341,192)	(6,103,117)
Purchase of investments in associates		60,000	(3,533,601)
		<u>(6,217,062)</u>	<u>(13,674,209)</u>
Net cash outflow from investing activities			

**STATE JOINT-STOCK COMMERCIAL BANK “ASAKA” (OPEN JOINT STOCK COMPANY)**

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

*(in Uzbek Soums and in thousands)*

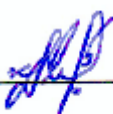
**CASH FLOWS FROM FINANCING ACTIVITIES:**

Issue of ordinary share capital		118,986,250	-
Dividends paid		<u>(4,382,015)</u>	<u>(3,141,384)</u>
Net cash inflow/(outflow) from financing activities		<u>114,604,235</u>	<u>(3,141,384)</u>
<i>Effect of changes in foreign exchange rate on cash and cash equivalents</i>		2,104,527	2,915,638
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>219,919,701</u>	<u>(101,497,357)</u>
CASH AND CASH EQUIVALENTS, beginning of year	11	<u>282,294,011</u>	<u>383,791,368</u>
CASH AND CASH EQUIVALENTS, end of year	11	<u><u>502,213,712</u></u>	<u><u>282,294,011</u></u>

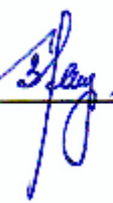
Interest paid and received by the Group during the year ended 31 December 2009 amounted to UZS 69,059,763 thousand and UZS 135,181,966 thousand, respectively.

Interest paid and received by the Group during the year ended 31 December 2008 amounted to UZS 30,103,712 thousand and UZS 60,858,308 thousand, respectively.

**On behalf of the Management Board:**

  
\_\_\_\_\_  
**Aripov K.T.**  
**Chairman of the Board**  
**19 April 2010**  
**Tashkent**



  
\_\_\_\_\_  
**Galinova Z.A.**  
**Chief accountant**  
**19 April 2010**  
**Tashkent**

# STATE JOINT-STOCK COMMERCIAL BANK “ASAKA” (OPEN JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(in Uzbek Soums and in thousands)

### 1. ORGANISATION

State Joint-Stock Commercial Bank “ASAKA” (Open Joint Stock Company) (“the Bank”) is a state joint-stock commercial bank incorporated in the Republic of Uzbekistan on 7 November 1995. The Bank is regulated by the Central Bank of the Republic of Uzbekistan and conducted its business under General license #53 dated 23 June 2001 on banking operations performance and license #38 dated 29 January 2005 on foreign currency operations performance until re-registration.

Based on shareholder’s decision, dated 9 December 2008, the Bank changed its legal form from State Joint-Stock Commercial Bank “ASAKA” to State Joint-Stock Commercial Bank “ASAKA” (Open Joint Stock Company), and performed re-registration of licences and Charter in accordance with the requirements of the Central Bank of the Republic of Uzbekistan. Therefore, the Bank is presently conducting its business under the General license #53 dated 27 December 2008 on banking operations performance and license # 38 dated 27 December 2008 on foreign currency operations performance.

The Bank's primary business consists of commercial activities, trading with securities, foreign currencies, loans and guarantees origination. The Bank accepts deposits from the public, originates loans, transfers payments within the Republic of Uzbekistan and abroad, and provides banking services for its commercial and retail customers.

The registered address of the Bank’s main office is 67 Nukus street, Tashkent, Republic of Uzbekistan.

As at 31 December 2009, the Bank conducts banking operations from its Head Office located in Tashkent, 26 regional branches, 108 mini banks and 138 currency exchange units (84 located in Tashkent, and 54 located in regions) throughout the territory of the Republic of Uzbekistan.

The number of employees of the Bank at 31 December 2009 and 2008 was 2,814 and 2,566, respectively.

The Bank is a parent company of a banking group (“the Group”), which consists of the following enterprises consolidated in the financial statements:

Name	Country of operation	The Bank ownership interest/voting rights, %		Type of operation
		31 December 2009	31 December 2008	
"Dilorom" LLC	Kyrgyzstan	100	100	Recreation center
"Asaka Oquv Kompleks" Subsidiary Enterprise	Uzbekistan	100	100	Education services
"Hazarasp Textile" LLC	Uzbekistan	-	100	Textile
"Asaka Trans leasing" LLC	Uzbekistan	70	70	Leasing company
"Boston Kandolat" LLC	Uzbekistan	100	-	Candy factory
"Berteks" LLC	Uzbekistan	100	-	Textile

“Dilorom” LLC (further “Company”) – recreation centre located on the Issyk-Kul coastal lake, was purchased by the Bank based on the decision of the Cabinet of Ministers #126 dated 29 March 1999. The acquisition amount comprised the amount equivalent of USD 155,344. The same year the Bank transferred amount equivalent of USD 2,703,677 for construction and facilities purposes. Both transfer payments are performed by the Bank in accordance with the Letter of the Central Bank of Uzbekistan #1318/6-1 dated 5 January 2004. The Bank is a sole shareholder of the Company. The Bank did not make investments in the share capital of the Company during the year ended 31 December 2009.

“Asaka Oquv Kompleks” Subsidiary Enterprise (further “Company”) - involved in banking training and education services provision. The Company also renders touristic services, which is in accordance with License # 055-04 dated 21 July 2004. The Bank is a sole shareholder of the Company. During the year ended 31 December 2007, the Bank made investments of UZS 14,947 thousand in the share capital of the Company, in accordance with the Bank’s decision #14/3272 dated 17 September 2007. The Bank did not make investments in the share capital of the Company during the year ended 31 December 2009.

“Hazarasp Textile” LLC is a manufacturing enterprise, established in accordance with the Government Committee Instruction #20 dated 6 November 2006 “Selection of investors and management companies for textile enterprises”, with the Decree of the President of the Republic of Uzbekistan #PP-330 dated 21 April 2006 “Procedures of financial recovery and enhancement of cotton fibre production for textile enterprises”, with the Minute of the Council of the Bank #15 dated 6 December 2006, with the Minute of the Bank’s Management Board #68 dated 20 November 2006 and the Decision of the shareholders of “Hazarasp Textile” LLC #1 dated 6 December 2006. Earlier, the Bank accepted property of two companies, JV “Uniho” and JSC “Hazarasp textile plant” announced bankrupt, as a repayment of outstanding debt, which these companies owed to the Bank. On the basis of the above stated decisions, this property was afterwards invested in the equity of newly established “Hazarasp Textile” LLC.

The Bank is a sole shareholder of “Hazarasp Textile” LLC. With the purpose to support business activities of the Company, the Bank provided the newly established enterprise with financial support of UZS 224,590 thousand, which was fully repaid by the enterprise in January 2008.

During 2009, the Bank made a decision to sell its investments into “Hazarasp Textile” LLC and reclassified the investments as non-current assets held for sale. During 2010, the sale of “Hazarasp Textile” LLC was completed as disclosed in Note 32 to the consolidated financial statements.

“Asaka Trans Leasing” LLC is a lease company established in accordance with the President’s Decree #PP-396 dated 3 July 2006 “Realization of state shares of the Stock company “Toshavtobus”. Share capital of “Asaka Trans Leasing” LLC amounted to UZS 4,000,000 thousand. The shareholders of “Asaka Trans Leasing” LLC are the Bank and State Association “Toshshahartranshizmat”.

“Boston Kandolat” LLC was established on 18 May 2009 in accordance with the decision of the Board from February 25, 2009. The subsidiary company was formed on the basis of repossessed property of the bankrupt enterprise JV “Konmit” following the Decision of the Economic Court of Tashkent region #11-0515/5301 from 29 December 2006. The Share Capital of the subsidiary comprises UZS 2,500,000 thousand, with 100% owned by the Bank. The company is engaged in the production of sweets and confectioneries.

On 12 May 2009 The Board of the Bank decided to sell the property of the subsidiary company "Boston Kandolat" LLC.

The subsidiary company "Berteks" LLC was formed on 14 April 2009 on the basis of repossessed property of two bankrupt enterprises JV "Beruniteks" and JSC "Rayhon" following the Decision of the Economic Court of Republic of Karalpakistan #23-0705/2872 from 28 June 2008 and 23-0705/4149 from 12 June 2008. The Share Capital of the subsidiary comprises UZS 11,165,500 thousand, with 100% owned by the Bank. The company is primarily engaged in textile manufacturing.

During 2009, the Bank made a decision to sell its investments into "Berteks" LLC and reclassified the investments as non-current assets held for sale. During 2010, the sale of "Berteks" LLC was completed as disclosed in Note 32 to the consolidated financial statements.

As at 31 December 2009 and 2008, the following shareholders owned the issued shares of the Group:

	<b>31 December 2009, %</b>	<b>31 December 2008, %</b>
<b>SHAREHOLDERS</b>		
The Ministry of Finance of the Republic of Uzbekistan	66.65	98.33
JSC "Uzavtosanoat"	16.68	1.67
The Fund of Reconstruction and Development of the Republic of Uzbekistan	16.67	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

These consolidated financial statements were authorized for issue by the Management Board of the Group on 19 April 2010.

## **2. BASIS OF PRESENTATION**

### **Accounting basis**

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements are presented in thousands of Uzbek Soums (“UZS”), unless otherwise indicated. These consolidated financial statements have been prepared under the historical cost convention modified for the revaluation of certain properties.

In accordance with International accounting standard “(IAS)” 29 “Financial Reporting in Hyperinflationary Economies” (“IAS 29”) the economy of the Republic of Uzbekistan was considered to be hyperinflationary during 2005 and prior years. Starting 1 January 2006, the Uzbek economy is no longer considered to be hyperinflationary and the values of non-monetary assets, liabilities and equity as stated in measuring units as at 31 December 2005 have formed the basis for the amounts carried forward to 1 January 2006.

The Group maintains its accounting records in accordance with laws of the Republic of Uzbekistan and Kyrgyzstan. These consolidated financial statements have been prepared from statutory accounting records and have been adjusted to conform with IFRS. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement captions.

### **Functional currency**

Items included in the financial statements of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). The reporting currency of these consolidated financial statements is Uzbek Soum (UZS).

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). Control is achieved where the Bank has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

In translating the financial statements of a foreign subsidiary into the presentation currency for incorporation in the consolidated financial statements, the Group follows a translation policy in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates” (“IAS 21”) and performs the following procedures:

- Assets and liabilities, both monetary and non-monetary, of the foreign entity are translated at closing rate;
- Income and expense items of the foreign entity are translated at exchange rates at the dates of transactions;
- Equity items of the foreign entity are translated at exchange rates at the dates of transactions;
- All resulting exchange differences are classified as equity until the disposal of the investment;
- On disposal of the investment in the foreign entity related exchange differences are recognized in the consolidated statement of comprehensive income.

## Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

Investments in associates are carried in the consolidated statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognized. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the associate at the date of acquisition is recognized as goodwill. The goodwill is included in the carrying amount of the investment and is assessed for impairment as part of the investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the associate at the date of acquisition (i.e. discount on acquisition) is credited in the consolidated income statement in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Details of the Group's investments in associates, including summarized financial information of the associates, as at and for the years ended 31 December 2009 and 2008 are presented below:

As at and for the year ended 31 December 2009:

Name of associated company	Ownership interest	Carrying value of investments in associates (UZS thousand)	Total assets of associated company (UZS thousand)	Total liabilities of associated company (UZS thousand)	Net profit (UZS thousand)
Samarkand Car Factory	26.00%	8,420,832	82,805,017	47,861,090	1,410,368
O'ZAVTOSANOATLEAZING LLC	49.00%	4,443,686	79,558,736	70,521,224	1,465,000
"Ishonch" LLC	20.00%	756,317	4,969,396	61,750	281,849

As at and for the year ended 31 December 2008:

Name of associated company	Ownership interest	Carrying value of investments in associates (UZS thousand)	Total assets of associated company (UZS thousand)	Total liabilities of associated company (UZS thousand)	Net profit (UZS thousand)
Samarkand Car Factory	26.00%	8,054,136	74,113,351	41,499,779	2,518,859
O'ZAVTOSANOATLEAZING LLC	49.00%	3,725,836	43,453,080	35,908,615	1,196,221
"Ishonch" LLC	30.00%	639,947	3,300,696	917,432	133,157

## Recognition and measurement of financial instruments

The Group recognizes financial assets and liabilities on its consolidated statement of financial position when it becomes a party to the contractual obligation of the instrument. Regular way purchase and sale of the financial assets and liabilities are recognized using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

Financial assets and liabilities are initially recognized at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below.

### **Cash and balances with the Central Bank of the Republic of Uzbekistan**

Cash and balances with the Central Bank of the Republic of Uzbekistan include cash on hand and balances on correspondent and time deposit accounts with the Central Bank of the Republic of Uzbekistan with original maturity within 90 days.

For the purposes of determining cash flows, cash and cash equivalents includes advances to banks in countries included in the Organization for Economic Co-operation and Development (“OECD”) with original maturities within 90 days. The minimum reserve deposit required by the Central Bank of the Republic of Uzbekistan is not included as a cash equivalent due to restrictions on its availability.

### **Due from banks**

In the normal course of business, the Group maintains advances and deposits for various periods of time with other banks. Due from banks with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Amounts due from banks are carried net of any allowance for impairment losses.

### **Securities repurchase and reverse repurchase agreements and lending transactions**

In the normal course of business, the Group enters into sale and purchase back agreements (“repos”) and purchase and sale back agreements (“reverse repos”). Repos and reverse repos are utilized by the Group as an element of its treasury management.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the consolidated financial statements and consideration received under these agreements is recorded as collateralized deposit received within balances due to banks/customer accounts.

The Group enters into REPO and reverse REPO agreements under which it receives or transfers collateral in accordance with normal market practice. Under standard terms for repurchase transactions in the Republic of Uzbekistan, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction, only if the counterparty fails to meet its obligations per the agreement on the lending transaction.

The equity securities received as a pledge against reverse repurchase agreement were recorded by the Group at cost. Subsequently, the equity securities are recognized by the Group at cost, as there is no active market for the securities pledged.

As at 31 December 2009 and 2008, the cost value of securities recorded as collateral under reverse repurchase agreements amounted to UZS 1,499,977 thousand and UZS 1,999,977 thousand, respectively. (Note 17)

### **Loans to customers**

Loans to customers are non-derivative assets with fixed or determinable payments that are not quoted in an active market other than those classified in other categories of financial assets.

Loans granted by the Group are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the consolidated income statement according to nature of these losses. Subsequently, loans are carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

### **Write-off of loans and advances**

Loans and advances are written off against the allowance for impairment losses when deemed uncollectible. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Group and after the Group has sold all available collateral. Subsequent recoveries of amounts previously written off are

reflected as an offset to the charge for impairment of financial assets in the consolidated income statement in the period of recovery.

### **Allowance for impairment losses**

#### *Assets carried at amortized cost*

The Group accounts for impairment losses of financial assets when there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are measured as the difference between carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate.

Such impairment losses are not reversed, unless in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, such as recoveries, in which case the previously recognized impairment loss is reversed by adjustment of an allowance account.

For financial assets carried at cost, impairment losses are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

#### *Available-for-sale financial assets*

If an available-for-sale asset is impaired, a consolidated amount comprising the difference between its cost (net of any principal payment and amortization) and its current carrying value, less any impairment loss previously recognized in the consolidated statement of comprehensive income, is recognized in the consolidated income statement. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are not recognized in the consolidated income statement. Reversals of impairment losses on debt instruments are reversed through the consolidated income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the consolidated income statement.

The Group accounts for impairment of financial assets not recorded at fair value when there is an objective evidence of impairment of a financial asset or a group of financial assets. The impairment of financial assets represents a difference between the carrying value of the asset and current value of estimated future cash flows including amounts which can be received on guarantees and security discounted using an initial effective interest rate on financial assets recorded at amortized value. If in a subsequent period the impairment amount decreases and such a decrease can be objectively associated with an event occurring after recognition of the impairment then the previously recognized impairment loss is reversed with an adjustment of the provision account.

For the financial instruments recorded at cost the impairment represents the difference between the carrying value of the financial asset and current value of the estimated future cash flows discounted using the current market interest rate for a similar financial instrument. Such impairment losses are not reversed.

The impairment is calculated based on the analysis of assets subject to risks and reflects the amount sufficient, in the opinion of the management, to cover relevant losses. The provisions are created as a result of an individual evaluation of assets subject to risks regarding financial assets being material individually and on the basis of an individual or joint evaluation of financial assets not being material individually.

The change in the impairment is included into profits using the provision account. The assets recorded in the consolidated statement of financial position are reduced by the amount of the impairment. The factors the Group evaluates in determining the presence of objective evidence of occurrence of an impairment loss include information on liquidity of the debtor or issuer, their solvency, business risks and financial risks, levels and tendencies of default on obligations on similar financial assets, national and local economic tendencies and conditions, and fair value of the security and guarantees. These and other factors individually or in the aggregate represent, to a great extent, an objective evidence of recognition of the impairment loss on the financial asset or group of financial assets.

It should be noted that the evaluation of losses includes a subjective factor. The management of the Group believes that the amount of recorded impairment is sufficient to cover losses incurred on assets subject to risks at the reporting date, although it is not improbable that in certain periods the Group can incur losses greater compared to recorded impairment.

## **Derecognition of financial assets and liabilities**

### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial asset is derecognized when it has been transferred and the transfer qualifies for derecognition. A transfer requires that the Group either: (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Group reassesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the consolidated statement of financial position. If substantially all of the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not it has retained control of the asset. If it has not retained control, the asset is derecognized. Where the Group has retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement.

### *Financial liabilities*

A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

## **Finance leases**

Finance leases are leases that transfer substantially all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The lease classified as finance lease if:

- The lease transfers ownership of the asset to the lessee by the end of the lease term;
- The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- The leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

The Group as a lessor presents finance leases as loans and initially measures them in the amount equal to net investment in the lease. Subsequently the recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Before commencement date property, plant and equipment purchased for future transfer to finance lease is recognized as property and equipment purchased to transfer to finance lease into the other assets line in the consolidated financial statements.

## **Investments held-to-maturity**

Investments held-to-maturity are debt securities with determinable or fixed payments. The Group has the positive intent and ability to hold them to maturity. Such securities are carried at amortized cost, less any allowance for

impairment, if any. Amortized discounts are recognized in interest income over the period to maturity using the effective interest method.

### **Investments available-for-sale**

Investments available-for-sale represent debt and equity investments that are intended to be held for an indefinite period of time. Investments available-for-sale are initially recorded at fair value and subsequently measured at fair value, with such re-measurement recognized in the consolidated statement of comprehensive income, except for impairment losses, foreign exchange gains or losses and interest income accrued using the effective interest method, which are recognized directly in the consolidated income statement. When sold, the gain/loss previously recorded in the consolidated statement of comprehensive income is recycled through the consolidated income statement. The Group uses quoted market prices to determine the fair value for the Group's investments available-for-sale, except for non-marketable equity securities. If the market for investments is not active, the Group establishes fair value by using valuation techniques.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Group uses that technique.

Dividends received on investments available-for-sale are included in dividend income in the consolidated income statement.

Non-marketable debt and equity securities are stated at amortized cost and cost, respectively, less impairment losses, if any, unless fair value can be reliably measured.

When there is objective evidence that such securities have been impaired, the cumulative loss previously recognized in the consolidated statement of comprehensive income is removed from consolidated statement of comprehensive income and recognized in the consolidated income statement for the period. These financial assets are recognized at net of reserve for impairment.

### **Non-current assets held for sale**

A non-current asset is classified as held for sale if it is highly probable that the asset's carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification of an asset as held for sale.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. If the fair value less costs to sell of an asset held for sale is lower than its carrying amount, an impairment loss is recognized as a provision for impairment losses on other operations in the consolidated income statement. Any subsequent increase in an asset's fair value less costs to sell is recognized to the extent of the cumulative impairment loss that was previously recognized in relation to that specific asset.

### **Property, equipment and intangible assets**

Property, equipment and intangible assets, acquired after 1 January 2006 are carried at historical cost less accumulated depreciation and any recognized impairment loss, if any. Property, equipment and intangible assets, acquired before 1 January 2006 are carried at historical cost restated for inflation less accumulated depreciation and any recognized impairment loss, if any. Depreciation on assets under construction and those not placed in service commences from the date the assets are ready for their intended use.

Depreciation is charged on the carrying value of property and equipment and is designed to write-off assets over their useful economic lives. It is calculated on a straight line basis at the following annual prescribed rates:

Buildings	5%
Furniture and equipment	10-20%
Vehicles	20%
Intangible assets	20%

Leasehold improvements are amortized over the shorter of the life of the related leased asset or the lease term. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

The carrying amounts of property, equipment and intangible assets are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

Impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property, equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

## **Taxation**

Income tax expense represents the sum of the current and deferred tax expense.

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using tax rates that have been enacted during reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and deferred income tax liabilities are offset and reported net on the consolidated statement of financial position if:

- The Group has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The Republic of Uzbekistan and Kyrgyzstan, where the Group operates, also has various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated income statement.

## **Due to banks, customer accounts, debt securities issued and other borrowed funds**

Due to banks, customer accounts, debt securities and other borrowed funds issued are initially recognized at fair value. Subsequently, amounts due are stated at amortized cost any difference between net proceeds and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

## **Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

## **Financial guarantee contracts issued and letters of credit**

Financial guarantee contracts and letters of credit issued by the Group are credit insurance that provides for specified payments to be made to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. Such financial guarantee contracts and letters of credit issued are initially recognized at fair value. Subsequently they are measured at the higher of (a) the amount recognized as a provision and (b) the amount initially recognized less, where appropriate, cumulative amortization of initial premium revenue received over the financial guarantee contracts or letter of credit issued.

## **Contingencies**

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

## **Share capital**

Contributions to share capital, made before 1 January 2006 are recognized at their cost restated for inflation. Contributions to share capital, made after 1 January 2006 are recognized at cost.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under International Accounting Standard 10 "Events after the Balance Sheet Date" ("IAS 10") and disclosed accordingly.

## **Retirement and other benefit obligations**

In accordance with the requirements of the Uzbek legislation, State Pension Fund provides for the calculation for current payments by the employer as a percentage of current total payments to staff. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by the above stated fund. The Group does not have any pension arrangements separate from the State Pension Fund of the Republic of Uzbekistan. In addition, the Group have no post-retirement benefits or other significant compensated benefits requiring accrual.

## **Recognition of income and expense**

### *Recognition of interest income and expense*

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### *Recognition of fee and commission income and expense*

Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in the consolidated income statement over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in the consolidated income statement on expiry. Loan servicing fees are recognized as revenue as the services are provided. Loan syndication fees are recognized in the consolidated income statement when the syndication has been completed. All other commissions are recognized when services are provided.

## **Foreign currency translation**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates. In preparing the financial statements of the individual entities, monetary

assets and liabilities denominated in currencies other than the entity's functional currency (foreign currencies) are translated at the appropriate spot rates of exchange rates prevailing at the reporting date. Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net gain on foreign exchange operations.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Uzbek Soums using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### **Rates of exchange**

The exchange rates at year-end used by the Group in the preparation of the consolidated financial statements are as follows:

	<b>31 December 2009</b>	<b>31 December 2008</b>
UZS/1 US Dollar	1,511.40	1,393.00
UZS/1 Euro	2,213.75	2,050.36
UZS/1 UK Pound	2,461.47	2,190.21
UZS/1 Japanese Yen	16.51	15.00

### **Offset of financial assets and liabilities**

Financial assets and liabilities are offset and reported net on the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the Group does not offset the transferred asset and the associated liability.

### **Areas of significant management judgment and sources of estimation uncertainty**

The preparation of the Group's consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the reporting date and the reported amount of income and expenses during the period ended. Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

#### *Allowance for impairment of loans*

The Group regularly reviews its loans and receivables to assess for impairment. The Group's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Group considers accounting estimates related to allowance for impairment of loans and receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Group's estimated losses and actual losses would require the Group to record provisions which could have a material impact on its consolidated financial statements in future periods.

The Group uses management's judgment to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on past performance, past customer behaviour, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans. The Group uses management's judgment to adjust observable data for a group of loans to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the consolidated financial statements have been determined on the basis of existing economic and political conditions. The Group is not in a position to predict what changes in conditions will take place in country and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

#### *Valuation of Financial Instruments*

Financial instruments that are classified as available-for-sale are stated at fair value, except for non-marketable equity investments, which are stated at cost, less impairment losses, unless fair value can be reliably measured. The fair value of the financial instruments is the estimated amount at which the instrument could be exchanged between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an instrument, the fair value is calculated based on the market price. When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contract terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and the credit rating of the counterparty. Where market-based valuation parameters are not observable, management will make a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. In exercising this judgment, a variety of tools are used including proxy observable data, historical data, and extrapolation techniques. The best evidence of fair value of a financial instrument at initial recognition is the transaction price unless the instrument is evidenced by comparison with data from observable markets. Any difference between the transaction price and the value based on a valuation technique is not recognized in the consolidated income statement on initial recognition. Subsequent gains or losses are only recognized to the extent that it arises from a change in a factor that market participants would consider in setting a price.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on its consolidated statement of financial position as well as its profit/(loss) could be material.

Had management used different assumptions regarding the interest rates, volatility, exchange rates, the credit rating of the counterparty and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available would have resulted that could have had a material impact on the Group's reported net income.

#### **Adoption of new standards**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("the IFRIC") of the IASB that are relevant to its operations and effective for reporting periods beginning on 1 January 2009.

During the current reporting period the Group has adopted IAS 1 "Presentation of Financial Statements" (revised 2008), IFRS 7 "Financial Instruments: Disclosures" and IAS 39 "Financial Instruments: Recognition and Measurement".

IAS 1 (revised 2008) changes the way in which non-owner changes in equity are required to be presented. It also changes the titles of primary financial statements as they will be referred to in IFRS but does not require that these be renamed in an entity's financial statements. The amendment to IAS 1 is effective for periods beginning on or after 1 January 2009. The adoption of the amendment to IAS 1 did not have any impact on the Group's profit or loss or financial position.

On 5 March 2009 the IASB issued amendments to IFRS 7 "Financial Instruments: Disclosures" named "Improving Disclosures about Financial Instruments". Among other things, the amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. The Group applied this amendment for the annual period ending on 31 December 2009.

On 12 March 2009, the IASB issued an amendment to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods ending on or after 30 June 2009.

These amendments clarify that on reclassification of a financial asset out of the “at fair value through profit or loss” category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The Group applied this amendment for the annual period ending on 31 December 2009. The adoption did not have a significant impact on the consolidated financial statements.

### **Standards and interpretations issued and not yet adopted**

The Group has not applied the following IFRS and Interpretations of the IFRIC that have been issued but are not yet effective:

- IFRS 3 “Business Combinations” – On 10 January 2008, the IASB issued an amendment to IFRS 3 “Business Combinations” which clarifies and changes certain elements of accounting for a business combination, including measurement of contingent consideration, step acquisition and intangible assets and also widens the scope of this standard. There are also associated amendments to IAS 27, IAS 28 and IAS 31. The amendment to IFRS 3 is effective for periods beginning on or after 1 July 2009. The amendment is not expected to have a material effect on the Group’s consolidated financial statements.
- In December 2008 the IFRIC issued interpretation IFRIC 17 “Distributions of Non-Cash Assets to Owners” and the IASB made consequential amendments to IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'. The interpretation requires distributions to be presented at fair value with any surplus or deficit to be recognised in income statement. The amendment to IFRS 5 extends the definition of disposal groups and discontinued operations to disposals by way of distribution. IFRIC 17 is effective for annual periods beginning on or after 1 July 2009. The interpretation is not expected to have a material effect on the Group’s consolidated financial statements.
- In October 2009, the IASB issued an amendment to IAS 32 on the classification of rights issues. For rights issues offered for a fixed amount of foreign currency current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is effective for annual periods beginning on or after 1 February 2010. The Management of the Group currently assesses the impact on adoption the amendment.
- The IASB has revised IAS 24 Related Party Disclosures on 4 November 2009 to provide a partial exemption from the disclosure requirements for government-related entities and to clarify the definition of a related party. The revised standard also clarifies that disclosure is required of any commitments of a related party where a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised). The revised standard is effective for annual periods beginning on or after 1 January 2011, with earlier application permitted. The Group is currently assessing the impacts of adoption of the amendments.
- IFRS 9 “Financial Instruments” - On 12 November 2009, the IASB issued IFRS 9 “Financial Instruments”, which significantly overhauls the accounting requirements for financial instruments under IFRS. IFRS 9 is mandatory for annual periods beginning on or after 1 January 2013, with early application permitted. IFRS 9 requires that a financial asset be classified into one of three categories for measurement and income recognition: (1) Amortised cost, (2) Fair value through profit or loss (FVTPL) and (3) Fair value through other comprehensive income. The standard requires reclassification between amortised cost and FVTPL (or vice versa) if a financial asset no longer meets the criteria for its original classification. IFRS 9 replaces the existing classification and measurement requirements in IAS 39 for financial assets. It changes the manner in which entities classify and measure investments in debt and equity securities, loan assets, trade receivables, and derivative financial assets by requiring entities to classify financial assets as being measured at either amortized cost or fair value depending on the entity’s business model and the contractual cash flow characteristics of the asset. The Group is currently evaluating impact of adoption of IFRS 9.

#### 4. NET INTEREST INCOME

	Year ended 31 December 2009	Year ended 31 December 2008
<b>Interest income comprises:</b>		
Interest income on financial assets recorded at amortized cost:		
Interest income on financial assets that have been written down as a result of an impairment loss	58,460,797	25,033,820
Interest income on unimpaired assets	<u>69,714,587</u>	<u>39,450,609</u>
<b>Total interest income</b>	<u>128,175,384</u>	<u>64,484,429</u>
Interest income on financial assets recorded at amortized cost comprises:		
Interest on loans to customers	91,629,933	56,695,900
Interest on due from banks	34,709,607	6,434,751
Interest on investments held-to-maturity	1,476,615	1,211,946
Interest on other assets	<u>359,229</u>	<u>141,832</u>
Total interest income on financial assets recorded at amortized cost	<u>128,175,384</u>	<u>64,484,429</u>
<b>Interest expense comprises:</b>		
Interest on financial liabilities recorded at amortized cost	<u>(70,986,166)</u>	<u>(30,335,433)</u>
<b>Total interest expense</b>	<u>(70,986,166)</u>	<u>(30,335,433)</u>
Interest expense on liabilities recorded at amortized cost comprise:		
Interest on due to banks	(42,046,861)	(14,037,563)
Interest on customer accounts	(27,466,242)	(15,882,026)
Interest on debt securities issued	(1,238,062)	(2,272)
Interest on other borrowed funds	<u>(235,001)</u>	<u>(413,572)</u>
Total interest expense on financial liabilities recorded at amortized cost	<u>(70,986,166)</u>	<u>(30,335,433)</u>
<b>Total interest expense</b>	<u>(70,986,166)</u>	<u>(30,335,433)</u>
<b>Net interest income before provision for impairment losses on interest bearing assets</b>	<u><u>57,189,218</u></u>	<u><u>34,148,996</u></u>

## 5. ALLOWANCE FOR IMPAIRMENT LOSSES, OTHER PROVISIONS

The movements in allowances for impairment losses on interest bearing assets were as follows:

	Due from banks	Loans to customers	Total
<b>31 December 2008</b>	<b>206,104</b>	<b>55,285,398</b>	<b>55,491,502</b>
(Recovery of provision)/provision	(206,104)	19,004,414	18,798,310
Write-off of assets	-	(13,059,243)	(13,059,243)
Recovery of assets previously written-off	-	7,066,892	7,066,892
<b>31 December 2009</b>	<b>-</b>	<b>68,297,461</b>	<b>68,297,461</b>
Provision	-	10,526,535	10,526,535
Transfer of provision	-	(4,559,781)	(4,559,781)
Write-off of assets	-	(14,061,338)	(14,061,338)
Recovery of assets previously written-off	-	5,728,051	5,728,051
<b>31 December 2010</b>	<b>-</b>	<b>65,930,928</b>	<b>65,930,928</b>

The movements in allowances for impairment losses on other operations were as follows:

	Investments available-for- sale	Other assets	Non-current assets held for sale	Provision on contingent liabilities	Total
<b>31 December 2008</b>	<b>1,398,252</b>	<b>112,322</b>	<b>3,861,929</b>	<b>544,085</b>	<b>5,916,588</b>
Provision/(recovery of provision)	-	53,292	3,004,598	(312,805)	2,745,085
Write-off of assets	-	(110,541)	(2,300,603)	-	(2,411,144)
<b>31 December 2009</b>	<b>1,398,252</b>	<b>55,073</b>	<b>4,565,924</b>	<b>231,280</b>	<b>6,250,529</b>
Provision	210,343	1,867,676	11,581,609	478,915	14,138,543
Transfer of provision	-	-	4,559,781	-	4,559,781
Write-off of assets	-	(1,237,615)	(1,383,435)	-	(2,621,050)
<b>31 December 2010</b>	<b>1,608,595</b>	<b>685,134</b>	<b>19,323,879</b>	<b>710,195</b>	<b>22,327,803</b>

## 6. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

	Year ended 31 December 2009	Year ended 31 December 2008
Translation differences, net	16,285,918	13,994,315
Dealing transactions, net	1,899,922	1,438,421
<b>Total net gain on foreign exchange operations</b>	<b>18,185,840</b>	<b>15,432,736</b>

## 7. FEE AND COMMISSION INCOME AND EXPENSE

	Year ended 31 December 2009	Year ended 31 December 2008
<b>Fee and commission income:</b>		
Foreign currency exchange operations	23,821,008	18,866,172
Settlements	12,243,856	13,349,850
Letter of credit operations	5,267,241	5,855,969
Issuing guarantees	779,625	574,036
Factoring operations	12,312	107,082
Cash operations	673	576
Other	256,195	147,204
<b>Total fee and commission income</b>	<b>42,380,910</b>	<b>38,900,889</b>
<b>Fee and commission expense:</b>		
Cash collection services	6,065,898	2,836,642
Settlements	4,480,665	2,607,973
Foreign currency exchange operations	21,787	19,509
Other	580,327	277,324
<b>Total fee and commission expense</b>	<b>11,148,677</b>	<b>5,741,448</b>

## 8. OTHER INCOME, NET

	Year ended 31 December 2009	Year ended 31 December 2008
<b>Other income:</b>		
Fines and penalties	435,678	330,326
Income from rent of property	128,592	29,641
Income from sale or disposition of property, equipment and intangible assets	105,212	260,272
Net realized gain on investments available-for-sale	39,517	37,011
Other non-interest income	1,352,707	2,253,701
<b>Total other income</b>	<b>2,061,706</b>	<b>2,910,951</b>
<b>Other expense:</b>		
Loss on disposal of property, equipment and intangible assets	(2,407)	(1,117)
<b>Total other expense</b>	<b>(2,407)</b>	<b>(1,117)</b>
<b>Other income, net</b>	<b>2,059,299</b>	<b>2,909,834</b>

## 9. OPERATING EXPENSES

	Year ended 31 December 2009	Year ended 31 December 2008
Staff costs	20,542,048	14,378,067
Taxes, other than income tax	9,184,150	7,453,833
Social costs	7,623,467	5,085,634
Depreciation and amortization	4,055,000	3,470,517
Security expenses	2,967,491	1,792,495
Membership fee	2,606,859	1,370,000
Charity and sponsorship expenses	2,296,072	1,729,652
Maintenance	1,755,949	1,638,209
Stationery	1,733,365	1,504,613
Communications	1,289,513	1,134,073
Rent expenses	639,800	424,241
Representative expenses	545,632	107,084
Advertising expenses	539,950	426,992
Business trip expenses	364,833	557,283
Professional services	238,182	329,124
Newspapers, magazines, stamps	93,782	60,915
Fines and penalties	45,982	42,577
Court expenses	22,949	40,283
Other expenses	2,594,620	1,396,912
<b>Total operating expenses</b>	<b>59,139,644</b>	<b>42,942,504</b>

## 10. INCOME TAXES

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of the Republic of Uzbekistan and which may differ from International Financial Reporting Standards.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as of 31 December 2009 and 2008 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 31 December 2009 and 2008 comprise:

	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>Deductable temporary differences:</b>		
Provisions for impairment losses on interest bearing assets	3,297,842	5,028,874
Accrued interest on loans	260,625	-
Provision for impairment losses on non-current assets held for sale	1,449,149	366,170
Provision for impairment losses on other assets	106,529	4,477
	<u>5,114,145</u>	<u>5,399,521</u>
<b>Total deductible temporary differences</b>		
<b>Taxable temporary differences:</b>		
Property, equipment and intangible assets	1,400,554	1,619,017
Accrued interest on loans	-	846,068
Other liabilities	163,318	327,190
	<u>1,563,872</u>	<u>2,792,275</u>
<b>Total taxable temporary differences</b>		
<b>Net deferred tax asset</b>	<u><u>3,550,273</u></u>	<u><u>2,607,246</u></u>

Relationships between tax expenses and accounting profit for the years ended 31 December 2009 and 2008 are explained as follows:

	<b>Year ended 31 December 2009</b>	<b>Year ended 31 December 2008</b>
Profit before income tax	<u>26,633,104</u>	<u>23,821,797</u>
Tax at the statutory tax rate (15% for 2008 and 2009)	3,994,966	3,573,270
Non deductible expense (employee compensation, social tax, representation expenses, other)	4,750,831	6,449,876
Non deductible infrastructure tax	319,325	249,247
Non-taxable income	<u>(5,672,855)</u>	<u>(8,378,982)</u>
<b>Income tax expense</b>	<u><u>3,392,266</u></u>	<u><u>1,893,411</u></u>
Current income tax	4,383,558	4,195,525
Change in deferred income tax assets	<u>(1,021,495)</u>	<u>(2,302,114)</u>
<b>Income tax expense</b>	<u><u>3,362,063</u></u>	<u><u>1,893,411</u></u>
<b>Deferred income tax assets</b>	<b>2009</b>	<b>2008</b>
<b>Beginning of the year</b>	2,607,245	383,894
Deferred tax on the depreciation related to the revaluation reserve	(78,468)	(78,762)
Change in deferred income tax assets	<u>1,021,496</u>	<u>2,302,113</u>
<b>End of the year</b>	<u><u>3,550,273</u></u>	<u><u>2,607,245</u></u>

## 11. CASH AND BALANCES WITH THE CENTRAL BANK OF THE REPUBLIC OF UZBEKISTAN

	31 December 2009	31 December 2008
Cash	40,082,207	64,660,111
Balances with the Central Bank of the Republic of Uzbekistan	<u>447,481,142</u>	<u>264,520,260</u>
<b>Total cash and cash balances with the Central Bank of the Republic of Uzbekistan</b>	<b><u>487,563,349</u></b>	<b><u>329,180,371</u></b>

In accordance with the banking legislation of the Republic of Uzbekistan, the Group should have non-interest minimum reserve deposits at the Central Bank of the Republic of Uzbekistan, which are defined as a portion of the Group's liabilities and have a restriction on their use. As at 31 December 2009 and 2008, non-interest minimum reserve deposits at the Central Bank of the Republic of Uzbekistan comprised UZS 100,790,334 thousand and UZS 123,100,847 thousand, respectively.

As at 31 December 2009 and 2008, the Group did not have any significant long-term OECD balances with a maturity greater than 90 days. Therefore, the OECD balances with a maturity of less than 90 days were classified as cash equivalents for the purposes of the consolidated statement of cash flows.

Cash and cash equivalents for the purposes of the consolidated statement of cash flows comprise the following:

	31 December 2009	31 December 2008
Cash and balances with the Central Bank of the Republic of Uzbekistan	487,563,349	329,180,371
Due from banks in OECD countries	<u>115,440,697</u>	<u>76,214,487</u>
	603,004,046	405,394,858
Less minimum reserve deposit at the Central Bank of the Republic of Uzbekistan	<u>(100,790,334)</u>	<u>(123,100,847)</u>
<b>Total cash and cash equivalents</b>	<b><u>502,213,712</u></b>	<b><u>282,294,011</u></b>

## 12. DUE FROM BANKS

	31 December 2009	31 December 2008
Time deposits with other banks	123,951,206	161,951,191
Correspondent accounts with other banks	11,000	110,000
Due from other banks	<u>61,594,150</u>	<u>53,343,311</u>
<b>Total due from banks</b>	<b><u>185,556,356</u></b>	<b><u>215,404,502</u></b>

As at 31 December 2009 and 2008, due from banks of UZS 65,743,407 thousand (35%) and UZS 37,924,137 thousand (18%), respectively, were due from one bank, which represents significant concentration.

As at 31 December 2009 and 2008, included in balances due from banks are guarantee deposits, not restricted for use, placed by the Group for its operations in the amount of UZS 185,556,356 thousand and UZS 215,404,502 thousand, respectively.

As at 31 December 2009 and 2008, the amount of interest accrued on due from banks comprised UZS 351,243 thousand and UZS 1,052,820 thousand, respectively.

### 13. LOANS TO CUSTOMERS

	<b>31 December 2009</b>	<b>31 December 2008</b>
Loans to customers	892,076,015	825,191,722
Investments in finance lease	128,185,357	49,540,233
Purchased loans	247,178	-
	<u>1,020,508,550</u>	<u>874,731,955</u>
Less allowance for impairment losses	<u>(65,930,928)</u>	<u>(68,297,461)</u>
<b>Total loans to customers</b>	<b><u>954,577,622</u></b>	<b><u>806,434,494</u></b>

Movements in allowances for impairment losses on loans to customers for the years ended 31 December 2009 and 2008 are disclosed in Note 5.

The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	<b>31 December 2009</b>	<b>31 December 2008</b>
Loans collateralized by pledge of real estate or rights thereon	472,215,572	164,322,721
Loans collateralized by pledge of corporate guarantees	211,457,282	180,168,270
Loans collateralized by cash	103,749,078	269,886,504
Loans collateralized by pledge of equipment and inventories	101,845,877	86,676,012
Loans collateralized by Government guarantees	53,741,761	55,262,587
Loans collateralized by combined collateral	40,840,621	98,253,959
Loans collateralized by securities	13,905,438	2,691,402
Loans collateralized by vehicles	13,035,948	11,438,354
Loans collateralized by pledge of insurance	6,229,044	3,571,675
Unsecured loans	3,487,929	2,460,471
	<u>1,020,508,550</u>	<u>874,731,955</u>
Less allowance for impairment losses	<u>(65,930,928)</u>	<u>(68,297,461)</u>
<b>Total loans to customers</b>	<b><u>954,577,622</u></b>	<b><u>806,434,494</u></b>

**Analysis by sector:**

	<b>31 December 2009</b>	<b>31 December 2008</b>
Manufacturing, including:	521,090,747	527,253,518
<i>Vehicle manufacturing</i>	220,647,270	300,263,774
<i>Textile industry</i>	58,642,477	86,411,443
<i>Pharmaceutical industry</i>	58,428,385	54,928,911
<i>Construction materials manufacturing</i>	28,007,285	28,301,510
<i>Other manufacturing</i>	155,365,330	57,347,880
Trade, including food trade	200,100,335	106,987,195
Individuals	113,187,243	86,047,262
Agriculture	50,374,521	28,719,321
Housing and communal services	29,452,787	29,505,510
Transport and communications	21,166,922	19,592,912
Construction	17,647,461	35,527,623
Other	67,488,534	41,098,614
	<u>1,020,508,550</u>	<u>874,731,955</u>
Less allowance for impairment losses	<u>(65,930,928)</u>	<u>(68,297,461)</u>
<b>Total loans to customers</b>	<b><u><u>954,577,622</u></u></b>	<b><u><u>806,434,494</u></u></b>

Loans to individuals comprise the following products:

	<b>31 December 2009</b>	<b>31 December 2008</b>
Mortgage loans	93,773,221	70,821,470
Consumer loans and loans for construction of apartments	14,193,841	12,550,719
Car loans	36,434	1,615,735
Other	5,183,747	1,059,338
	<u>113,187,243</u>	<u>86,047,262</u>
<b>Total loans to individuals</b>	<b><u><u>113,187,243</u></u></b>	<b><u><u>86,047,262</u></u></b>

As at 31 December 2009 and 2008, a significant amount of loans (71% and 58% of total portfolio, respectively) is granted to borrowers operating in Tashkent and Tashkent region, which represents a significant geographical concentration in one region.

As at 31 December 2009 and 2008, the Group granted loans to 2 and 3 customers, totalling UZS 201,622,531 thousand and UZS 61,115,671 thousand, respectively, which individually exceed 10% of the Group's equity.

As at 31 December 2009 and 2008, the Group had loans of UZS 35,442,767 thousand and UZS 37,415,038 thousand, respectively, to state owned enterprises. Repayment of principal and interest in respect of these loans is secured by guarantees from Ministry of Finance of the Republic of Uzbekistan.

As at 31 December 2009 and 2008, loans to customer included loans of UZS 41,465,760 thousand and UZS 25,333,362 thousand, respectively, whose terms have been renegotiated.

As at 31 December 2009 and 2008, loans to customers included loans under court consideration of UZS 14,960,344 thousand and UZS 22,447,742 thousand, respectively.

As at 31 December 2009 and 2008, interest accrued of UZS 19,882,592 thousand and UZS 17,019,154 thousand, respectively, was included in the loans to customers.

In 2009 and 2008 years the Group entered as a lessor into finance lease agreements for equipment and non-production buildings for three year period with 16% and 15% annual interest rates.

The components of net investment in finance lease as at 31 December 2009 and 2008 are as follows:

	<b>31 December 2009</b>	<b>31 December 2008</b>
Not later than one year	41,397,879	17,309,110
From one year to five years	<u>102,767,765</u>	<u>51,742,293</u>
Minimum lease payments	144,165,644	69,051,403
Less: unearned finance income	<u>(15,980,287)</u>	<u>(19,511,170)</u>
Net investment in finance lease	<u><u>128,185,357</u></u>	<u><u>49,540,233</u></u>
Current portion	31,991,538	10,512,409
Long-term portion	<u>96,193,819</u>	<u>39,027,824</u>
Net investment in finance lease	<u><u>128,185,357</u></u>	<u><u>49,540,233</u></u>

#### 14. INVESTMENTS AVAILABLE-FOR-SALE

<b>Equity securities</b>	<b>Ownership interest</b>	<b>31 December 2009</b>	<b>Ownership interest</b>	<b>31 December 2008</b>
JSB "Microcreditbank"	1.70%	2,500,000	1.70%	2,500,000
OJSLC "Uzavialeasing"	15.11%	1,545,033	15.11%	1,279,566
OJSLC "Qurilish-Leasing"	12.51%	648,236	12.51%	334,559
JV CJSC "Universal Farm"	7.43%	451,128	7.43%	451,128
"Asia Invest" Bank	6.60%	354,910	6.60%	354,910
OJSC LC "UzMed-Leasing"	20.00%	300,000	20.00%	300,000
SJSIC "Kafolat"	3.87%	186,940	3.87%	169,812
JSC "Uzselhozmashholding"	0.50%	78,054	0.50%	78,054
OJSC JV "Fayz"	6.17%	68,388	6.17%	68,388
OJSC "Chilonzor buyum bozori"	1.75%	54,876	1.75%	54,876
JSC "Q'zneftmahsulot"	0.00%	34,418	0.00%	34,418
SJSFTC "O'zmarkazimpeks"	3.85%	29,401	3.85%	29,401
OJSC "Uzbekgeofizika"	0.44%	26,136	0.44%	26,136
LLC "Banklararo Kredit Byurosi"	16.67%	16,409	16.67%	16,409
REC "UzInvestProject"	9.80%	12,686	9.80%	12,686
Syndicated Loan Development Center	12.50%	8,000	0.00%	-
OJSC "Uzshaharsozlik LITI"	0.32%	7,745	0.32%	7,684
Republican stock-exchange "Tashkent"	0.68%	<u>7,684</u>	0.92%	<u>1,535</u>
		6,330,044		5,719,562
Less allowance for impairment losses		<u>(1,608,595)</u>		<u>(1,398,252)</u>
<b>Total investments available-for-sale</b>		<u><u>4,721,449</u></u>		<u><u>4,321,310</u></u>

Movements in allowances for impairment losses on investments available-for-sale for the years ended 31 December 2009 and 2008 are disclosed in Note 5.

## 15. INVESTMENTS HELD-TO-MATURITY

	Interest to nominal %	31 December 2009	Interest to nominal %	31 December 2008
<b>Debt securities</b>				
Uzbekistan Government treasury	5.7%-6.5%	13,979,333	5.0%-6.0%	12,953,234
JSC "Kapitalbank"	16%	1,726,827	16%	1,726,827
JSC "Ipak Yulli Bank"	15%	1,500,000	15%	1,037,500
JSC "Hamkorbank"	11.5% - 13.5%	1,900,000	12%	1,000,000
JSC "Dori - Darmon"	15%	760,500	15%	760,500
<b>Total investments held-to-maturity</b>		<b>19,866,660</b>		<b>17,478,061</b>

As at 31 December 2009 and 2008, interest accrued in the amount of UZS 302,475 thousand and UZS 255,068 thousand, respectively, was included into investments held to maturity.

## 16. INVESTMENTS IN ASSOCIATES

	31 December 2009		31 December 2008	
	Ownership interest	Carrying value	Ownership interest	Carrying value
Samarkand Car Factory	26.00%	8,420,832	26.00%	8,054,136
O'zavtosanoatleasing LLC	49.00%	4,443,686	49.00%	3,725,836
"Ishonch" LLC	20.00%	756,317	30.00%	639,947
		<b>13,620,835</b>		<b>12,419,919</b>

The percentage held of the above associates represents both direct and indirect ownership of the Group.

The movements of the investments in associates comprise:

	2009	2008
<b>As at 1 January</b>	<b>12,419,919</b>	<b>11,388,000</b>
Purchase cost	60,000	600,000
Share of results from associates	1,140,916	2,431,919
Investment in associates reclassified from this category when the Group ceased to have a significant influence	-	(2,000,000)
<b>As at 31 December</b>	<b>13,620,835</b>	<b>12,419,919</b>

## 17. LOANS UNDER REVERSE REPURCHASE AGREEMENTS

	31 December 2009		31 December 2008	
	Carrying value of REPO transactions	Cost of securities pledge	Carrying value of REPO transactions	Cost of securities pledge
Shares of local companies	<u>2,312,265</u>	<u>1,499,977</u>	<u>2,100,559</u>	<u>1,999,977</u>
<b>Total</b>	<b><u>2,312,265</u></b>	<b><u>1,499,977</u></b>	<b><u>2,100,559</u></b>	<b><u>1,999,977</u></b>

The equity securities received as a pledge against reverse repurchase agreement were recorded by the Group at cost. Subsequently, the equity securities continue to be recognized by the Group at cost, as there is no active market for the securities pledged.

As at 31 December 2009 and 2008, the nominal value of securities received as collateral under reverse repurchase agreements amounted to UZS 1,499,977 thousand and UZS 1,999,977 thousand, respectively.

As at 31 December 2009 and 2008, the interest accrued on REPO agreements equaled to UZS 254, 996 thousand and UZS 100,582 thousand, respectively.

## 18. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Buildings and land	Construction in progress	Furniture and equipment	Vehicles	Intangible assets	Total
<b>At revalued cost</b>						
31 December 2007	35,859,348	347,877	16,265,662	1,444,079	1,891,216	55,808,182
Additions	901,714	285,888	2,579,238	127,583	3,000	3,897,423
Disposals	(98,898)	(477,513)	(98,857)	(18,256)	(152)	(693,676)
Transfers	5,430	(35,758)	(21,152)	27,308	24,172	-
31 December 2008	36,667,594	120,494	18,724,891	1,580,714	1,918,236	59,011,929
Additions	225,155	1,505,519	4,991,525	343,169	-	7,065,368
Disposals	(1,027,799)	(4,846)	(2,723,953)	(5,908)	(5,856)	(3,768,362)
Transfers	1,488,846	(1,488,846)	(167,845)	-	167,845	-
31 December 2009	37,353,796	132,321	20,824,618	1,917,975	2,080,225	62,308,935
<b>Accumulated depreciation</b>						
31 December 2007	(6,977,814)	-	(10,640,167)	(1,239,026)	(1,653,808)	(20,510,815)
Charge for the year	(1,735,469)	-	(1,379,252)	(141,545)	(214,251)	(3,470,517)
Disposals	5,922	-	83,770	16,972	152	106,816
Transfers	22,487	-	(22,507)	20	-	-
31 December 2008	(8,684,874)	-	(11,958,156)	(1,363,579)	(1,867,907)	(23,874,516)
Charge for the year	(1,795,367)	-	(1,876,017)	(185,747)	(197,869)	(4,055,000)
Disposals	-	-	27,549	-	4,929	32,478
31 December 2009	(10,480,241)	-	(13,806,624)	(1,549,326)	(2,060,847)	(27,897,038)
<b>Net book value</b>						
31 December 2009	<b>26,873,555</b>	<b>132,321</b>	<b>7,017,994</b>	<b>368,649</b>	<b>19,378</b>	<b>34,411,897</b>
31 December 2008	<b>27,982,720</b>	<b>120,494</b>	<b>6,766,735</b>	<b>217,135</b>	<b>50,329</b>	<b>35,137,413</b>

As at 31 December 2009 and 2008, fully depreciated assets of UZS 6,023,385 thousand and UZS 6,228,685 thousand, respectively, were included in property and equipment.

Construction in progress consists of construction and refurbishment of branch premises. Upon completion, assets are transferred to buildings and premises.

In accordance with alternative accounting treatment under IAS 16 "Property, Plant and Equipment", building and premises were independently valued as at 31 December 2003. The valuation was carried out by a Russian based independent appraisal. The management has not engaged independent valuers and has not carried out revaluations of these assets in subsequent years.

The revaluation reserve for premises included in the equity is transferred to retained earnings when the surplus is realised.

As at 31 December 2009, this transfer comprises:

	<b>Property and equipment revaluation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>31 December 2009</b>			
Depreciation related to the revaluation reserve	(573,358)	573,358	-
Deferred tax on the above depreciation	-	(78,468)	(78,468)
	<u>(573,358)</u>	<u>494,890</u>	<u>(78,468)</u>
<b>Transfer of realized revaluation reserve</b>	<b><u>(573,358)</u></b>	<b><u>494,890</u></b>	<b><u>(78,468)</u></b>

As at 31 December 2008, this transfer comprises:

	<b>Property and equipment revaluation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>31 December 2008</b>			
Depreciation related to the revaluation reserve	(603,842)	603,842	-
Deferred tax on the above depreciation	-	(78,762)	(78,762)
	<u>(603,842)</u>	<u>525,080</u>	<u>(78,762)</u>
<b>Transfer of realized revaluation reserve</b>	<b><u>(603,842)</u></b>	<b><u>525,080</u></b>	<b><u>(78,762)</u></b>

## 19. NON-CURRENT ASSETS HELD FOR SALE

During the years ended 31 December 2009 and 2008 the Group obtained financial and non financial assets by taking possession of collateral pledged. It is intended that the fair value of these assets will be recovered principally through a sale transaction within one year from the date of classification. As at 31 December 2009 and 2008, the assets in amount of UZS 45,671,556 thousand and UZS 43,032,930 thousand, respectively, are included in non-current assets held for sale.

Such assets are recognized as non-current assets held for sale, as the appropriate level of the Management of the Bank has committed to a plan to sell those assets and the plan has been initiated.

	<b>31 December 2009</b>	<b>31 December 2008</b>
Equipment	41,679,145	32,508,464
Buildings	19,072,948	13,134,811
Others	4,243,342	1,955,579
	<u>64,995,435</u>	<u>47,598,854</u>
Less allowance for impairment losses	<u>(19,323,879)</u>	<u>(4,565,924)</u>
<b>Total non-current assets held for sale</b>	<b><u>45,671,556</u></b>	<b><u>43,032,930</u></b>

Movements in allowances for impairment losses on non-current assets held for sale for the years ended 31 December 2009 and 2008 are disclosed in Note 5.

## 20. OTHER ASSETS

	31 December 2009	31 December 2008
<b>Other financial assets recorded as loans and receivables in accordance with IAS 39:</b>		
Unrealized income on revaluation - forward contracts	1,259,907	539,203
Assets under court	438,343	27,664
Accrued receivables	282,270	367,918
Advances to Uzbek Republican Currency Exchange	-	325,792
Others	2,066,785	588,108
	<u>4,047,305</u>	<u>1,848,685</u>
Less allowance for impairment losses	(685,134)	(55,073)
	<u>3,362,171</u>	<u>1,793,612</u>
<b>Other non-financial assets:</b>		
Advances paid	3,859,092	13,397,207
Property and equipment purchased for transfer to finance lease	2,353,395	216,500
Tax settlements, other than income tax	1,779,544	1,200,762
Low value and short life assets in warehouse	379,904	1,523,505
	<u>8,371,935</u>	<u>16,337,974</u>
<b>Total other assets</b>	<b><u>11,734,106</u></b>	<b><u>18,131,586</u></b>

Movements in allowances for impairment losses on other assets for the years ended 31 December 2009 and 2008 are disclosed in Note 5.

As at 31 December 2009 and 2008, the amount of interest accrued comprised of UZS 70,603 thousand and UZS 104,977 thousand, respectively.

## 21. DUE TO BANKS

	31 December 2009	31 December 2008
<b>Loans from banks and financial institutions:</b>		
Loans from Export Import Bank, Korea	65,161,928	112,239,995
Loans from Landesbank Berlin AG	31,253,616	45,605,292
Loans from Commerzbank	16,374,631	23,111,960
Loans from Asian Development Bank	14,759,021	15,264,713
Loans from Societe Generale Bank	6,948,736	8,282,687
Loans from HypoVereinsbank	3,310,755	9,238,508
Loans from Banco Santander Central Hispano	2,051,740	4,124,728
Loans from the Infin Bank	1,445,049	-
Loans from the Central Bank of the RUz	642,682	760,970
Loans from Raiffeisen Bank	351,520	991,422
Loans from Dresdner Bank	-	2,355,630
Loans from Microcreditbank	-	16,880
<b>Total loans from banks and financial institutions</b>	<b>142,299,678</b>	<b>221,992,785</b>
Deposits from Halk Bank	49,792,933	31,420,890
Deposits from UzKDB Bank	10,128,219	1,676,740
Deposits from the Infin Bank	9,196,447	-
Deposits from Galla Bank	3,325,469	835,812
Deposits from Trast Bank	2,084,730	3,831,122
Deposits from Credit-Standard Bank	1,469,481	6,965,701
Deposits from Ipoteka Bank	1,019,205	29,263,665
Deposits from Sadirat Iran Bank	644,436	6,066,907
Deposits from Ravnak Bank	359,516	2,202,018
Deposits from Kapital Bank	342,842	-
Deposits from UT Bank	5,060	3,092,599
Deposits from National Bank of the RUz	993	-
Correspondent accounts with other banks	403,444	1,482,048
<b>Total due to banks</b>	<b>221,072,453</b>	<b>308,830,287</b>

### Landesbank Berlin AG

Credit line from Bank Gesellschaft Berlin AG was fully transferred to Landesbank Berlin AG after merger of those banks on 29 August 2006. As at 31 December 2009, UZS 31,253,616 thousand (31 December 2008: UZS 45,605,292 thousand) represent an outstanding balance of five EURO loans totaling UZS 19,385,847 thousand (equivalent of EUR 8,757,017 thousand at exchange rate as at 31 December 2009 (31 December 2008: UZS 30,802,558 thousand equivalent of EUR 15,023 thousand at exchange rate as at 31 December 2008) and one Swiss Franc loan totaling UZS 11,854,654 thousand (equivalent of CHF 8,121 thousand at exchange rate as at 31 December 2009) (2008: UZS 14,716,987 thousand equivalent of CHF 11,370 thousand at exchange rate as at 31 December 2008) plus interest accrued.

The repayment of the principal and interest on loan in Swiss Franc is secured by the guarantees of the Ministry of Finance of the Republic of Uzbekistan. The established interest rate on these loans is EURIBOR+0.875% per annum. The funds raised were used to grant loans to customers with purpose to finance the purchase of equipment for consumer goods production at the above established interest rate plus fixed interest rate of 3.5%, determined as a margin of the Group.

The Group is obliged to make the repayment of principal and interest in twelve consecutive semi-annual installments. Maturity of these loans is dependent on terms and conditions of each sub-loan, granted by the Group from these funds.

## **Commerzbank**

Credit line from Commerzbank in the amount of UZS 16,374,631 thousand (31 December 2008: UZS 23,111,960 thousand) represents an outstanding balance of four Euro loans of UZS 16,225,981 thousand (equivalent of EUR 7,329 at exchange rate as at 31 December 2009) (31 December 2008: UZS 22,597,018 thousand (equivalent of EUR 11,021 thousand at exchange rate as at 31 December 2008) plus accrued interest amount. The established interest rate on this credit line is EURIBOR+0.95% per annum. The funds raised were further granted to customers with purpose to finance the purchase of equipment for consumer goods production at the above established interest rate plus fixed interest rate of 4%, determined as a margin of the Group.

The Group is obliged to make the repayment of principle and interest in nine consecutive semi-annual installments. Maturity of these loans is dependent on terms and conditions of each sub-loan, granted by the Group from these funds.

## **Asian Development Bank (ADB)**

Credit line from ADB in the amount of UZS 14,759,021 thousand (31 December 2008: UZS 15,264,713 thousand) represents an outstanding balance of two USD loans totaling UZS 14,683,649 thousand (equivalent of USD 9,715 thousand at exchange rate as at 31 December 2009) (31 December 2008: UZS 15,101,513 thousand (equivalent of USD 10,841 thousand at exchange rate at 31 December 2008)) plus accrued interest amount. The established interest rate on first loan with the outstanding balance of UZS 5,909,678 thousand as at 31 December 2009 (the equivalent of USD 3,910 thousand at exchange rate as at 31 December 2009) is pool-based rate of 4.6% (internally developed rate of ADB). The established interest rate on second loan with the outstanding balance of UZS 8,773,971 thousand as at 31 December 2009 (the equivalent USD 5,805 thousand at exchange rate as at the balance sheet date) is determined at LIBOR+0.6%. The grace period is 3 years with maturity date at 15 October 2015. Repayment of principle and interest is secured by the guarantees of the Ministry of Finance of the Republic of Uzbekistan.

## **Societe Generale Bank**

Credit line from Societe Generale in the amount of UZS 6,948,736 thousand (31 December 2008: UZS 8,282,687 thousand) represent an outstanding balance of Euro loan totaling UZS 6,948,736 thousand (equivalent of EUR 3,139 thousand at exchange rate as at 31 December 2009) (31 December 2008: UZS 8,275,253 thousand (equivalent of EUR 4,036 thousand at exchange rate at 31 December 2008)), plus accrued interest amount.

The established interest rate is EURIBOR+0.7% per annum, with maturity on 23 June 2013. The funds raised were used to finance the state utility entity at the above established rate plus fixed interest margin of the Group. Repayment of principle and interest is secured by the guarantees of the Ministry of Finance of the Republic of Uzbekistan.

## **HypoVereinsbank**

Credit line from Hypo Vereinsbank in the amount of UZS 3,310,755 thousand (31 December 2008: UZS 9,238,508 thousand) represent an outstanding balance of three Euro loans totaling UZS 3,305,707 thousand (equivalent of EUR 1,493 thousand at exchange rate as at 31 December 2009) (31 December 2008: UZS 9,212,268 thousand (equivalent of EUR 4,493 thousand at exchange rate as at 31 December 2008)), plus accrued interest amount. The interest rates for the above mentioned loans vary from EURIBOR+0.95% to EURIOR+1.25%. Repayment of principle and interest is done in eight consecutive semi-annual installments.

## **Banco Santander Central Hispano**

Credit line from Banco Santander in the amount of UZS 2,051,740 thousand as at 31 December 2009 (31 December 2008: UZS 4,124,728 thousand) represent an outstanding balance of two Euro loans totaling UZS 2,029,173 thousand (equivalent of EUR 917 thousand at exchange rate as at 31 December 2009) (31 December 2008: UZS 4,124,728 thousand (equivalent of EUR 1,974 thousand at exchange rate as at 31 December 2008)), plus accrued interest amount. The first loan in the amount of UZS 885,223 thousand (equivalent of EUR 400 thousand at exchange rate as at the balance sheet date) with fixed interest rate of 5.97% per annum is to be repaid in seventeen consecutive semi-annual installments. The repayment of principle and interest is secured by the guarantees of the Ministry of Finance of the Republic of Uzbekistan. The second loan in the amount of UZS 1,143,950 thousand (EUR equivalent 516 thousand as at 31 December, 2009) with established interest rate of EURIBOR+0.7% per annum is to be repaid within twelve consecutive semi-annual installments. These loans were granted by the Group to small and medium enterprises to purchase equipments for production of consumer goods, at above established rate plus fixed interest margin of the Group.

## Raiffeisenbank

Credit line from Raiffeisen Bank in the amount of UZS 351,520 thousand (31 December 2008: UZS 991,422 thousand) represent an outstanding balance of one Euro loan totaling UZS 348,112 thousand, (the equivalent EUR 157 thousand at exchange rate as at 31 December, 2009) (31 December 2008: UZS 967,780 thousand (the equivalent of EUR 472 thousand at exchange rate as at 31 December 2008), plus accrued interest amount.

The established interest rate is LIBOR+1.5% per annum. This loan was advanced by the Group to small and medium enterprises to purchase equipments for production of consumer goods and rendering services, at above established rate plus fixed interest margin of the Group.

In accordance with the contractual terms of the loans from ADB, the Group is required to maintain certain financial ratios, particularly with regard to its loan to deposit, capital adequacy, maximum exposure to single borrower and return on assets .

## 22. CUSTOMER ACCOUNTS

	<b>31 December 2009</b>	<b>31 December 2008</b>
Repayable on demand	835,819,067	790,045,259
Time deposits	<u>284,179,934</u>	<u>156,332,790</u>
<b>Total customer accounts</b>	<b><u>1,119,999,001</u></b>	<b><u>946,378,049</u></b>
	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>Analysis by sector:</b>		
Manufacturing	604,333,129	644,868,963
Government	230,147,309	110,071,761
Individuals	121,760,803	65,135,001
Trade	63,452,986	32,858,024
Construction	22,345,687	21,931,299
Insurance	14,524,235	16,225,859
Non-budget organizations	10,328,765	9,920,053
Transportation and communication	7,432,876	6,894,021
Other	<u>45,673,211</u>	<u>38,473,068</u>
<b>Total customer accounts</b>	<b><u>1,119,999,001</u></b>	<b><u>946,378,049</u></b>

As at 31 December 2009 and 2008, customer accounts of UZS 60,195,225 thousand and UZS 29,716,086 thousand, respectively, were held as a security against letters of credit issued and other contingent liabilities. As at 31 December 2009 and 2008, customer accounts of UZS 2,939,499 thousand and UZS 74,729,900 thousand, respectively, were held as a security against guarantees issued.

As at 31 December 2009 and 2008, the customer accounts of UZS 417,876,037 thousand and UZS 609,209,295 thousand were due to 2 and 2 customers, respectively, which individually exceed 10% of the Group's equity.

As at 31 December 2009 and 2008, the amount of accrued interest comprised UZS 2,694,099 thousand and UZS 1,348,884 thousand, respectively.

## 23. OTHER BORROWED FUNDS

	Interest rate %	31 December 2009	Interest rate %	31 December 2008
Instituto De Credito	0.3%	16,875,501	0.3%	15,641,875
Long-term borrowings from the Ministry of Finance of the Republic of Uzbekistan	UZIBOR+0.2%	9,051,181	UZIBOR+0.2%	10,141,378
International Financial Corporation	LIBOR+5.0%	805,471	LIBOR+5.0%	2,248,646
Long term borrowings from non-budget funds (Employment fund)	1.75% - 2.3%	<u>276,662</u>	1.75% - 2.3%	<u>582,083</u>
<b>Total other borrowed funds</b>		<b><u>27,008,815</u></b>		<b><u>28,613,982</u></b>

### Instituto De Credito (ICO)

Credit line from ICO in the amount of UZS 16,875,501 thousand (31 December 2008: UZS 15,641,875 thousand) represent an outstanding balance of Euro loan totaling UZS 16,875,501 thousand (equivalent of EUR 7,623 thousand at exchange rate as at the reporting date) (31 December 2008: UZS 15,629,894 thousand (equivalent of EUR 7,623 thousand at exchange rate as at 31 December 2008)). The established interest rate is 0.3% per annum. The purpose of this loan is to finance the water supply improvement in Bukhara region. Maturity date is 20 May 2033. It was provided to state utility entity at the above established rate plus fixed interest margin of the Group. Repayment of principal and interest is secured by the guarantees of the Ministry of Finance of the Republic of Uzbekistan.

### International Finance Corporation (IFC)

Credit line from IFC in the amount of UZS 805,471 thousand (31 December 2008: UZS 2,248,646 thousand) represent an outstanding balance of USD loan totaling UZS 805,471 thousand (the equivalent of USD 533 thousand at exchange rate as at 31 December, 2008) (31 December 2008: UZS 2,227,407 thousand (the equivalent of USD 1,599 thousand at exchange rate as at 31 December 2008)). The established interest rate is LIBOR+5% per annum with maturity date of 15 May 2010. The purpose of this loan is to finance the small and medium enterprises at the above established rate plus fixed interest margin of the Group.

### Ministry of Finance of the Republic of Uzbekistan.

Credit line of USD 20,000 thousand from ADB was provided to the Ministry of Finance of the Republic of Uzbekistan for the development of small and medium enterprises. Based on the loan agreement the Ministry of Finance of the Republic of Uzbekistan financed the Group using credit line of ADB on 7 June 2004 to the total amount of USD 6,500 thousand which was denominated in Uzbek Soums.

The established interest rate is UZIBOR+0.2%, which represents margin of the Ministry of Finance of the Republic of Uzbekistan. The repayment of principal and interest is made semi-annually on 15 March and 15 September. Grace period is 3 years and maturity in 15 September 2018.

Credit line from the Ministry of Finance of the Republic of Uzbekistan is provided for project finance loans in accordance with the instructions of the government at fixed interest rate of 7.5% per annum. All related credit risks on these project finance loans represent the Group's exposure.

As at 31 December 2009 and 2008, the amount of accrued interest comprised UZS 776,004 thousand and UZS 956,660 thousand, respectively.

In accordance with the contractual terms of the loans from IFC and certain other borrowings, the Group is required to maintain certain financial covenants, particularly with regard capital adequacy, loan exposure and certain other financial ratios.

## 24. OTHER LIABILITIES

	31 December 2009	31 December 2008
<b>Other financial liabilities:</b>		
Dividends payable	4,273,323	-
Payable to suppliers, contractors and purchasers	1,158,401	2,114,164
	<u>5,431,724</u>	<u>2,114,164</u>
<b>Other non-financial liabilities:</b>		
Taxes payable, other than income tax	517,933	1,374,314
Income tax payable	120,105	2,790,442
Accounts payable to employees	100,441	761,971
Other	38,949	674,635
	<u>777,428</u>	<u>5,601,362</u>
<b>Total other liabilities</b>	<b><u>6,209,152</u></b>	<b><u>7,715,526</u></b>

## 25. SHARE CAPITAL

As at 31 December 2009, the Group's share capital comprised of the following:

	Authorized capital (UZS'000)	Inflation effect (UZS'000)	Total share capital (UZS'000)
Ordinary shares	300,000,000	34,121,566	334,121,566
	<u>300,000,000</u>	<u>34,121,566</u>	<u>334,121,566</u>

As at 31 December 2008, the Group's share capital comprised of the following:

	Authorized capital (UZS'000)	Inflation effect (UZS'000)	Total share capital (UZS'000)
Ordinary shares	6,580,300	34,121,566	40,701,866
	<u>6,580,300</u>	<u>34,121,566</u>	<u>40,701,866</u>

The below table provides a reconciliation of the number of shares outstanding as at 31 December 2009 and 2008, respectively:

	Ordinary shares Share'000
31 December 2007	65,803
Increase of numbers due to the decrease of nominal value	<u>65,803</u>
31 December 2008	131,606
Issued shares	<u>5,868,394</u>
31 December 2009	<u>6,000,000</u>

During the year 2009, the Bank increased its share capital up to UZS 300,000,000 thousand through increase in the number of authorized shares of the Bank up to 6,000 thousand of shares. The Bank registered the additional shares on 30 December 2008. The decision regarding the timing and price of the placement of shares, as well as the number of shares to be placed has been set by the Council of the Bank in accordance with legislation of the Republic of Uzbekistan. The retained earnings of UZS 149,365,083 thousand was reinvested as share capital and additional cash was contributed of UZS 118,986, 250 thousand resulting in an increase in share capital of UZS 293,419,700 thousand.

## 26. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the consolidated statement of financial position.

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision.

As at 31 December 2009 and 2008, the nominal or contract amounts were:

	31 December 2009		31 December 2008	
	Nominal amount	Risk weighted amount	Nominal amount	Risk weighted amount
<b>Contingent liabilities and credit commitments:</b>				
Letter of credit	195,100,768	97,550,384	211,569,690	105,784,845
Guarantees issued and other similar instruments	58,627,601	29,313,801	45,439,965	22,719,983
Commitments on unused credit lines	39,365,422	19,682,711	24,403,461	12,201,731
<b>Total contingent liabilities and credit commitments</b>	<b>293,093,791</b>	<b>146,546,896</b>	<b>281,413,116</b>	<b>140,706,559</b>

The Group's commitments to extend loans within unused credit lines limits that are conditioned based on a borrower's financial performance, debt service and other credit risk characteristics. Guarantees are granted up to 6 years, depending on a project.

**Capital commitments** – As at 31 December 2009 and 2008, the Group had no material capital commitments.

**Operating lease commitments** – As at 31 December 2009 and 2008, the Group had no material operating lease commitments.

**Legal proceedings** – From time to time and in the normal course of business, claims against the Group can be received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these financial statements.

**Taxation** – Due to the presence in Uzbek commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgment of business activities, if a particular treatment based on Management's judgment of the Group's business activities was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest. Such uncertainty may relate to loss and impairment provisions and the market level for the pricing of deals. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for three years.

**Operating environment** – The Group's principal business activities are within the Republic of Uzbekistan. Laws and regulations affecting the business environment in the Republic of Uzbekistan are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

**Specific volatility in global and Uzbek's financial markets** – In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have either been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in Uzbekistan, notwithstanding any potential economic stabilization measures that may be put into place by the Government of the Uzbekistan, there exists economic uncertainties surrounding the continual availability, and cost, of credit both for the Group and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets may not be recovered at their carrying amount in the regular course of business, and a corresponding impact on the Group's profitability.

**Recoverability of financial assets** – As a result of recent economic turmoil in capital and credit markets globally, and the consequential economic uncertainties existing as at reporting date, there exists the potential that assets may not be recovered at their carrying amount in the regular course of business.

As at 31 December 2009, the Group has financial assets amounting to UZS 1,657,959,872 thousand (as at 31 December 2008: UZS 1,376,712,909 thousand). The recoverability of these financial assets depends to a large extent on the efficacy of the fiscal measures and other measures and other actions, beyond the Group's control, undertaken within various countries to achieve economic stability and recovery. The recoverability of the Group's financial assets is determined based on conditions prevailing and information available as at reporting date. It is the management's opinion that no additional provision on financial assets is needed at present, based on prevailing conditions and available information.

## **27. TRANSACTIONS WITH RELATED PARTIES**

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures", represent:

- (a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Group that gives them significant influence over the Bank; and that have joint control over the Group;
- (b) Associates – enterprises on which the Group has significant influence and which is neither a subsidiary nor a joint venture of the investor;
- (c) Joint ventures in which the Group is a venturer;
- (d) Members of key management personnel of the Group or its parent;
- (e) Close members of the family of any individuals referred to in (a) or (d);
- (f) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
- (g) Post-employment benefit plans for the benefit of employees of the Group, or of any entity that is a related party of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Group had the following transactions outstanding as at 31 December 2009 and 2008 with related parties:

	31 December 2009		31 December 2008	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Cash and balances with Central Bank of the Republic of Uzbekistan <i>-other related parties</i>	447,481,142 <b>447,481,142</b>	<b>487,563,349</b>	264,520,260 <b>264,520,260</b>	<b>329,180,371</b>
Loans to customers <i>-other related parties</i>	241,303,346 <b>241,303,346</b>	<b>954,577,622</b>	352,441,669 <b>352,441,669</b>	<b>806,434,494</b>
Allowance for impairment losses <i>-other related parties</i>	(1,487,230) <b>(1,487,230)</b>	<b>(65,930,928)</b>	(3,815,463) <b>(3,815,463)</b>	<b>(68,297,461)</b>
Investments held-to-maturity <i>-the parent company</i>	13,979,333 <b>13,979,333</b>	<b>19,866,660</b>	12,941,207 <b>12,941,207</b>	<b>17,478,061</b>
Investments in associates <i>-the parent company</i> <i>-entities with significant influence or joint control over the entity</i>	4,443,686 9,177,149 <b>13,620,835</b>	<b>13,620,835</b>	3,725,836 8,694,083 <b>12,419,919</b>	<b>12,419,919</b>
Due to banks <i>-other related parties</i>	54,138,600 <b>54,138,600</b>	<b>221,072,453</b>	86,310,476 <b>86,310,476</b>	<b>308,830,287</b>
Customer accounts <i>-the parent company</i> <i>-other related parties</i>	341,330,905 242,716,943 <b>584,047,848</b>	<b>1,119,999,001</b>	528,312,849 201,898,275 <b>730,211,124</b>	<b>946,378,049</b>
Other borrowed funds <i>-the parent company</i>	9,327,843 <b>9,327,843</b>	<b>27,008,815</b>	11,313,535 <b>11,313,535</b>	<b>28,613,982</b>
Letters of credit and other contingent liabilities <i>-the parent company</i> <i>-other related parties</i>	134,263,973 36,220,817 <b>170,484,790</b>	<b>293,093,791</b>	199,068,445 - <b>199,068,445</b>	<b>281,413,116</b>

Included in the consolidated income statement for the years ended 31 December 2009 and 2008 are the following amounts which arose due to transactions with related parties:

	Year ended 31 December 2009		Year ended 31 December 2008	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income				
-the parent company	9,110		22,960,905	
-other related parties	8,926,658		9,564,619	
	<b>8,935,768</b>	<b>128,175,384</b>	<b>32,525,524</b>	<b>64,484,429</b>
Interest expense				
-the parent company	(10,463,054)		(1,964,504)	
-other related parties	(475,599)		(382,083)	
	<b>(10,938,653)</b>	<b>(70,986,166)</b>	<b>(2,346,587)</b>	<b>(30,335,433)</b>
Provision for impairment losses on interest bearing assets				
-other related parties	(1,302,653)		(1,422,249)	
	<b>(1,302,653)</b>	<b>(10,526,535)</b>	<b>(1,422,249)</b>	<b>(18,798,310)</b>
Fee and commission income				
-the parent company	3,064,700		-	
-other related parties	8,168,266		15,840,006	
	<b>11,232,966</b>	<b>42,380,910</b>	<b>15,840,006</b>	<b>38,900,889</b>
Operating expenses				
- Key management personnel compensation:	(156,251)		(120,193)	
	<b>(156,251)</b>	<b>(59,139,644)</b>	<b>(120,193)</b>	<b>(42,942,504)</b>

Key management personnel compensation is represented by short-term employee benefits.

## 28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Management Board reviews the capital structure on a semi-annual basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Capital management of the Group is carried out by development of policies, taking strategic and tactical decisions by the Council of the Group, its Credit Commission, Assets and Liabilities Management Committee and Credit Committee of the Group.

For decreasing risks related to capital management, the Group designed and implemented a system of capital management. Principles of formation and methods of functioning of this system are clearly stipulated in the Assets and Liabilities Management Policy and Credit Policy of the Group, approved by the Council of the Group.

The Group's overall capital risk management policy remains unchanged from 2007.

## 29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value of financial assets and liabilities that are not carried at fair value in the consolidated statement of financial position compared with the corresponding carrying amount in the consolidated statement of financial position of the Group is presented below:

	31 December 2009		31 December 2008	
	Carrying value	Fair value	Carrying value	Fair value
Balances with the Central Bank of the Republic of Uzbekistan	487,563,349	487,563,349	329,180,371	329,180,371
Due from banks	185,556,356	185,556,356	215,404,502	215,404,502
Other financial assets	3,362,171	3,362,171	1,793,612	1,793,612
Due to banks	221,072,453	221,072,453	308,830,287	308,830,287
Other financial liabilities	5,431,724	5,431,724	2,114,164	2,114,164

The fair value of loans to customers can not be measured reliably as it is not practicable to obtain market information or apply any other valuation techniques on such instruments.

As at 31 December 2009 and 2008 fair value of loans to customers with carrying value of UZS 954,577,622 thousand, UZS 806,434,494 thousand, respectively, investments held-to-maturity with carrying value of UZS 19,866,660 thousand, UZS 17,478,061 thousand, respectively, loans under reverse repurchase agreements with carrying value of UZS 2,312,265 thousand, UZS 2,100,559 thousand, respectively, customer accounts with carrying value of UZS 1,119,999,001 thousand, UZS 946,378,049 thousand, respectively, debt securities issued with carrying value of UZS 60,440,491 thousand, UZS 11,581 thousand, respectively, and other borrowed funds with carrying value of UZS 27,008,815 thousand, UZS 28,613,982 thousand, respectively can not be reliably measured. Fair value information of these financial instruments has not been disclosed, as market is not active in the Republic of Uzbekistan and is not practicable to estimate their fair value. Investments available-for-sale are non-marketable equity securities and are accounted at cost.

## 30. REGULATORY MATTERS

Quantitative measures established by regulation applied by Basel Committee to ensure capital adequacy require the Group to maintain minimum amounts and ratios of total (8%) and tier 1 capital (4%) to risk weighted assets.

The ratio was calculated according to the principles employed by the Basel Committee by applying the following risk estimates to the assets and off-balance sheet commitments net of allowances for impairment losses:

Estimate	Description of position
0%	Cash and balances with the Central Bank of Uzbekistan
0%	State debt securities
20%	Loans and advances to banks for up to 1 year
100%	Loans to customers
100%	Guarantees
50%	Obligations and commitments on unused loans with the initial maturity of over 1 year
100%	Other assets

	2009	2008
Movement in tier 1 capital:		
<b>At 1 January</b>	<b>193,169,788</b>	<b>174,582,112</b>
<i>Profit</i>	23,240,838	21,928,386
<i>Other</i>	110,437,737	(3,340,710)
At 31 December	<b><u>326,848,363</u></b>	<b><u>193,169,788</u></b>
	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
Composition of regulatory capital (a):		
Tier 1 capital		
<i>Share capital</i>	334,121,566	40,701,866
<i>Disclosed reserves</i>	7,382,187	141,565,593
Total qualifying tier 1 capital	<b><u>341,503,753</u></b>	<b><u>182,267,459</u></b>
<i>Revaluation reserve</i>	10,309,074	10,902,329
Total regulatory capital	<b><u>351,812,827</u></b>	<b><u>193,169,788</u></b>
Capital Ratios:		
Tier 1 capital	40.09%	28.78%
Total capital	42.64%	31.74%

### 31. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Group's banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to:

- Credit exposures
- Liquidity risk
- Market risk
- Interest rate risk
- Currency risk

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. Through the risk management framework, the Group manages the following risks:

#### Credit risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate guarantees.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to the inability of a counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of off balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

## Maximum exposure

The Group's maximum exposure to credit risk varies significantly and is dependant on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets and contingent liabilities. For financial assets the maximum exposure equals to a carrying value of those assets prior to any offset or collateral. For financial guarantees and other contingent liabilities the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on.

As at 31 December 2009:

	Maximum exposure	Offset	Net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Balances with the Central Bank of the Republic of Uzbekistan	447,481,142	-	447,481,142	-	447,481,142
Due from banks	185,556,356	-	185,556,356	-	185,556,356
Loans to customers	954,577,622	-	954,577,622	951,089,692	3,487,930
Investments available-for-sale	4,721,449	-	4,721,449	-	4,721,449
Investments held-to-maturity	19,866,660	-	19,866,660	-	19,866,660
Loans under reverse repurchase agreements	2,312,265	-	2,312,265	1,499,977	812,288
Other financial assets	3,362,171	-	3,362,171	-	3,362,171
Guarantees issued and similar commitments	58,627,601	-	58,627,601	-	58,627,601

As at 31 December 2008:

	Maximum exposure	Offset	Net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Balances with the Central Bank of the Republic of Uzbekistan	264,520,260	-	264,520,260	-	264,520,260
Due from banks	215,404,502	-	215,404,502	-	215,404,502
Loans to customers	806,434,494	-	806,434,494	803,974,023	2,460,471
Investments available-for-sale	4,321,310	-	4,321,310	-	4,321,310
Investments held-to-maturity	17,478,061	-	17,478,061	-	17,478,061
Loans under reverse repurchase agreements	2,100,559	-	2,100,559	1,999,977	100,582
Other financial assets	1,793,612	-	1,793,612	-	1,793,612
Guarantees issued and similar commitments	45,439,965	-	45,439,965	-	45,439,965

Financial assets are graded according to the current credit rating they have been issued by an internationally regarded agency. The highest possible rating is AA. Investment grade financial assets have ratings from AA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

The following table details the credit ratings of financial assets held by the Group:

	AA	A	BBB	<BBB	Not rated	Total at December 31,2009
Balances with the Central Bank of the Republic of Uzbekistan	-	-	-	-	447,481,142	447,481,142
Due from banks	40,790,771	74,421,070	109,794	9,254,353	60,980,369	185,556,356
Loans to customers	-	-	-	-	954,577,622	954,577,622
Investments available for sale	-	-	-	-	4,721,449	4,721,449
Investments held-to-maturity	-	-	-	-	19,866,660	19,866,660
Loans under reverse repurchase agreements	-	-	-	-	2,312,265	2,312,265
Other financial assets	-	-	-	-	3,362,171	3,362,171
Guarantees issued and similar commitments	-	-	-	-	58,627,601	58,627,601
	AA	A	BBB	<BBB	Not rated	Total at December 31,2008
Balances with the Central Bank of the Republic of Uzbekistan	-	-	-	-	264,520,260	264,520,260
Due from banks	9,371,486	69,688,140	31,760,875	60,994,733	43,589,268	215,404,502
Loans to customers	-	-	-	-	806,434,494	806,434,494
Investments available for sale	-	-	-	-	4,321,310	4,321,310
Investments held-to-maturity	-	-	-	-	17,478,061	17,478,061
Loans under reverse repurchase agreements	-	-	-	-	2,100,559	2,100,559
Other financial assets	-	-	-	-	1,793,612	1,793,612
Guarantees issued and similar commitments	-	-	-	-	45,439,965	45,439,965

The banking industry is generally exposed to credit risk through its financial assets and commitments and contingencies. Credit risk exposure of the Group is concentrated within the Republic of Uzbekistan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Group risk management policy are not breached.

The Group enters into numerous transactions where the counterparties are not rated by international rating agencies.

The Group has developed an internal rating model, based on the principles and methods used by international rating agencies for the assessment of credit risk of corporate borrowers. The rating of borrowers is based on an analysis of the financial ratios of the borrower, and an analysis of the market and industry sector, in which the borrower operates. The model also takes into consideration various qualitative factors, such as management efficiency and the borrower's market share.

The application of the internal rating model results in a standardized approach in the analysis of borrowers and provides a quantitative assessment of the creditworthiness of a borrower that does not have a rating from an international rating agency. The model takes into account specific local market conditions.

The quality of the internal rating model is examined on a regular basis through an assessment of both its effectiveness and validity. The Group revises the model when deficiencies are identified.

The following table details the carrying value of assets that are impaired and the aging of those that are past due but not impaired:

	Financial assets past due but not impaired					31 December 2009	
	Neither past due nor impaired	0-3 months	3-6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	Total
Loans to customers	518,785,334	-	-	-	-	435,792,288	954,577,622
Investments available-for-sale	2,263,229	-	-	-	-	2,458,220	4,721,449
Other financial assets	2,641,558	-	-	-	-	720,613	3,362,171

	Financial assets past due but not impaired					31 December 2008	
	Neither past due nor impaired	0-3 months	3-6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	Total
Loans to customers	454,778,003	-	-	-	-	351,656,491	806,434,494
Investments available-for-sale	2,128,557	-	-	-	-	2,192,753	4,321,310
Other financial assets	1,398,030	-	-	-	-	395,582	1,793,612

### Geographical concentration

As at 31 December 2009 and 2008, all loans and advances to customers are placed in the Republic of Uzbekistan and customer deposits are taken from companies and individuals of the Republic of Uzbekistan.

The geographical concentration of financial assets and liabilities is set out below:

	Uzbekistan	OECD countries	Non-OECD countries	31 December 2009 Total
<b>FINANCIAL ASSETS</b>				
Cash and balances with the Central Bank of the Republic of Uzbekistan	487,563,349	-	-	487,563,349
Due from banks	63,184,830	115,440,697	6,930,829	185,556,356
Loans to customers	954,577,622	-	-	954,577,622
Investments available-for-sale	4,366,539	-	354,910	4,721,449
Investments held-to-maturity	19,866,660	-	-	19,866,660
Loans under reverse repurchase agreements	2,312,265	-	-	2,312,265
Other financial assets	3,362,171	-	-	3,362,171
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,535,233,436</b>	<b>115,440,697</b>	<b>7,285,739</b>	<b>1,657,959,872</b>
<b>FINANCIAL LIABILITIES</b>				
Due to banks	80,457,062	140,211,947	403,444	221,072,453
Customer accounts	1,119,999,001	-	-	1,119,999,001
Debt securities issued	60,440,491	-	-	60,440,491
Other borrowed funds	9,327,843	17,680,972	-	27,008,815
Other financial liabilities	5,431,724	-	-	5,431,724
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,275,656,121</b>	<b>157,892,919</b>	<b>403,444</b>	<b>1,433,952,484</b>
<b>NET POSITION</b>	<b>259,577,315</b>	<b>(42,452,222)</b>	<b>6,882,295</b>	

	Uzbekistan	OECD countries	Non-OECD countries	31 December 2008 Total
<b>FINANCIAL ASSETS</b>				
Cash and balances with the Central Bank of the Republic of Uzbekistan	329,180,371	-	-	329,180,371
Due from banks	130,982,320	79,796,882	4,625,300	215,404,502
Loans to customers	806,434,494	-	-	806,434,494
Investments available-for-sale	3,966,400	-	354,910	4,321,310
Investments held-to-maturity	17,478,061	-	-	17,478,061
Loans under reverse repurchase agreements	2,100,559	-	-	2,100,559
Other financial assets	1,793,612	-	-	1,793,612
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,291,935,817</b>	<b>79,796,882</b>	<b>4,980,210</b>	<b>1,376,712,909</b>
<b>FINANCIAL LIABILITIES</b>				
Due to banks	87,802,601	205,193,127	15,834,559	308,830,287
Customer accounts	946,378,049	-	-	946,378,049
Debt securities issued	11,581	-	-	11,581
Other borrowed funds	10,723,461	17,890,521	-	28,613,982
Other financial liabilities	2,114,164	-	-	2,114,164
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,047,029,856</b>	<b>223,083,648</b>	<b>15,834,559</b>	<b>1,285,948,063</b>
<b>NET POSITION</b>	<b>244,905,961</b>	<b>(143,286,766)</b>	<b>(10,854,349)</b>	

### Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Assets Liability Management Committee (further "ALMC") controls these types of risks by means of maturity analysis, determining the Group's strategy for the next financial period. Current liquidity is managed by the Treasury Department, which deals in the money markets for current liquidity support and cash flow optimization.

In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of assets/liabilities management process. The Management Board sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The analysis of interest rate and liquidity risk on consolidated statement of financial position transactions as of 31 December 2009 and 2008 is presented in the following tables:

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2009 Total
<b>FINANCIAL ASSETS</b>							
Cash and balances with the Central Bank of the Republic of Uzbekistan	311,770,000	-	-	-	-	-	311,770,000
Due from banks	75,199,909	16,097,408	37,169,095	57,078,944	-	-	185,545,356
Loans to customers	31,337,816	96,709,202	202,391,209	368,711,452	255,427,943	-	954,577,622
Investments held-to-maturity	1,556,827	1,872,963	4,354,315	8,812,874	3,269,681	-	19,866,660
Loans under reverse repurchase agreements	-	-	1,754,973	557,292	-	-	2,312,265
<b>Total interest bearing financial assets</b>	<b>419,864,552</b>	<b>114,679,573</b>	<b>245,669,592</b>	<b>435,160,562</b>	<b>258,697,624</b>	-	<b>1,474,071,903</b>
Cash and balances with the Central Bank of the Republic of Uzbekistan	175,793,349	-	-	-	-	-	175,793,349
Due from banks	11,000	-	-	-	-	-	11,000
Investments available-for-sale	4,721,449	-	-	-	-	-	4,721,449
Other financial assets	3,362,171	-	-	-	-	-	3,362,171
<b>Total financial assets</b>	<b>603,752,521</b>	<b>114,679,573</b>	<b>245,669,592</b>	<b>435,160,562</b>	<b>258,697,624</b>	-	<b>1,657,959,872</b>
<b>FINANCIAL LIABILITIES</b>							
Due to banks	21,969,831	19,573,676	111,371,130	40,456,042	27,701,774	-	221,072,453
Customer accounts	206,933,080	24,162,593	180,001,661	9,390,268	21,646,469	-	442,134,071
Debt securities issued	1,240,491	-	18,850,000	40,350,000	-	-	60,440,491
Other borrowed funds	-	-	1,888,785	25,120,030	-	-	27,008,815
<b>Total interest bearing financial liabilities</b>	<b>230,143,402</b>	<b>43,736,269</b>	<b>312,111,576</b>	<b>115,316,340</b>	<b>49,348,243</b>	-	<b>750,655,830</b>
Customer accounts	637,232,663	24,145,340	16,486,927	-	-	-	677,864,930
Other financial liabilities	5,431,724	-	-	-	-	-	5,431,724
<b>Total financial liabilities</b>	<b>872,807,789</b>	<b>67,881,609</b>	<b>328,598,503</b>	<b>115,316,340</b>	<b>49,348,243</b>	-	<b>1,433,952,484</b>
Liquidity gap	(269,055,268)	46,797,964	(82,928,911)	319,844,222	209,349,381	-	-
Interest sensitivity gap	189,721,150	70,943,304	(66,441,984)	319,844,222	209,349,381	-	-
<b>Cumulative interest sensitivity gap</b>	<b>189,721,150</b>	<b>260,664,454</b>	<b>194,222,470</b>	<b>514,066,692</b>	<b>723,416,073</b>	-	-
<b>Cumulative interest sensitivity gap as percentage of total financial assets</b>	<b>11%</b>	<b>16%</b>	<b>12%</b>	<b>31%</b>	<b>44%</b>	-	-

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2008 Total
<b>FINANCIAL ASSETS</b>							
Cash and balances with the Central Bank of the Republic of Uzbekistan	124,720,000	-	-	-	-	-	124,720,000
Due from banks	148,016,404	21,014,636	41,245,791	5,007,671	10,000	-	215,294,502
Loans to customers	29,385,371	214,257,737	162,305,011	242,205,374	158,281,001	-	806,434,494
Investments held-to-maturity	-	-	5,366,795	9,346,939	2,764,327	-	17,478,061
Loans under reverse repurchase agreements	-	536,125	1,564,434	-	-	-	2,100,559
<b>Total interest bearing financial assets</b>	<b>302,121,775</b>	<b>235,808,498</b>	<b>210,482,031</b>	<b>256,559,984</b>	<b>161,055,328</b>	-	<b>1,166,027,616</b>
Cash and balances with the Central Bank of the Republic of Uzbekistan	204,460,371	-	-	-	-	-	204,460,371
Due from banks	110,000	-	-	-	-	-	110,000
Investments available-for-sale	4,321,310	-	-	-	-	-	4,321,310
Other financial assets	1,793,612	-	-	-	-	-	1,793,612
<b>Total financial assets</b>	<b>512,807,068</b>	<b>235,808,498</b>	<b>210,482,031</b>	<b>256,559,984</b>	<b>161,055,328</b>	-	<b>1,376,712,909</b>
<b>FINANCIAL LIABILITIES</b>							
Due to banks	171,758,302	14,685,643	42,968,802	67,739,183	11,678,357	-	308,830,287
Customer accounts	387,472,348	80,615,522	54,603,556	2,779,036	3,401,799	-	528,872,261
Debt securities issued	-	-	11,581	-	-	-	11,581
Other borrowed funds	1,038,407	181,149	1,144,222	26,250,204	-	-	28,613,982
<b>Total interest bearing financial liabilities</b>	<b>560,269,057</b>	<b>95,482,314</b>	<b>98,728,161</b>	<b>96,768,423</b>	<b>15,080,156</b>	-	<b>866,328,111</b>
Customer accounts	408,036,700	4,734,604	4,734,484	-	-	-	417,505,788
Other financial liabilities	2,114,164	-	-	-	-	-	2,114,164
<b>Total financial liabilities</b>	<b>970,419,921</b>	<b>100,216,918</b>	<b>103,462,645</b>	<b>96,768,423</b>	<b>15,080,156</b>	-	<b>1,285,948,063</b>
Liquidity gap	(457,612,853)	135,591,580	107,019,386	159,791,561	145,975,172		
Interest sensitivity gap	(258,147,282)	140,326,184	111,753,870	159,791,561	145,975,172		
<b>Cumulative interest sensitivity gap</b>	<b>(258,147,282)</b>	<b>(117,821,098)</b>	<b>(6,067,228)</b>	<b>153,724,333</b>	<b>299,699,505</b>		
<b>Cumulative interest sensitivity gap as percentage of total financial assets</b>	<b>(19%)</b>	<b>(9%)</b>	<b>0%</b>	<b>11%</b>	<b>22%</b>		

Negative liquidity gap in a 1 year period after the reporting date is caused by demand deposits of customers. Management believes that demand deposits of customers present stable base and is based on assessment of past performance and analysis of withdrawals during months following the reporting date. Moreover, the customer accounts have significant concentration within 2 customers, the parent entity and a related party, which is under common control of the parent entity.

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the statement of financial position as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognized in the balance sheet under the effective interest rate method.

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2009 Total
<b>FINANCIAL LIABILITIES</b>								
Due to banks	5.67%	22,073,638	19,642,675	117,685,873	53,301,807	29,272,465	-	241,976,458
Customer accounts	2.34%	207,336,256	24,197,824	184,210,112	10,540,537	22,152,565	-	448,437,294
Debt securities issued	11%	1,251,862	-	20,923,500	67,992,097	-	-	90,167,459
Other borrowed funds	0.25%	-	-	1,893,507	25,435,604	-	-	27,329,111
<b>Total interest bearing liabilities</b>		<b>230,661,756</b>	<b>43,840,499</b>	<b>324,712,992</b>	<b>157,270,045</b>	<b>51,425,030</b>	-	<b>807,910,322</b>
Customer accounts		637,232,663	24,145,340	16,486,927	-	-	-	677,864,930
Other financial liabilities		5,431,724	-	-	-	-	-	5,431,724
<b>Total financial liabilities</b>		<b>873,326,143</b>	<b>67,985,839</b>	<b>341,199,919</b>	<b>157,270,045</b>	<b>51,425,030</b>	-	<b>1,491,206,976</b>
Commitments and contingencies		293,093,791	-	-	-	-	-	293,093,791

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2008 Total
<b>FINANCIAL LIABILITIES</b>								
Due to banks	5.54%	172,531,742	14,884,929	45,349,080	88,698,470	12,325,285	-	333,789,506
Customer accounts	2.34%	382,744,983	86,578,094	55,880,191	3,119,457	3,481,333	-	531,804,058
Debt securities issued	26%	-	-	14,583	-	-	-	14,583
Other borrowed funds	0.18%	1,038,560	181,230	1,146,251	26,483,790	-	-	28,849,831
<b>Total interest bearing liabilities</b>		<b>556,315,285</b>	<b>101,644,253</b>	<b>102,390,105</b>	<b>118,301,717</b>	<b>15,806,618</b>	-	<b>894,457,978</b>
Customer accounts		135,275,958	153,332,424	128,897,406	-	-	-	417,505,788
Other financial liabilities		2,114,164	-	-	-	-	-	2,114,164
<b>Total financial liabilities</b>		<b>693,705,407</b>	<b>254,976,677</b>	<b>231,287,511</b>	<b>118,301,717</b>	<b>15,806,618</b>	-	<b>1,314,077,930</b>
Commitments and contingencies		281,413,116	-	-	-	-	-	281,413,116

## Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed. There have been no changes as to the way the Group measures risk or to the risk it is exposed.

The Group is exposed to interest rate risks as entities in the Group borrow funds at both fixed and floating rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings.

The Assets Liabilities Management Committee (ALMC) also manages interest rate and market risks by matching the Group's interest rate position, which provides the Group with a positive interest margin. The ALMC conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability.

The majority of the Group's loan contracts and other financial assets and liabilities that bear interest are either variable or contain clauses enabling the interest rate to be changed at the option of the lender. The Group monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

## Interest rate risk sensitivity

The Group manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Department of Financial Control conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in fair value interest rates and its influence on the Group's profitability.

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on "reasonably possible changes in the risk variable". The level of these changes is determined by management and is contained within the risk reports provided to key management personnel.

Impact on profit before tax	As at 31 December 2009		As at 31 December 2008	
	Interest rate +1%	Interest rate -1%	Interest rate +1%	Interest rate -1%
<i>Assets</i>				
Loans to customers	548,963	(548,963)	636,332	(636,332)
<i>Liabilities</i>				
Due to banks	(924,628)	924,628	(1,056,109)	1,056,109
Other borrowed funds	(248,800)	248,800	(211,480)	211,480
<b>Net impact on profit before tax</b>	<b>(624,465)</b>	<b>624,465</b>	<b>(631,257)</b>	<b>631,257</b>
Impact on shareholder's equity	As at 31 December 2009		As at 31 December 2008	
	Interest rate +1%	Interest rate -1%	Interest rate +1%	Interest rate -1%
<i>Assets</i>				
Loans to customers	466,619	(466,619)	540,882	(540,882)
<i>Liabilities</i>				
Due to banks	(785,934)	785,934	(897,693)	897,693
Other borrowed funds	(211,480)	211,480	(179,758)	179,758
<b>Impact on shareholder's equity</b>	<b>(530,795)</b>	<b>530,795</b>	<b>(536,569)</b>	<b>536,569</b>

## Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The ALMC controls currency risk by management of the open currency position on the estimated basis of UZS devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Group's open currency position with the aim to match the requirements of the Central bank.

The Group's exposure to foreign currency exchange rate risk as at 31 December 2009 and 2008 is presented in the tables below:

	UZS	USD USD 1 = UZS 1,511.40	EUR EUR 1 = UZS 2,213.75	Other currencies	31 December 2009 Total
<b>FINANCIAL ASSETS</b>					
Cash and balances with the Central Bank of the Republic of Uzbekistan					
Republic of Uzbekistan	420,921,452	53,321,827	12,385,435	934,635	487,563,349
Due from banks	45,726,619	104,838,101	33,813,440	1,178,196	185,556,356
Loans to customers	752,511,976	116,607,405	73,540,279	11,917,962	954,577,622
Investments available-for-sale	4,366,539	354,910	-	-	4,721,449
Investments held-to-maturity	19,866,660	-	-	-	19,866,660
Loans under reverse repurchase agreements	2,312,265	-	-	-	2,312,265
Other financial assets	3,362,171	-	-	-	3,362,171
<b>Total financial assets</b>	<b>1,249,067,682</b>	<b>275,122,244</b>	<b>119,739,154</b>	<b>14,030,793</b>	<b>1,657,959,872</b>
<b>FINANCIAL LIABILITIES</b>					
Due to banks	70,758,844	87,819,929	50,266,548	12,227,132	221,072,453
Customer accounts	916,606,777	188,484,115	14,574,797	333,312	1,119,999,001
Debt securities issued	60,440,491	-	-	-	60,440,491
Other borrowed funds	9,327,843	805,471	16,875,501	-	27,008,815
Other financial liabilities	5,431,724	-	-	-	5,431,724
<b>Total financial liabilities</b>	<b>1,062,565,679</b>	<b>277,109,516</b>	<b>81,716,846</b>	<b>12,560,444</b>	<b>1,433,952,484</b>
<b>OPEN POSITION</b>	<b>186,502,003</b>	<b>(1,987,272)</b>	<b>38,022,308</b>	<b>1,470,349</b>	

	UZS	USD USD 1 = UZS 1,393.00	EUR EUR 1 = UZS 2,050.36	Other currencies	31 December 2008 Total
<b>FINANCIAL ASSETS</b>					
Cash and balances with the Central Bank of the Republic of Uzbekistan					
Republic of Uzbekistan	265,288,881	59,198,481	3,813,826	879,183	329,180,371
Due from banks	118,237,816	73,522,889	21,396,740	2,247,057	215,404,502
Loans to customers	353,918,256	348,048,077	90,622,512	13,845,649	806,434,494
Investments available-for-sale	3,966,400	354,910	-	-	4,321,310
Investments held-to-maturity	17,478,061	-	-	-	17,478,061
Loans under reverse repurchase agreements	2,100,559	-	-	-	2,100,559
Other financial assets	1,793,612	-	-	-	1,793,612
<b>Total financial assets</b>	<b>762,783,585</b>	<b>481,124,357</b>	<b>115,833,078</b>	<b>16,971,889</b>	<b>1,376,712,909</b>
<b>FINANCIAL LIABILITIES</b>					
Due to banks	32,701,540	181,990,396	79,420,540	14,717,811	308,830,287
Customer accounts	792,079,104	144,395,538	8,648,212	1,255,195	946,378,049
Debt securities issued	11,581	-	-	-	11,581
Other borrowed funds	10,756,893	2,227,117	15,629,972	-	28,613,982
Other financial liabilities	2,114,164	-	-	-	2,114,164
<b>Total financial liabilities</b>	<b>837,663,282</b>	<b>328,613,051</b>	<b>103,698,724</b>	<b>15,973,006</b>	<b>1,285,948,062</b>
<b>OPEN POSITION</b>	<b>(74,879,697)</b>	<b>152,511,306</b>	<b>12,134,354</b>	<b>998,883</b>	

## Currency risk sensitivity

The following table details the Group's Sensitivity to a 10% increase and decrease in the USD against the UZS. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

	As at 31 December 2009		As at 31 December 2008	
	UZS/USD	UZS/USD	UZS/USD	UZS/USD
	+10%	-10%	+10%	-10%
Impact on profit or loss and equity	(198,727)	198,727	15,573,731	(15,573,731)

	As at 31 December 2009		As at 31 December 2008	
	UZS/EUR	UZS/EUR	UZS/EUR	UZS/EUR
	+10%	-10%	+10%	-10%
Impact on profit or loss and equity	3,802,231	(3,802,231)	1,213,435	(1,213,435)

## Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the consolidated statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

## Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group is exposed to price risks of its products which are subject to general and specific market fluctuations.

The Group manages price risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin and collateral requirements. With respect to undrawn loan commitments the Group is potentially exposed to a loss of an amount equal to the total amount of such commitments. However, the likely amount of a loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

### **Other price risk**

The Group is not exposed to equity price risks arising from equity investments. Equity investments are held for strategic than trading purposes. The Group does not actively trade these investments due to the reason that market for the investment is not active in Uzbekistan.

## **32. SUBSEQUENT EVENTS**

During 2009 the Group made a decision to sell its investments into “Hazorasp Textile” LLC, “Glotex Biznes” LLC and “Bertex” LLC.

On 18 February 2010 the Bank has concluded an agreement with “VICKOT IMPEX” LLC on the sale of property of “Hazorasp Textile” LLC.

On 25 December 2009 the Board of the Bank has decided to sell enterprise "Glotex Biznes" LLC to Spring Textil LLC according to Protocol decision # 184.

On 23 February 2010 the Bank has concluded the agreement with Astera Textile LLC on the sale of “Berteks” LLC.