CJSC Demir Kyrgyz International Bank

Financial Statements

for the year ended 31 December 2009

Contents

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Independent Auditors' Report

To the Management Board of CJSC Demir Kyrgyz International Bank

We have audited the accompanying financial statements of CJSC Demir Kyrgyz International Bank ("the Bank"), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

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

Opinion

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

Other matter

The financial statements of the Bank as at and for the year ended 31 December 2008 were audited by other auditors whose report dated 13 March 2009 expressed an unmodified opinion on those statements.

KPMG Bishkek LLC

16 March 2010

	Note	2009 '000 KGS	2008 '000 KGS
Interest income	4	234,630	236,842
Interest expense	4	(36,118)	(21,867)
Net interest income		**198,512**	**214,975**
Fee and commission income	5	77,293	68,561
Fee and commission expense	6	(19,432)	(11,304)
Net fee and commission income		**57,861**	**57,257**
Net foreign exchange income	7	62,315	47,808
Other operating income		997	3,239
Operating income		**319,685**	**323,279**
Impairment losses	8	(26,025)	(54,955)
General administrative expenses	9	(220,110)	(179,767)
Profit before taxes		**73,550**	**88,557**
Income tax expense	10	(9,570)	(9,298)
Profit for the year		**63,980**	**79,259**
Other comprehensive income			
Net change in fair value of available-for-sale assets		2,545	-
Other comprehensive income for the year		**2,545**	**-**
Total comprehensive income for the year		**66,525**	**79,259**

The financial statements as set out on pages 5 to 45 were approved by the Management Board on 16 March 2010 and signed on its behalf by:

Mr. Sevki Sarilar
Chairman

Ms. Gulbara Djakypbaeva
Chief Accountant

The statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 9 to 45.

	Note	2009 ’000 KGS	2008 ’000 KGS
ASSETS			
Cash		302,067	145,636
Due from the National Bank of the Kyrgyz Republic		414,998	444,142
Placements with banks and other financial institutions	11	1,471,049	526,599
Loans to customers	12	1,042,884	1,110,470
Available-for-sale assets	13	162,689	-
Investments in securities	14	148,904	188,801
Property and equipment	15	154,736	168,170
Intangible assets	16	33,953	39,986
Income tax prepaid		-	1,514
Other assets	17	44,130	39,605
Total assets		**3,775,410**	**2,664,923**
LIABILITIES			
Due to banks and other financial institutions	18	9,857	1,429
Current accounts and deposits from customers	19	3,201,621	2,156,989
Income taxes payable		54	-
Other liabilities	20	19,724	30,398
Deferred tax liability	10	5,980	4,458
Total liabilities		**3,237,236**	**2,193,274**
SHAREHOLDERS’ EQUITY			
Share capital	21	132,540	132,540
Additional-paid-in capital		1	1
Revaluation reserve for available-for-sale assets		2,545	-
Retained earnings		403,088	339,108
Total shareholders’ equity		**538,174**	**471,649**
Total liabilities and shareholders’ equity		**3,775,410**	**2,664,923**
Commitments and Contingencies	24,26		

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 9 to 45.

	2009 ’000 KGS	2008 ’000 KGS
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	233,464	230,706
Interest payments	(32,616)	(18,759)
Fee and commission receipts	77,293	68,561
Fee and commission payments	(19,432)	(11,304)
Net receipts from foreign exchange	52,422	41,615
Other income	992	3,186
General administrative expenses	(183,068)	(147,404)
(Increase)/decrease in operating assets		
Loans to customers	260,703	(116,313)
Other assets	(5,898)	3,403
Increase/(decrease) in operating liabilities		
Due to banks	8,428	(2,390)
Current accounts and deposits from customers	828,343	121,909
Other liabilities	(13,178)	8,252
Net cash provided from operating activities before taxes paid	**1,207,453**	**181,462**
Income tax paid	(6,480)	(12,835)
Cash flows from operating activities	**1,200,973**	**168,627**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in securities	(315,699)	(1,547,125)
Proceeds from matured securities	251,521	1,580,755
Purchase of property and equipment	(22,458)	(94,903)
Proceeds from sale of property and equipment	9,372	420
Purchase of intangible assets	(3,690)	(35,652)
Cash flows used in investing activities	**(80,954)**	**(96,505)**
Net increase in cash and cash equivalents	**1,120,019**	**72,122**
Effect of changes in exchange rates on cash and cash equivalents	7,787	16,193
Cash and cash equivalents at the beginning of the year	1,305,178	1,216,863
Cash and cash equivalents at the end of the year (Note 28)	**2,432,984**	**1,305,178**

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 9 to 45.

	Share capital '000 KGS	Additional-paid-in capital '000 KGS	Revaluation reserve for available-for-sale assets '000 KGS	Retained earnings '000 KGS	Total '000 KGS
Balance at 1 January 2008	132,540	1	-	259,849	392,390
Total comprehensive income					
Profit for the year	-	-	-	79,259	79,259
Total comprehensive income for the year	**-**	**-**	**-**	**79,259**	**79,259**
Balance at 31 December 2008	**132,540**	**1**	**-**	**339,108**	**471,649**
Total comprehensive income					
Profit for the year	-	-	-	63,980	63,980
Other comprehensive income					
Net change in fair value of available-for-sale assets	-	-	2,545	-	2,545
Total comprehensive income for the year	**-**	**-**	**2,545**	**63,980**	**66,525**
Balance at 31 December 2009	**132,540**	**1**	**2,545**	**403,088**	**538,174**

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 9 to 45.

1 Background

(a) Principal activities

Demir Kyrgyz International Bank CJSC ("the Bank") was established in the Kyrgyz Republic as a closed joint-stock company on 2 May 1997. The Bank obtained general banking license №35 issued on 11 March 1999 and reissued on 20 April 2005.

The principal activities of the Bank are deposit taking and customer accounts maintenance, lending, issuing guarantees, cash and settlement operations, operations with securities and foreign exchange. The activities of the Bank are regulated by the National Bank of the Kyrgyz Republic ("the NBKR").

The Bank has 5 branches from which it conducts business throughout the Kyrgyz Republic.

The legal address of the headquarters is: 720001, the Kyrgyz Republic, Bishkek, Chui Avenue, 245.

The majority of the Bank's assets and liabilities are located in the Kyrgyz Republic.

The average number of people employed by the Bank during the year was 290 (2008: 271 employees).

(b) Shareholders

As at 31 December 2009 and 2008, the Bank's ownership structure was as follows:

Shareholders	%
Mr. Halit Cingillioglu, Turkey	70%
The European Bank for Reconstruction and Development (EBRD), UK	15%
The International Finance Corporation (IFC), USA	15%
	100%

(c) Kyrgyzstan business environment

Kyrgyzstan has been experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in Kyrgyzstan involve risks that typically do not exist in other markets. In addition, the recent contraction in the capital and credit markets has further increased the level of economic uncertainty in the environment. The financial statements reflect management's assessment of the impact of the Kyrgyzstan business environment on the operations and the financial position of the Bank. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except that available-for-sale assets are stated at fair value.

2 Basis of preparation, continued

(c) Functional and Presentation Currency

The national currency of the Kyrgyz Republic is the Kyrgyz Som (“KGS”).

Management has determined the Bank’s functional currency to be the KGS as it reflects the economic substance of the underlying events and circumstances of the Bank. The KGS is also the Bank’s presentation currency for the purposes of these financial statements.

Financial information presented in KGS has been rounded to the nearest thousand.

(d) Use of estimates and judgments

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 12 - Loans to customers, in respect of loan impairment estimates.

3 Significant accounting policies

The following significant accounting policies have been applied in the preparation of the financial statements. The accounting policies have been consistently applied.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to KGS at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to KGS at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to KGS at the foreign exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

(b) Cash and cash equivalents

The Bank considers cash, due from the NBKR, placements with banks and other financial institutions, investments in securities and available-for-sale assets with an original maturity up to three months to be cash and cash equivalents.

(c) Financial instruments

(i) Classification

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- a derivative (except for a derivative that is a designated and effective hedging instrument); or,
- upon initial recognition, designated by the Bank as at fair value through the profit or loss.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(i) Classification, continued

The Bank designates financial assets and liabilities at fair value through profit or loss where either:

- the assets or liabilities are managed and evaluated on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Financial assets and liabilities at fair value through profit or loss are not reclassified subsequent to initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that:

- the Bank intends to sell immediately or in the near term;
- the Bank upon initial recognition designates as at fair value through profit or loss;
- the Bank upon initial recognition designates as available- for-sale; or
- the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that:

- the Bank upon initial recognition designates as at fair value through profit or loss;
- the Bank designates as available-for-sale; or
- meet the definition of loans and receivables.

Available-for-sale assets are those financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss.

Management determines the appropriate classification of financial instruments at the time of the initial recognition.

(ii) Recognition

Financial assets and liabilities are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

(iii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- loans and receivables which are measured at amortised cost using the effective interest method;

3 Significant accounting policies, continued

(c) Financial instruments, continued

(iii) Measurement, continued

- held-to-maturity investments which are measured at amortised cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost. Amortised cost is calculated using the effective interest method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Where a valuation based on observable market data indicates a fair value gain or loss on initial recognition of an asset or liability, the gain or loss is recognised immediately in profit or loss. Where an initial gain or loss is not based entirely on observable market data, it is deferred and recognised over the life of the asset or liability on an appropriate basis, or when prices become observable, or on disposal of the asset or liability.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the reporting date without any deduction for transaction costs. Where a quoted market price is not available, fair value is determined using valuation techniques with a maximum use of market inputs. Such valuation techniques include reference to recent arm's length market transactions, current market prices of substantially similar instruments, discounted cash flow and option pricing models and other techniques commonly used by market participants to price the instrument.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the reporting date taking into account current market conditions and the current creditworthiness of the counterparties.

(v) Gains and losses on subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or liability is recognised as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in profit or loss;
- a gain or loss on an available-for-sale financial asset is recognised as other comprehensive income in equity (except for impairment losses and foreign exchange gains and losses debt financial instruments available-for-sale) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. Interest in relation to an available-for-sale financial asset is recognised as earned in profit or loss calculated using the effective interest method.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised or impaired, and through the amortisation process.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(vi) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers substantially all the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognised separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

The Bank also derecognises certain assets when it writes off balances pertaining to assets deemed to be uncollectible.

(vii) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (“repo”) agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase price represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest rate method.

Securities purchased under agreements to resell (“reverse repo”) are recorded as amounts receivable under reverse repo transactions. The differences between the purchase and resale prices are treated as interest income and accrued over the term of the reverse repo agreement using the effective interest method.

If assets purchased under agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

(viii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. The estimated useful lives are as follows:

Buildings	50 years;
Office equipment	5 years;
Computers	5 years;
Motor vehicles	5 years.

3 Significant accounting policies, continued

(e) Intangible assets

Intangible assets, which are acquired by the Bank, are stated at cost less accumulated amortisation.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Other	5 years

(f) Impairment

(i) Financial assets carried at amortised cost

Financial assets carried at amortised cost consist principally of loans and other receivables. The Bank reviews its loans and receivables, to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has had an impact on the estimated future cash flows of the loan that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, breach of loan covenants or conditions, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, deterioration in the value of collateral, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

The Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Bank uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

3 Significant accounting policies, continued

(f) Impairment, continued

(i) Financial assets carried at amortised cost, continued

When a loan is uncollectible, it is written off against the related allowance for loan impairment. The Bank writes off a loan balance (and any related allowances for loan losses) when the Bank's management determines that the loans are uncollectible and when all necessary steps to collect the loan are completed.

(ii) Non financial assets

Other non financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Credit related commitments

In the normal course of business, the Bank enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees.

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

A financial guarantee liability is recognised initially at fair value net of associated transaction costs, and is measured subsequently at the higher of the amount initially recognised less cumulative amortisation or the amount of provision for losses under the guarantee. Provisions for losses under financial guarantees and other credit related commitments are recognised when losses are considered probable and can be measured reliably.

Financial guarantee liabilities and provisions for other credit related commitments are included within other liabilities.

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction of equity, net of any tax effect.

(i) Dividends

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of Kyrgyz legislation.

Dividends in relation to ordinary shares are reflected in the financial statements as an appropriation of retained earnings in the period when they are declared.

3 Significant accounting policies, continued

(j) Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Temporary differences relating to assets and liabilities, the initial recognition of which affect neither accounting nor taxable profit are not provided for during the calculation of deferred tax. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Income and expense recognition

Interest income and expense are recognised in profit or loss using the effective interest method. Interest income on financial assets held for trading and on other financial instruments at fair value through profit or loss comprises coupon interest only.

Accrued discounts and premiums on financial instruments at fair value through profit and loss are recognised in gains less losses from financial instruments at fair value through profit or loss, respectively.

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related additional costs, are deferred and amortised to interest income over the estimated life of the financial instrument using the effective interest rate method.

Other fees, commissions and other income and expense items are recognised when the corresponding service has been provided.

Dividend income is recognised in profit or loss on the date that the dividend is declared.

(l) Comparative information

Prior period reclassification

During the preparation of the Bank’s 2009 financial statements, management made certain reclassifications affecting the 2008 corresponding figures to conform to the presentation of the 2009 financial statements. Management believes that this presentation is more appropriate presentation in accordance with IFRS. The effect of reclassifications on the corresponding figures can be summarised as follows:

3 Significant accounting policies, continued

(l) Comparative information, continued

Prior period reclassification, continued

Statement of Comprehensive income for the year ended 31 December 2008	**As reclassified**	**Effect of reclassifications**	**As previously reported**
Interest income	236,842	10,232	226,610
Interest expense	(21,867)	(281)	(21,586)
Net expense from operations with financial instruments, at fair value through profit and loss	-	9,986	(9,986)
Net foreign exchange income	47,808	(19,937)	67,745
	262,783	**-**	**262,783**
Statement of financial position as at 31 December 2008			
Placements with banks and other financial institutions	526,599	(4,742)	531,341
Loans to customers	1,110,470	126,455	984,015
Financial liabilities at fair value through profit or loss	-	30,744	(30,744)
Current accounts and deposits from customers	(2,156,989)	(140,065)	(2,016,924)
Other liabilities	(30,398)	(12,392)	(18,006)
	(550,318)	**-**	**(550,318)**

Statement of cash flows for the year ended 31 December 2008

Cash and cash equivalents as at 31 December 2008 as reclassified, include short-term investments for the amount of KGS 188,801 thousand.

Management has considered the requirement, in the case of changes in classifications to provide three statements of financial position and related notes, and determined that the changes in classifications are not significant enough and that the additional information would not provide any additional benefit to shareholders.

(m) New Standards and Interpretations not yet adopted

- A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2009, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Bank’s operations. The Bank plans to adopt this pronouncement when it becomes effective. The Bank has not yet analysed the likely impact of this new standard on its financial statements.
- IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2013. The new standard is to be issued in several phases and is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement* once the project is completed by the end of 2010. The first phase of IFRS 9 was issued in November 2009 and relates to the recognition and measurement of financial assets. The Bank recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Bank’s financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued.

3 Significant accounting policies, continued

(m) New Standards and Interpretations not yet adopted, continued

Various *Improvements to IFRSs* are dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purposes, will come into effect not earlier than 1 January 2010. The Bank has not yet analysed the likely impact of the improvements on its financial position or performance.

4 Net interest income

	2009 ’000 KGS	2008 ’000 KGS
Interest income		
Loans to customers	196,073	197,135
Available-for-sale assets	21,222	-
Investments in securities	10,979	10,732
Placements with banks and other financial institutions	6,278	26,930
Amounts receivable under reverse repurchase agreements	78	2,045
	234,630	**236,842**
Interest expense		
Current accounts and deposits from customers	32,388	19,139
Deposits and balances from banks	3,678	149
Other	52	2,579
	36,118	**21,867**

5 Fee and commission income

	2009 ’000 KGS	2008 ’000 KGS
Cash transaction fees	28,222	25,707
Transfer transaction fees	24,467	25,010
Credit card and debit card maintenance fees	11,064	2,741
Guarantee and letter of credit issuance fees	5,116	222
Account maintenance fees	4,481	5,660
Account opening fees	131	3,802
Other	3,812	5,419
	77,293	**68,561**

6 Fee and commission expense

	2009 '000 KGS	2008 '000 KGS
Credit card maintenance fees	13,158	4,407
Transfer transaction fees	5,551	4,377
Encashment fees	210	784
Other	513	1,736
	19,432	**11,304**

7 Net foreign exchange income

	2009 '000 KGS	2008 '000 KGS
Gain on spot transactions	52,422	41,615
Gain from revaluation of financial assets and liabilities	9,893	6,193
	62,315	**47,808**

8 Impairment losses

	2009 '000 KGS	2008 '000 KGS
Impairment losses		
Loans to customers	22,943	53,707
Other assets	1,373	302
Credit related commitments	1,709	946
	26,025	**54,955**

9 General administrative expenses

	2009 '000 KGS	2008 '000 KGS
Employee compensation	92,303	68,421
Payroll related taxes	14,043	10,995
Total employee compensation	**106,346**	**79,416**
Depreciation and amortisation	36,248	22,059
Professional services	9,567	8,321
Repairs and maintenance	8,651	8,695
Fees of the members of the Board of Directors	8,078	1,643
Rent	7,433	5,746
Communications and information	4,633	3,652
Travel	4,483	4,323
Representative expenses	3,818	5,829
Security	3,737	2,802
Insurance	3,636	3,903
Taxes other than on income	2,161	10,380
Advertising and marketing	1,731	2,538
Utilities	1,685	1,504
Stationery and office supplies	1,369	1,529
Staff training	828	6,879
Other	15,706	10,548
	220,110	**179,767**

10 Income tax expense

	2009 ’000 KGS	2008 ’000 KGS
Current tax expense		
Current year	8,048	7,193
Deferred tax expense		
Origination of temporary differences	1,522	2,105
Total income tax expense in profit or loss	**9,570**	**9,298**

The Bank’s applicable tax rate for current and deferred tax is 10% (2008: 10%).

Reconciliation of effective tax rate:

	2009 ’000 KGS	%	2008 ’000 KGS	%
Profit before tax	**73,550**	**100**	**88,557**	**100**
Income tax at the applicable tax rate	7,355	10	8,856	10
Non-taxable income	2,215	3	442	0.5
	9,570	**13**	**9,298**	**10.5**

Deferred tax liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to a net deferred tax liability as at 31 December 2009 and 2008.

These deductible temporary differences, which have no expiry dates, are listed below at their tax effected accumulated values:

	Assets		Liabilities		Net	
’000 KGS	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Property and equipment	-	-	(5,980)	(4,458)	(5,980)	(4,458)

The rate of tax applicable for deferred taxes was 10% (2008: 10%).

Movement in temporary differences during the year ended 31 December 2009

’000 KGS	Balance 1 January 2009	Recognised in profit or loss	Balance 31 December 2009
Property and equipment	4,458	1,522	5,980

Movement in temporary differences during the year ended 31 December 2008

’000 KGS	Balance 1 January 2008	Recognised in profit or loss	Balance 31 December 2008
Property and equipment	2,353	2,105	4,458

11 Placements with banks and other financial institutions

	2009 '000 KGS	2008 '000 KGS
Nostro accounts		
OECD banks	693,369	59,179
Other foreign banks	27,327	7,891
Total nostro accounts	**720,696**	**67,070**
Deposits		
OECD banks	737,647	356,329
Other foreign banks	12,706	92,077
Kyrgyz financial institutions	-	11,123
Total deposits	**750,353**	**459,529**
	1,471,049	**526,599**

(a) Restricted placements

As at 31 December 2009, withdrawal of placements amounting to KGS 3,410 thousand is restricted under the terms of a counter guarantee issued to Commerzbank AG, Germany (31 December 2008: nil).

(b) Concentration of placements with banks and other financial institutions

As at 31 December 2009 and 2008 the Bank had 4 and 4 banks, respectively, whose balances exceeded 10% of total placements with banks and other financial institutions. The gross value of these balances as at 31 December 2009 and 2008 was KGS 983,587 thousand and KGS 468,359 thousand, respectively.

12 Loans to customers

	2009 '000 KGS	2008 '000 KGS
Commercial loans		
Loans to corporate clients	607,828	412,533
Loans to small and medium size companies	396,903	625,719
Total commercial loans	**1,004,731**	**1,038,252**
Loans to individuals		
Retail loans	113,787	136,667
Credit cards	16,456	4,698
Total loans to individuals	**130,243**	**141,365**
Gross loans to customers	**1,134,974**	**1,179,617**
Impairment allowance	(92,090)	(69,147)
Net loans to customers	**1,042,884**	**1,110,470**

12 Loans to customers, continued

Movements in the loan impairment allowance for the years ended 31 December 2009 and 2008 were as follows:

	2009 '000 KGS	2008 '000 KGS
Balance at the beginning of the year	69,147	15,440
Net charge for the year	22,943	53,707
Balance at the end of the year	**92,090**	**69,147**

As at 31 December 2009, interest accrued on impaired loans amounted to KGS 6,068 thousand (2008: KGS 1,950 thousand).

(a) Credit quality of commercial loan portfolio

The following table provides information on the credit quality of the commercial loan portfolio as at 31 December 2009:

	Gross loans '000 KGS	Impairment '000 KGS	Net loans '000 KGS	Impairment to gross loans %
Loans to corporate clients				
Loans without individual signs of impairment:	557,349	(6,291)	551,058	1.13%
Impaired loans:				
- overdue less than 90 days	9,846	(7,084)	2,762	71.95%
- overdue more than 1 year	40,633	(40,633)	-	100.00%
Total impaired loans	50,479	(47,717)	2,762	94.53%
Total loans to corporate clients	**607,828**	**(54,008)**	**553,820**	**8.89%**
Loans to small and medium size companies				
Loans without individual signs of impairment:	333,107	(8,622)	324,485	2.59%
Impaired loans:				
- overdue less than 90 days	25,545	(1,140)	24,405	4.46%
- overdue more than 90 days and less than 1 year	38,251	(23,055)	15,196	60.27%
Total impaired loans	63,796	(24,195)	39,601	37.93%
Total loans to small and medium size companies	**396,903**	**(32,817)**	**364,086**	**8.27%**
Total commercial loans	**1,004,731**	**(86,825)**	**917,906**	**8.64%**

12 Loans to customers, continued

(a) Credit quality of commercial loan portfolio, continued

The following table provides information on the credit quality of the commercial loan portfolio as at 31 December 2008:

	Gross loans	Impairment	Net loans	Impairment to gross loans
	'000 KGS	**'000 KGS**	**'000 KGS**	**%**
Loans to corporate clients				
Loans without individual indicators of impairment:	371,900	(5,751)	366,149	1.55%
Impaired loans:				
- overdue more than 90 days and less than 1 year	40,633	(40,633)	-	100%
Total impaired loans	40,633	(40,633)	-	100%
Total loans to corporate clients	**412,533**	**(46,384)**	**366,149**	**11.24%**
Loans to small and medium size companies				
Loans without individual indicators of impairment:	599,444	(13,858)	585,586	2.31%
Impaired loans:				
- overdue less than 90 days	20,356	(3,011)	17,345	14.79%
- overdue more than 90 days and less than 1 year	5,919	(2,959)	2,960	49.99%
Total impaired loans	26,275	(5,970)	20,305	22.72%
Total loans to small and medium size companies	**625,719**	**(19,828)**	**605,891**	**3.17%**
Total commercial loans	**1,038,252**	**(66,212)**	**972,040**	**6.38%**

The Bank estimates loan impairment for commercial loans based on an analysis of the future cash flows for impaired loans and based on its past loss experience for portfolios of loans for which no indications of impairment has been identified.

Changes in these estimates could affect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the loan impairment provision on commercial loans as at 31 December 2009 would be KGS 9,179 thousand lower/higher (2008: KGS 9,720 thousand).

(i) Analysis of collateral

The following table provides an analysis of the commercial loan portfolio, net of impairment, by type of collateral:

	2009 '000 KGS	% of loan portfolio	2008 '000 KGS	% of loan portfolio
Real estate	622,369	67.8%	781,492	80.4%
Cash	248,419	27.1%	110,416	11.4%
Inventories	6,633	0.7%	45,089	4.6%
Motor vehicles	1,075	0.1%	2,289	0.2%
Other collateral	39,410	4.3%	32,754	3.4%
Total	**917,906**	**100%**	**972,040**	**100%**

12 Loans to customers, continued

(a) Credit quality of commercial loan portfolio, continued

(i) Analysis of collateral, continued

The amounts shown in the table above represent the carrying value of the loans, and do not necessarily represent the fair value of the collateral.

During the year ended 31 December 2009, the Bank obtained assets with a gross value of KGS 4,009 thousand (2008: nil) by taking control of collateral accepted as security for commercial loans.

(ii) Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of commercial loans for the year ended 31 December 2009 were as follows:

	Loans to corporate clients ’000 KGS	**Loans to small and medium size companies ’000 KGS**	**Total commercial loans ’000 KGS**
Loan impairment allowance as at 1 January	46,384	19,828	66,212
Loan impairment losses during the year	7,624	12,989	20,613
Loan impairment allowance as at 31 December	**54,008**	**32,817**	**86,825**

Movements in the loan impairment allowance by classes of commercial loans for the year ended 31 December 2008 were as follows:

	Loans to corporate clients ’000 KGS	**Loans to small and medium size companies ’000 KGS**	**Total commercial loans ’000 KGS**
Loan impairment allowance as at 1 January	6,103	6,962	13,065
Loan impairment losses during the year	40,281	12,866	53,147
Loan impairment allowance as at 31 December	**46,384**	**19,828**	**66,212**

12 Loans to customers, continued

(b) Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals as at 31 December 2009:

	Gross loans	Impairment	Net loans	Impairment to gross loans
	’000 KGS	’000 KGS	’000 KGS	%
Retail loans				
- Not past due	91,021	(1,833)	89,188	2.01%
- Overdue less than 30 days	11,846	(256)	11,590	2.16%
- Overdue 30-89 days	2,912	(454)	2,458	15.59%
- Overdue 90-179 days	7,200	(1,817)	5,383	25.24%
- Overdue 180-360 days	808	(566)	242	70.05%
Total retail loans	**113,787**	**(4,926)**	**108,861**	**4.33%**
Credit cards				
- Not past due	16,456	(339)	16,117	2.06%
Total credit cards	**16,456**	**(339)**	**16,117**	**2.06%**
Total loans to individuals	**130,243**	**(5,265)**	**124,978**	**4.04%**

The following table provides information on the credit quality of loans to individuals as at 31 December 2008:

	Gross loans	Impairment	Net loans	Impairment to gross loans
	’000 KGS	’000 KGS	’000 KGS	%
Retail loans				
- Not past due	129,056	(2,485)	126,571	1.93%
- Overdue less than 30 days	7,437	(205)	7,232	2.76%
- Overdue 180-360 days	174	(118)	56	67.82%
Total retail loans	**136,667**	**(2,808)**	**133,859**	**2.05%**
Credit cards				
- Not past due	4,698	(127)	4,571	2.70%
Total credit cards	**4,698**	**(127)**	**4,571**	**2.70%**
Total loans to individuals	**141,365**	**(2,935)**	**138,430**	**2.08%**

The Bank estimates loan impairment based on its past historical loss experience for these types of loans. In determining the impairment losses for loans to individuals, management assumed that loss migration rates are constant and can be estimated based on historic loss migration patterns for the past 6 months.

Changes in these estimates could affect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the loan impairment provision on commercial loans as at 31 December 2009 would be KGS 1,250 thousand lower/higher (2008: KGS 1,384 thousand).

12 Loans to customers, continued

(b) Credit quality of loans to individuals, continued

(i) Analysis of collateral

The following table provides the analysis of small business loans to individuals by types of collateral:

	2009 ’000 KGS	% of loan portfolio	2008 ’000 KGS	% of loan portfolio
Real estate	92,088	73.7%	115,445	83.4%
No collateral	29,671	23.7%	14,747	10.7%
Motor vehicle	1,196	1.0%	2,713	2.0%
Cash deposit	326	0.3%	145	0.1%
Other	1,697	1.3%	5,380	3.8%
Total	**124,978**	**100%**	**138,430**	**100%**

The amounts shown in the table above represent the carrying amount of the loans, and do not necessarily represent the fair value of the collateral.

(ii) Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of loans to individuals for the year ended 31 December 2009 were as follows:

’000 KGS	Retail loans	Credit cards	Total
Loan impairment allowance as at 1 January	2,808	127	2,935
Loan impairment losses during the year	2,118	212	2,330
Loan impairment allowance as at 31 December	**4,926**	**339**	**5,265**

Movements in the loan impairment allowance by classes of loans to individuals for the year ended 31 December 2008 were as follows:

’000 KGS	Retail loans	Credit cards	Total
Loan impairment allowance as at 1 January	2,375	-	2,375
Loan impairment losses during the year	433	127	560
Loan impairment allowance as at 31 December	**2,808**	**127**	**2,935**

12 Loans to customers, continued

(c) Industry and geographical analysis of the loan portfolio

Loans and advances to customers are issued primarily to customers located within the Kyrgyz Republic, who operate in the following economic sectors:

	2009 ’000 KGS	2008 ’000 KGS
Commercial loans		
Trade	343,786	531,636
Agriculture, forestry and timber	255,802	126,455
Manufacturing	221,442	208,515
Services	135,357	101,983
Other	48,344	69,663
Loans to individuals	130,243	141,365
	1,134,974	**1,179,617**
Impairment allowance	(92,090)	(69,147)
	1,042,884	**1,110,470**

(d) Significant credit exposures

As at 31 December 2009 and 2008, the Bank did not have borrowers or groups of related borrowers, respectively, whose loan balances exceeded 10% of loans to customers.

(e) Loan maturities

The maturity of the Bank’s loan portfolio as at the reporting date is presented in Note 31, which shows the remaining period from the reporting date to the contractual maturity of the loans comprising the loan portfolio.

(f) Loans to microfinance organisations

As at 31 December 2009 the Bank issued loans to microfinance companies of KGS 241,967 thousand (2008: KGS 126,455 thousand), and received USD deposits in the equivalent amount of KGS 282,187 thousand (2008: KGS 140,065 thousand) as collateral for the above loans.

The loans and respective cash collaterals are entered into at the same time and in contemplation of one another. The economic substance of these transactions for microfinance organisations is hedging of their currency risk, as they borrow in USD, but due to restrictions in Kyrgyz legislation can issue loans only in KGS.

The Bank’s currency risk is covered by the protective clauses of respective loan agreements requiring sufficient collateral from microfinance organisations in the case of adverse change.

The management of the Bank believes that these transactions represent collateralised loans, rather than derivatives, and therefore has presented them on a gross basis.

(g) Classification of loans to customers

The Bank has internal definition of corporate and small and medium size companies according to which clients are considered as corporate clients if they have over USD 1 million annual turnover irrespective of a legal form (legal entity or private entrepreneur) and/or clients with credit risk of over USD 500 thousand. Clients with annual turnover less than USD 1 million and with credit risk less than USD 500 thousand are defined as small and medium-size clients.

13 Available-for-sale assets

	2009 ’000 KGS	2008 ’000 KGS
State treasury bills of the Kyrgyz Republic	162,689	-

14 Investments in securities

	2009 ’000 KGS	2008 ’000 KGS
Notes issued by the NBKR	148,904	188,801

15 Property and equipment

’000 KGS	Buildings	Computers & Office equipment	Motor vehicles	Equipment for installation	Construction in progress	Total
Cost						
At 1 January 2008	60,237	63,191	8,942	2,805	1,924	137,099
Additions	15,622	50,271	5,731	2,764	20,515	94,903
Disposals	(237)	(16,937)	(2,504)	-	(2)	(19,680)
Transfer	3,662	2,389	-	(2,805)	(3,246)	-
At 1 January 2009	79,284	98,914	12,169	2,764	19,191	212,322
Additions	7,804	6,371	6,659	1,624	-	22 458
Disposals	-	(6,188)	-	(2,171)	(7,196)	(15,555)
At 31 December 2009	**87,088**	**99,097**	**18,828**	**2,217**	**11,995**	**219,225**
Depreciation						
At 1 January 2008	11,202	30,770	3,500	-	-	45,472
Depreciation charge	2,360	13,371	2,262	-	-	17,993
Disposals	(15)	(16,922)	(2,376)	-	-	(19,313)
Transfer	35	(35)	-	-	-	-
At 1 January 2009	13,582	27,184	3,386	-	-	44,152
Depreciation charge	3,183	20,216	3,126	-	-	26,525
Disposals	-	(6,188)	-	-	-	(6,188)
At 31 December 2009	**16,765**	**41,212**	**6,512**	**-**	**-**	**64,489**
Carrying value						
At 31 December 2009	**70,323**	**57,885**	**12,316**	**2,217**	**11,995**	**154,736**
At 31 December 2008	65,702	71,730	8,783	2,764	19,191	168,170

As at 31 December 2009 and 2008, the Bank had no property pledged as collateral.

As at 31 December 2009, the Bank’s property and equipment included fully depreciated assets of KGS 613 thousand (31 December 2008: nil).

16 Intangible assets

’000 KGS	**Total**
Cost	
At 1 January 2008	17,825
Additions	35,652
Disposals	(5,516)
At 31 December 2008	47,961
Additions	3,690
Disposals	(686)
At 31 December 2009	**50,965**
Amortisation	
At 1 January 2008	9,425
Amortisation charge	4,066
Disposals	(5,516)
At 31 December 2008	7,975
Amortisation charge	9,723
Disposals	(686)
At 31 December 2009	**17,012**
Carrying value	
At 31 December 2009	**33,953**
At 31 December 2008	39,986

17 Other assets

	2009 ’000 KGS	**2008 ’000 KGS**
Prepayments	17,090	20,937
Money transfer settlements	9,439	1,359
Future expenses	6,419	3,735
Inventories	5,687	7,587
Foreclosed property	4,009	-
Receivables from insurance company and on other transactions	3,495	3,135
Travellers’ cheques	1,678	3,028
Other	821	2,959
	48,638	**42,740**
Impairment allowance	(4,508)	(3,135)
	44,130	**39,605**

17 Other assets, continued

Analysis of movements in the impairment allowance

	2009 '000 KGS	2008 '000 KGS
Balance at the beginning of the year	3,135	2,833
Net charge for the year	1,373	302
Balance at the end of the year	**4,508**	**3,135**

As at 31 December 2009, included in other assets are overdue receivables of KGS 3,495 thousand (31 December 2008: KGS 3,135 thousand), all of which are overdue for more than 90 days. As at 31 December 2009, included in other assets were foreclosed assets and prepayments in respect of which impairment allowance of KGS 1,002 thousand and KGS 3,506 thousand had been provided, respectively.

18 Due to banks and other financial institutions

	2009 '000 KGS	2008 '000 KGS
Current accounts	8,235	1,429
Demand deposits	1,622	-
	9,857	**1,429**

19 Current accounts and deposits from customers

	2009 '000 KGS	2008 '000 KGS
Current accounts and demand deposits		
- Corporate	1,475,814	1,040,488
- Retail	762,376	449,130
- Small and medium size companies	400,175	316,595
Term deposits		
- Corporate	327,449	222,906
- Retail	227,466	125,880
- Small and medium size companies	8,341	1,990
	3,201,621	**2,156,989**

(a) Blocked accounts

As at 31 December 2009, the Bank maintained customer deposit balances of KGS 293,803 thousand (2008: KGS 145,000 thousand) which were blocked by the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank.

19 Current accounts and deposits from customers, continued

(b) Concentrations of current accounts and customer deposits

As at 31 December 2009, the Bank did not have any customers whose balances exceeded 10% of total customer accounts. As at 31 December 2008, the Bank had 1 customer whose balance exceeded 10% of total customer accounts. The gross value of this balance was KGS 233,068 thousand.

20 Other liabilities

	2009 ’000 KGS	2008 ’000 KGS
Commissions payable	13,276	13,304
Provision for credit related and other commitments	2,738	1,029
Taxes payable, other than income tax	2,243	-
Other	1,467	16,065
	19,724	**30,398**

21 Share capital

(a) Issued capital

The authorised, issued and outstanding share capital comprises 132,540 ordinary shares (2008: 132,540 ordinary shares). All shares have a nominal value of KGS 1 thousand. During 2009 and 2008 no ordinary shares were issued. In addition, the Bank's share capital includes KGS 1 thousand of additional-paid-in capital at 31 December 2009 and 2008.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank.

(b) Dividends

Dividends payable are restricted to the maximum retained earnings of the Bank, which are determined according to the legislation of the Kyrgyz Republic. The Bank did not pay or declare any dividends in 2009 and 2008.

22 Risk management

Management of risk is fundamental to the business of banking and is an essential element of the Bank’s operations. The major risks faced by the Bank are those related to market risk, which includes interest rate and currency risks and credit risk and liquidity risk.

(a) Risk management policies and procedures

The Bank’s risk management policies aim to identify, analyse and manage the risks faced by the Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Board of Directors of the Bank has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

22 Risk management, continued

(a) Risk management policies and procedures, continued

The Management Board of the Bank is responsible for monitoring and implementation of risk mitigation measures and making sure that the Bank operates within the established risk parameters. The Head of Risk Management Department of the Bank is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Board of Directors.

Credit, market and liquidity risks both at portfolio and transactional levels are managed and controlled through a system of credit committees and an Asset and Liability Management Committee. In order to facilitate efficient decision-making, the Bank has established a hierarchy of credit committees depending on the type and amount of the exposure.

Both external and internal risk factors are identified and managed throughout the Bank's organisational structure. Apart from the standard credit and market risk analysis, the Risk Management Department monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their areas of expertise.

(b) Market risk

Market risk is the risk that movement in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Bank's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

Overall authority for market risk is vested in the Asset and Liability Committee (ALCO). Market risk limits are approved by the Board of Directors based on recommendations of the Risk Department.

The Bank manages its market risk by setting open position limits in relation to financial instrument, interest rate maturity and currency positions and stop-loss limits which are monitored on a regular basis and reviewed and approved by the Management Board.

In addition, the Bank uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Bank's overall position. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Bank include: risk factor stress testing, where stress movements are applied to each risk category and ad hoc stress testing, which includes applying possible stress events to specific positions.

The management of interest rates risk by monitoring interest rate gap is supplemented by monitoring the sensitivity of the Bank's net interest margin to various standard and non-standard interest rate scenarios.

22 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Bank’s income or the value of its portfolios of financial instruments.

The Bank is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements arise.

Interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in the maturity period.

Cash flow sensitivity analysis

An analysis of sensitivity of the Bank’s profit or loss for the year and equity to changes in market interest rates based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2009 and 2008 is as follows:

	2009		2008	
’000 KGS	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
100 bp parallel increase	(7,580)	(7,580)	(9,797)	(9,797)
100 bp parallel decrease	7,580	7,580	9,797	9,797

Fair value sensitivity analysis

An analysis of sensitivity of the Bank’s profit or loss and equity as a result of changes in fair value of financial assets available for sale due to changes in the interest rates based on positions existing as at 31 December 2009 and 2008 and a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves is as follows:

	2009		2008	
’000 KGS	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
100 bp parallel increase	-	469	-	-
100 bp parallel decrease	-	(469)	-	-

(ii) Currency risk

The Bank has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. For further information on the Bank’s exposure to currency risk at year end refer to Note 32.

An analysis of sensitivity of the Bank’s profit or loss for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2009 and 2008 and a simplified scenario of a 5% change in USD and Euro to Kyrgyz Som exchange rates is as follows:

22 Risk management, continued

(b) Market risk, continued

(ii) Currency risk, continued

	2009		2008	
'000 KGS	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
5% appreciation of USD against KGS	467	467	299	299
5% depreciation of USD against KGS	(467)	(467)	(299)	(299)
5% appreciation of Euro against KGS	(17)	(17)	(45)	(45)
5% depreciation of Euro against KGS	17	17	45	45

(c) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Bank. The Bank has developed policies and procedures for the management of credit exposures (both for on balance sheet and off balance sheet exposures), including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors the Bank's credit risk. The Bank's credit policy is reviewed and approved by the Board of Directors.

The credit policy establishes:

- procedures for review and approval of loan credit applications;
- methodology for the credit assessment of borrowers (corporate and individuals);
- methodology for the credit assessment of counterparties, issuers and insurance companies;
- methodology for the evaluation of collateral;
- credit documentation requirements;
- procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan applications are originated by the relevant client managers and are then passed on to the Loan Department, which is responsible for the Bank's corporate loan portfolio. Reports produced by the department's credit analysts are based on a structured analysis focusing on the customer's business and financial performance. The Credit Committee reviews the loan/credit application on the basis of submissions by the Loan Department.

The Bank continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Bank. The current market value of collateral is regularly assessed by either independent appraisal companies or the Bank's specialists, and in the event of negative movements in market prices the borrower is usually requested to put up additional security.

Apart from individual customer analysis, the whole credit portfolio is assessed by the Risk Management Department with regard to credit concentration and market risks.

The Bank's maximum exposure to on balance sheet credit risk is generally reflected in the carrying amounts of financial assets on the statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

22 Risk management, continued

(c) Credit risk, continued

The maximum exposure to on balance sheet credit risk at the reporting date is as follows:

	2009 ’000 KGS	2008 ’000 KGS
Cash	302,067	145,636
Due from the NBKR	414,998	444,142
Placements with banks and other financial institutions	1,471,049	526,599
Loans to customers	1,042,884	1,110,470
Available-for-sale investments	162,689	-
Investments in securities	148,904	188,801
Total maximum exposure to on balance sheet credit risk	**3,542,591**	**2,415,648**

The Bank monitors concentrations of credit risk by industry and by geographic location. For the analysis of concentration of credit risk in respect of loans and advances to customers refer to Note 12 – Loans to customers.

The maximum exposure to off balance sheet credit risk at the reporting date is presented in Note 24 - Commitments.

(d) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Bank. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The Bank’s liquidity policy is reviewed and approved by the Board of Directors.

The Bank seeks to actively support a diversified and stable funding base comprising debt securities in issue, long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy of the Bank requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- maintaining debt financing plans;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring balance sheet liquidity ratios against regulatory requirements.

22 Risk management, continued

(d) Liquidity risk, continued

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department. Under normal market conditions, liquidity reports covering the liquidity position of the Bank are presented to senior management on a weekly basis. Decisions on the Bank's liquidity management are made by the Asset and Liability Management Committee and implemented by the Treasury Department.

Risk Management Department monitors the liquidity position of the Bank by making independent analysis and stress testing on a weekly basis and distributes the reports to Management, along with Board of Directors, to be reviewed in Asset and Liability Management Committee for decision making. In addition to weekly reporting, Risk Management Department provides an extensive report on liquidity risk on a monthly basis.

The Bank was in compliance with these ratios during the years ended 31 December 2009 and 2008.

The following tables show the undiscounted cash flows on the Bank's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The total gross amount (inflow)/outflow disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment. The Bank's expected cash flows on these financial liabilities and unrecognised loan commitments may vary significantly from this analysis.

22 Risk management, continued

(d) Liquidity risk, continued

The position of the Bank as at 31 December 2009 was as follows:

’000 KGS	Demand and less than 1 month	From 1 to 3 month	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount inflow (outflow)	Carrying amount
Non-derivative assets							
Cash	302,067	-	-	-	-	302,067	302,067
Due from NBKR	414,998	-	-	-	-	414,998	414,998
Placements with banks and other financial institutions	1,442,132	19,169	3,410	-	6,610	1,471,321	1,471,049
Loans to customers	66,215	31,391	280,470	411,236	561,141	1,350,453	1,042,884
Available-for-sale securities	39,067	57,031	10,301	58,467	-	164,866	162,689
Investments in securities	148,970	-	-	-	-	148,970	148,904
Total assets	**2,413,449**	**107,591**	**294,181**	**469,703**	**567,751**	**3,852,675**	**3,542,591**
Non-derivative liabilities							
Due to banks and other financial institutions	(9,857)	-	-	-	-	(9,857)	(9,857)
Current accounts and deposits from customers	(2,784,564)	(77,580)	(354,912)	(65,089)	(17,478)	(3,299,623)	(3,201,621)
Total liabilities	**(2,794,421)**	**(77,580)**	**(354,912)**	**(65,089)**	**(17,478)**	**(3,309,480)**	**(3,211,478)**
Net position	**(380,972)**	**30,011**	**(60,731)**	**404,614**	**550,273**	**543,195**	**331,113**
Credit related commitments	**314,444**	**34,366**	**12,673**	**29,523**	**58,166**	**449,172**	**449,172**

The position of the Bank as at 31 December 2008 was as follows:

’000 KGS	Demand and less than 1 month	From 1 to 3 month	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount (outflow)	Carrying amount
Non-derivative liabilities							
Due to banks and other financial institutions	(1,429)	-	-	-	-	(1,429)	(1,429)
Current accounts and deposits from customers	(1,883,637)	(79,569)	(168,677)	(88,149)	(3,082)	(2,223,114)	(2,156,989)
Total	**(1,885,066)**	**(79,569)**	**(168,677)**	**(88,149)**	**(3,082)**	**(2,224,543)**	**(2,158,418)**
Credit related commitments	**199,735**	**9,743**	**12,182**	**19,777**	**15,592**	**257,029**	**257,029**

For further information on the Bank’s exposure to liquidity risk at year end refer to Note 31.

23 Capital management

The NBKR sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the NBKR banks have to maintain a ratio of capital to risk weighted assets (“statutory capital ratio”) above the prescribed minimum level of 12%.

The Bank was in compliance with the statutory capital ratio during the years ended 31 December 2009 and 2008.

24 Commitments

At any time the Bank may have outstanding commitments to extend loans. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

	2009 ’000 KGS	**2008 ’000 KGS**
Contracted amount		
Loan and credit line commitments	307,780	194,479
Guarantees and letters of credit	141,392	62,550
	449,172	**257,029**

The total outstanding contractual commitments to extend credit indicated above does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

As at 31 December 2009 the Bank had 1 significant credit risk exposures related to commitments whose balance exceeded 10% of total commitments (2008: nil). The gross value of this balance as of 31 December 2009 was KGS 52,970 thousand.

25 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2009 ’000 KGS	**2008 ’000 KGS**
Less than one year	7,241	5,461
Between one and five years	13,838	10,612
More than five years	1,032	1,206
	22,111	**17,279**

The Bank leases a number of premises under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

25 Operating leases, continued

Leases as lessee, continued

During the current year KGS 7,433 thousand was recognised as an expense in profit or loss in respect of operating leases (2008: KGS 5,746 thousand).

26 Contingencies

(a) Insurance

The insurance industry in the Kyrgyz Republic is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Bank's property or relating to the Bank's operations. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Bank's operations and financial position.

(b) Litigation

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

Management is unaware of any significant actual, pending or threatened claims against the Bank.

(c) Taxation contingencies

The taxation system in the Kyrgyz Republic is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in the Kyrgyz Republic that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kyrgyz tax legislation, official pronouncements of court decisions. However, the interpretations of the relevant authorities could differ and the effect on financial position of the Bank, if the authorities were successful in enforcing their interpretations, could be significant.

27 Related party transactions

(a) Control relationships

The Bank's parent and ultimate controlling party is Mr. Halit Cingillioglu.

No publicly available financial statements are produced by the Bank's ultimate controlling party.

(b) Transactions with members of the Board of Directors and the Management Board

Total remuneration included in general administrative expenses (refer Note 9):

	2009 ’000 KGS	**2008 ’000 KGS**
Members of the Board of Directors	8,078	1,643
Members of the Management Board	25,162	21,834
	33,240	**23,477**

All compensation is in the form of short-term benefits.

27 Related party transactions, continued

(b) Transactions with members of the Board of Directors and the Management Board, continued

The outstanding balances and average interest rates as at 31 December 2009 and 2008 with the members of the Board of Directors and the Management Board were as follows:

	2009 ’000 KGS	Average interest rate	2008 ’000 KGS	Average interest rate
Statement of Financial Position				
Assets				
Loans to customers	7,073	13.47%	5,460	12.66%
Liabilities				
Current accounts and deposits	1,667	-	2,572	-

Amounts included in profit or loss in relation to transactions with members of the Board of Directors and the Management Board were as follows:

	2009 ’000 KGS	2008 ’000 KGS
Profit or loss		
Interest income	331	421
Interest expense	-	(6)

(c) Transactions with other related parties

The outstanding balances and the related average interest rates as at 31 December 2009 and related statement of comprehensive income amounts of transactions for the year ended 31 December 2009 with other related parties were as follows. Other related parties include entities under common control.

	2009		2008	
	’000 KGS	Average interest rate	’000 KGS	Average interest rate
Statement of Financial Position				
Assets				
Placements with banks and other financial institutions	24,843	-	95,554	-
Liabilities				
Due to banks and other financial institutions	4,624	1.65%	1,083	1.65%
Profit or loss				
Interest income	8	-	111	-
Interest expense	3,677	-	66	-

28 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is composed of the following items:

	2009 ’000 KGS	2008 ’000 KGS
Cash	302,067	145,636
Due from the NBKR	414,998	444,142
Placements with banks and other financial institutions	1,471,049	526,599
Investments in securities	148,904	188,801
Available-for-sale investments	95,966	-
	2,432,984	**1,305,178**

29 Fair value of financial instruments

The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the balance sheet date.

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is based on quoted market prices or calculated using valuation techniques where all the model inputs are observable in the market as at 31 December 2009 (2008: nil):

	Quoted market prices ’000 KGS	Valuation techniques based on market observable inputs ’000 KGS	Total ’000 KGS
Financial assets			
Available-for-sale assets	-	162,689	162,689

30 Average effective interest rates

The table below displays the Bank’s interest bearing assets and liabilities as at 31 December 2009 and 2008 and their corresponding average effective interest rates as at these dates. These effective interest rates are an approximation of the yields to maturity of the assets and liabilities.

	Value ’000 KGS	2009 Average Effective Interest Rate	Value ’000 KGS	2008 Average Effective Interest Rate
Interest Bearing Assets				
Placements with banks and other financial institutions				
Deposits				
- USD	602,014	0.50%	323,380	1.20%
- EUR	148,339	1.60%	125,026	1.90%
- KGS	-	-	11,123	4.30%
Loans to customers				
- USD	652,129	17.59%	901,276	18.00%
- EUR	580	18.00%	994	18.00%
- KGS	390,175	10.20%	208,200	14.60%
Available-for-sale investments				
- KGS	162,689	8.30%	-	-
Investments in securities				
- KGS	148,904	0.90%	188,801	15.00%
Interest Bearing Liabilities				
Current accounts and deposits from customers				
Term deposits				
- KGS	127,395	8.70%	44,373	8.40%
- USD	412,815	5.10%	297,684	6.80%
- other currencies	23,046	2.50%	8,719	2.60%

31 Maturity analysis

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2009.

Assets	**Less than 1 month ’000 KGS**	**1 to 3 months ’000 KGS**	**3 months to 1 year ’000 KGS**	**1 to 5 years ’000 KGS**	**More than 5 years ’000 KGS**	**No maturity ’000 KGS**	**Overdue ’000 KGS**	**Total ’000 KGS**
Cash	302,067	-	-	-	-	-	-	302,067
Due from the NBKR	414,998	-	-	-	-	-	-	414,998
Placements with banks and other financial institutions	1,442,090	18,939	3,410	-	6,610	-	-	1,471,049
Loans to customers	66,707	24,699	573,652	296,360	19,345	-	62,121	1,042,884
Available-for-sale investments	39,062	56,904	66,723	-	-	-	-	162,689
Investments in securities	148,904	-	-	-	-	-	-	148,904
Property and equipment	-	-	-	-	-	154,736	-	154,736
Intangible assets	-	-	-	-	-	33,953	-	33,953
Other assets	20,194	3,396	20,540	-	-	-	-	44,130
Total assets	**2,434,022**	**103,938**	**664,325**	**296,360**	**25,955**	**188,689**	**62,121**	**3,775,410**

31 Maturity analysis, continued

	Less than 1 month '000 KGS	1 to 3 months '000 KGS	3 months to 1 year '000 KGS	1 to 5 years '000 KGS	More than 5 years '000 KGS	No maturity '000 KGS	Overdue '000 KGS	Total '000 KGS
Liabilities								
Due to banks and other financial institutions	9,857	-	-	-	-	-	-	9,857
Current accounts and deposits from customers	2,784,564	76,943	326,059	14,055	-	-	-	3,201,621
Income tax payable	-	54	-	-	-	-	-	54
Other liabilities	7,467	12,257	-	-	-	-	-	19,724
Deferred tax liability	-	-	-	5,980	-	-	-	5,980
Total liabilities	**2,801,888**	**89,254**	**326,059**	**20,035**	**-**	**-**	**-**	**3,237,236**
Net position as at 31 December 2009	**(367,866)**	**14,684**	**338,266**	**276,325**	**25,955**	**188,689**	**62,121**	**538,174**
Net position as at 31 December 2008	(521,233)	(57,724)	100,611	706,893	7,849	208,156	27,097	471,649

Due to the fact that substantially all the financial instruments of the Bank are fixed rated contracts, these remaining contractual maturity dates for assets and liabilities also represent the contractual interest rate repricing dates.

The amounts in the tables above represent carrying amounts of the assets and liabilities as at the reporting date and do not include future interest payments.

32 Currency analysis

The following table shows the currency structure of assets and liabilities at 31 December 2009:

	KGS '000 KGS	USD '000 KGS	EUR '000 KGS	Other currencies '000 KGS	Total '000 KGS
Assets					
Cash	171,609	115,437	11,476	3,545	302,067
Due from the National Bank of the Kyrgyz Republic	414,998	-	-	-	414,998
Placements with banks and other financial institutions	-	1,193,022	245,422	32,605	1,471,049
Loans to customers	390,175	652,129	580	-	1,042,884
Available-for-sale assets	162,689	-	-	-	162,689
Investments in securities	148,904	-	-	-	148,904
Property and equipment	154,736	-	-	-	154,736
Intangible assets	33,953	-	-	-	33,953
Other assets	33,729	9,314	886	201	44,130
Total assets	**1,510,793**	**1,969,902**	**258,364**	**36,351**	**3,775,410**
Liabilities					
Due to banks and other financial institutions	2,609	7,232	16	-	9,857
Current accounts and deposits from customers	967,618	1,937,541	258,377	38,085	3,201,621
Income tax payable	54	-	-	-	54
Other liabilities	4,560	14,746	343	75	19,724
Deferred tax liability	5,980	-	-	-	5,980
Total liabilities	**980,821**	**1,959,519**	**258,736**	**38,160**	**3,237,236**
Net position as at 31 December 2009	**529,972**	**10,383**	**(372)**	**(1,809)**	**538,174**
Net position as at 31 December 2008	454,757	6,645	(993)	11,240	471,649