

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(UA thousands - Note B)

	2007	2006
CASH FLOWS FROM:		
OPERATING ACTIVITIES:		
Net income	203,766	54,832
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,375	6,233
Provision for impairment on loan principal and charges	(69,956)	51,686
Unrealized gains on investments and related derivatives	(5,997)	(2,638)
Amortization of discount or premium on held-to-maturity investments	(5,645)	2,814
Provision for impairment on equity investments and receivables	7,222	34,745
Amortization of borrowing issuance costs	3,333	2,936
Unrealized gain on fair value borrowings and derivatives	(56,013)	(48,799)
Translation losses/(gains)	8,895	(4,101)
Share of profits in associate	(479)	(379)
Net movements in derivatives	(51,659)	130,972
Changes in accrued income on loans	15,640	(4,877)
Changes in accrued financial charges	90,409	79,132
Changes in other receivables and payables	(123,330)	19,412
Net cash provided by operating activities	<u>21,561</u>	<u>321,968</u>
INVESTING, LENDING AND DEVELOPMENT ACTIVITIES:		
Disbursements on loans	(884,747)	(548,440)
Repayments of loans	704,045	706,408
Investments maturing after 3 months of acquisition:		
Held-to-maturity portfolio	(79,764)	(410,735)
Trading portfolio	359,145	(85,443)
Other debt securities	(92,801)	-
Changes in other assets	(5,451)	(4,209)
Equity participations movement	(40,150)	2,919
Net cash used in investing, lending and development activities	<u>(39,723)</u>	<u>(339,500)</u>
FINANCING ACTIVITIES:		
New issues on borrowings	779,649	730,741
Repayments on borrowings	(402,541)	(621,486)
Net cash from capital subscriptions	33,363	40,302
Net cash provided by financing activities	<u>410,471</u>	<u>149,557</u>
Effect of exchange rate changes on cash and cash equivalents	(12,363)	(18,150)
Increase in cash and cash equivalents	379,946	113,875
Cash and cash equivalents at the beginning of the year	705,890	592,015
Cash and cash equivalents at the end of the year	<u>1,085,836</u>	<u>705,890</u>
COMPOSED OF:		
Investments maturing within 3 months of acquisition:		
Held-to-maturity portfolio	24,114	80,075
Trading portfolio	966,194	1,374,319
Securities sold under agreements to repurchase and payable for cash collateral received	-	(877,833)
Cash	95,528	129,329
Cash and cash equivalents at the end of the year	<u>1,085,836</u>	<u>705,890</u>
SUPPLEMENTARY DISCLOSURE:		
Movement resulting from exchange rate fluctuations:		
Loans	(70,008)	32,776
Borrowings	(77,088)	(251,558)
Currency swaps	89,729	163,523

The accompanying notes to the financial statements form part of this statement.