INVEST FINANCE BANK JOINT STOCK - COMMERCIAL BANK with foreign capital

Financial Statements for the year ended 31 December 2020
and Independent Auditors' Report

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Independent Auditors' Report

To the Shareholders and Supervisory Board of the Joint-Stock Commercial bank «Invest Finance Bank» with foreign capital

Opinion

We have audited the financial statements of Joint-Stock Commercial bank «Invest Finance Bank» with foreign capital (the "Bank"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Uzbekistan and we have fulfilled our other ethical responsibilities in accordance with this requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Audited entity: Joint-Stock Commercial Bank "Invest Finance Bank" with foreign capital

Registered by the Central Bank of the Republic of Uzbekistan on 03.08.2019 #75

Tashkent, the Republic of Uzbekistan

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Republic of Uzbekistan, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Expected credit losses («ECL») for the loans issued

See Note 8 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Loans to customers make up 70% of assets and recognized net of ECL which is regularly reviewed and sensitive to assumption used	We analyzed the key aspects of the Bank's methodology and policies related to ECL estimates for compliance with the requirements of IFRS 9, including involvement of financial risks management specialists.
To estimate ECL the Bank's management needs to apply professional judgement and to make assumptions related to the following key areas: - Timely identification of significant increase in credit risk and default events related to loans to customers (Stages 1, 2 and 3 in accordance with the IFRS 9);	To analyze the adequacy of professional judgement and assumptions made by the management in relation to allowance for ECL estimate, we performed the following audit procedures: - For loans issued to corporate customers, we tested the design and operating effectiveness of internal controls for timely classification of loans to Stages of Credit Risk; - For the sample of loans to corporate customers, the potential change in ECL estimate on which may have a significant impact on the financial statements, we tested whether stages are correctly assigned by the Bank by analyzing financial and non-financial information on selected borrowers, as well as assumptions and professional judgments applied by the Bank.
- Estimate of probability of default (PD) and loss given default (LGD);	- For the selected loans issued to corporate customers, we checked the correctness of the original data used in the calculation of PD, LGD and EAD. - For loans to small and medium-sized enterprises and loans to individuals, we checked the completeness and accuracy of the input data used to calculate ECL, the timeliness of reflecting delinquencies and repayments in the relevant systems and the distribution of loans by Stages. On a sample basis, we compared the original model data with the primary documents
Due to the increased uncertainty in judgment and estimates resulting from COVID 19, there is an increased risk of material	- We have assessed the overall accuracy of the economic forecasts by comparing the Bank's forecasts with our own modeled forecasts. As part of this work, we critically examined the validity of the

misstatement of the ECL allowance this year. Due to the significant volume of loans issued to customers, as well as the inherent uncertainty in estimating the ECL allowance, this issue is a key audit matter.	Bank's assumptions about the economic uncertainty associated with COVID-19. We have assessed the overall predictive power of the model and have assessed whether the disclosures in the financial statements adequately reflect the Bank's exposure to credit risk.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

KPMG AUDIT

Saidov S.K.
Engagement Director
General Director of
Audit organisation «KPMG Audit» LLC

Qualification certificate of bank auditor #16/3 dated 1 February 2019, issued by Central Bank of the Republic of Uzbekistan

Kouznetsov A.A.
Engagement Partner

Audit organisation «KPMG Audit» LLC
Tashkent, Republic of Uzbekistan

21 June 2021

INVEST FINANCE BANK JOINT STOCK - COMMERCIAL BANK
with foreign capital
Statement of Financial Position as at 31 December 2020

(in thousands of Uzbekistan soums)

	Note	31 December 2020	31 December 2019
ASSETS			
Cash and cash equivalents	6	778,215,473	715,082,232
Due from other banks	7	96,469,661	247,053,062
Loans and advances to customers	8	3,208,620,777	3,090,299,762
Investment securities at amortised cost	9	46,078,917	-
Investments at fair value through profit or loss	9	3,158,143	-
Assets held for sale	10	28,104,643	-
Investment property	10	-	25,799,713
Prepayment of current income tax	-	8,653,950	5,468,968
Deferred tax assets	23	10,345,276	5,852,769
Property, plant and equipment	10	354,164,090	339,843,699
Intangible assets	10	49,627,274	40,282,020
Other assets	11	30,232,884	40,960,638
TOTAL ASSETS		**4,613,671,088**	**4,510,642,863**
Liabilities			
Due to other banks	12	362,352,995	327,228,684
Customer accounts	13	3,112,408,491	3,046,305,920
Other borrowed funds	14	479,228,562	559,923,606
Debt securities issued	-	101,853	1,606,466
Subordinated debt	15	78,624,079	71,726,273
Other liabilities	16	9,439,579	13,474,415
TOTAL LIABILITIES		**4,042,155,559**	**4,020,265,364**
Equity			
Share capital	18	400,000,000	400,000,000
Share premium	18	1,853,395	1,853,395
Retained earnings	-	169,662,134	88,524,104
TOTAL EQUITY		**571,515,529**	**490,377,499**
TOTAL LIABILITIES AND EQUITY		**4,613,671,088**	**4,510,642,863**

Approved and signed on behalf of the Management Board

Burkhanov B.N.
The Chairman of the Management Board of the Bank
21 June 2021

Toshpulatkhujayev J. O.
Chief Accountant of the Bank

21 June 2021

The accompanying notes are an integral part of these financial statements.

INVEST FINANCE BANK JOINT STOCK - COMMERCIAL BANK
with foreign capital
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

(In thousands of Uzbekistan soums)

	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
Interest income calculated using the effective interest rate method	19	450,618,398	375,550,777
Other interest income	19	41,306,510	22,268,640
Interest expense	19	(271,794,761)	(214,471,165)
Net interest income		**220,130,147**	**183,348,252**
Provision for expected credit losses on loans to customers, amounts due from other banks and cash and cash equivalents	6,7,8	(33,379,858)	(14,465,041)
Net interest income after allowance for the loan portfolio impairment		**186,750,289**	**168,883,211**
Fee and commission income	20	139,738,959	116,251,728
Fee and commission expense	20	(34,386,958)	(27,555,193)
Net gains from trading in foreign currencies		220,953	11,509,392
Net (loss)/ gain on revaluation of foreign currency		3,984,231	(27,139,182)
Loss on initial recognition		-	(1,089,673)
Income from swap operations		2,601,364	1,185,129
Allowance for impairment of other financial assets and credit-related commitments	11	(2,710,460)	(648,480)
Other operating income	21	8,214,748	7,482,001
Administrative and other operating expenses	22	(201,543,338)	(156,121,231)
Profit before tax		**102,869,788**	**92,757,702**
Income tax expenses	23	(21,731,758)	(17,187,742)
Profit for the year		**81,138,030**	**75,569,960**
Total comprehensive income for the year		**81,138,030**	**75,569,960**

Approved and signed on behalf of the Management Board:

Burkhanov B.N.
The Chairman of the Management Board of the Bank

21 June 2021

Toshpulatkhujayev J. O.
Chief Accountant of the Bank

21 June 2021

The accompanying notes are an integral part of these financial statements.

INVEST FINANCE BANK JOINT STOCK - COMMERCIAL BANK
with foreign capital
Statement of Cash Flows for the year ended 31 December 2020

(In thousands of Uzbekistan soums)

	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
Cash flows from operating activities			
Interest received		464,072,739	382,548,015
Interest paid		(276,579,931)	(206,535,700)
Fees and commissions received		145,064,787	108,032,295
Fees and commissions paid		(32,155,930)	(24,413,510)
Net receipts on foreign currency transactions		220,953	11,509,392
Other operating income received		5,401,400	6,182,457
Personnel expenses paid		(100,169,485)	(88,357,707)
Administrative and other operating expenses paid		(67,823,381)	(57,617,657)
Cash flows from operating activities before changes in operating assets and liabilities		**138,031,152**	**131,347,585**
Net (increase)/ decrease in:			
- amounts due from other banks		152,163,990	(127,618,192)
- loans and advances to customers		(46,606,763)	(1,018,305,488)
- other assets		(1,416,444)	(10,896,759)
Net increase/ (decrease) in:			
- amounts due to other banks		31,471,176	(4,192,796)
- amounts due to customers		25,687,510	1,023,927,410
- debt securities issued		(1,499,510)	(138,200,000)
- other liabilities		(1,364,953)	5,278,331
Net cash from/(used in) operating activities before income tax		**296,466,158**	**(138,659,909)**
Income tax paid		(29,774,294)	(24,647,345)
Net cash flows from/(used in) operating activities		**266,691,864**	**(163,307,254)**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(80,855,093)	(92 601 399)
Acquisition of investment property		(2,846,094)	-
Proceeds from sale of property, plant and equipment and intangible assets		1,956,952	1,551,819
Purchase of investment securities		(46,078,917)	-
Purchase investments at fair value through profit or loss		(3,158,143)	-
Net cash flows used in investing activities		**(130,981,295)**	**(91,049,580)**
Cash flows from financing activities			
Emission of ordinary shares	17, 18	-	80,000,000
Proceeds from other borrowed funds	14, 17	340,531,930	544,609,312
Repayment of other borrowed funds	14, 17	(426,907,120)	(164,526,604)
Proceeds from subordinated debt	15, 17	76,313,711	-
Repayment of subordinated debt	15, 17	(71,726,273)	-
Dividends paid	17, 24	-	(35,788,000)
Net cash flows from financing activities		**(81,787,752)**	**424,294,708**
Effect of exchange rate fluctuations on cash and cash equivalents		9,200,210	5,161,561
Effect of changes in expected credit losses on cash and cash equivalents		10,214	359
Net increase/(decrease) in cash and cash equivalents		**63,133,241**	**175,099,794**
Cash and cash equivalents at the beginning of the year	6	715,082,232	539,982,438
Cash and cash equivalents at the end of the year	6	**778,215,473**	**715,082,232**

Burkhanov B.N.
The Chairman of the Management Board of the Bank

21 June 2021

Toshpulatkhujayev J. O.
Chief Accountant of the Bank

21 June 2021

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2020

(in thousands of Uzbekistan soums)

	Note	Share capital	Share premium	Retained earnings	Total equity
Balance as at January 1 2019		**320,000,000**	**1,853,395**	**48,742,144**	**370,595,539**
Profit and total comprehensive income for 2019		-	-	75,569,960	75,569,960
Share issuance:					
- cash		80,000,000	-	-	80,000,000
Dividends declared		-	-	(35,788,000)	(35,788,000)
Balance at 31 December 2019		**400,000,000**	**1,853,395**	**88,524,104**	**490,377,499**
Profit and total comprehensive income for 2020		-	-	81,138,030	81,138,030
Balance at 31 December 2020		**400,000,000**	**1,853,395**	**169,662,134**	**571,515,529**

Burkhanov B.N.
The Chairman of the Management Board of the Bank

21 June 2021

Toshpulatkhujayev J. O.
Chief Accountant of the Bank

21 June 2021

The accompanying notes are an integral part of these financial statements.

(in thousands of Uzbekistan soums)

1 ORGANIZATION

These financial statements were prepared in accordance with the International Financial Reporting Standards for Invest Finance Bank Joint Stock - Commercial Bank with foreign capital (hereinafter referred to as - the "Bank").

The Bank is registered and domiciled in the Republic of Uzbekistan. The Bank is a joint stock company with the responsibility of shareholders within the limits of their shares and was established in accordance with the requirements of the legislation of the Republic of Uzbekistan.

Principal activities. The Bank's principal business activity is commercial and retail banking operations within the Republic of Uzbekistan. The Bank performs its business under General Banking License No. 75 issued by the Central Bank of the Republic of Uzbekistan ("CBU") on 03 August 2019. The Bank participates in the state deposit insurance scheme, which was approved by Law of the Republic of Uzbekistan No. 360-N "On guarantees of protection of deposits of citizens in banks" dated 5 April 2002. The State Deposit Insurance System guarantees repayment of 100% of deposits, regardless of the amount of the deposit, in case of withdrawal of the license from the bank.

Registered address and place of business The Bank is registered at the following address: 1 T.Shevchenko Street, Mirabadsky District, Tashkent 100029, Republic of Uzbekistan. The Bank has fifteen (2019 - sixteen) branches accross the Republic of Uzbekistan.

Shareholders As at 31 December 2020 and 2019, the structure of the Bank's shareholders is presented in the following table:

	31 December 2020	31 December 2019
Legal entities:		
Swiss Capital International Group AG (Switzerland)	35.00	35.00
Prestij Rielt LLC	21.98	9.28
Azia Trans Terminal LLC	8.15	8.15
Uz tex Tashkent JV LLC	-	12.70
Total legal entities	**65.13**	**65.13**
Individuals:		
Mamatdzhanov Fakhritdin Dzhuraevich	26.52	29.88
Akhmadzhanov Aziz Nigmadzhonovich	4.99	4.99
Abdusamadov Parviz Makhsudovich	3.36	-
Total individuals	**34.87**	**34.87**
Total	**100.00**	**100.00**

The Bank has no ultimate controlling party and no subsidiaries.

Business environment

Emerging markets, including Uzbekistan, are exposed to economic, political, social, judicial and legal risks that are different from those inherent in more developed markets. In 2020, the Government of Uzbekistan continued the implementation of social and economic reforms initiated in 2016 and market liberalization with a focus on expanding export potential and improving the business climate in Uzbekistan to attract foreign direct investment. As a result, laws and regulations governing the business environment in Uzbekistan began to change rapidly. The future economic direction of the Republic of Uzbekistan is highly dependent on the tax and monetary policy of the state in the process of reforms, along with changes in legislative, regulatory and political spheres.

Management is monitoring developments in the current circumstances and is taking measures which it deems necessary to support the sustainability and development of the Bank's business in the foreseeable future. However, the impact of further economic changes on the future operations and financial position of the Bank is difficult to determine at this stage.

For 12 months 2020 the following key economic indicators are specific to Republic of Uzbekistan:

- Inflation: 11.1% (2019: 15.2%);
- Official exchange rate: 31 December 2020 USD 1 =UZS 10,476.92 (December 31, 2019: USD 1 = UZS 9,507.56).

- GDP growth: 1.6% (2019: 5.7%);
- Refinancing rate of the CBU: 14.0% (2019: 16.0%)

On 11 March 2020, the World Health Organization announced that the spread of a new coronavirus infection had become a pandemic. In response to the potentially serious threat posed to public health by the COVID-19 virus, the authorities of the Republic of Uzbekistan have undertaken measures to contain the spread of coronavirus infection, including restrictions on the crossing of the Republic of Uzbekistan's borders, restrictions on the entry of foreign nationals, and recommendations to enterprises to transfer employees to remote work. During March 2020, local authorities gradually introduced additional measures to ensure social distancing, including closing schools, universities, restaurants, cinemas, theaters, museums and sports facilities. In order to ensure sanitary and epidemiological safety of population, the Special Republican Commission has introduced restrictive measures (quarantine) until 1 August 2020.

In April of this year, there was a significant decline in business activity, primarily due to the restrictive measures and deterioration of world markets conditions. Partial suspension of production and decline in household income resulted in a decrease in the aggregated demand in the economy.

The monetary policy of the Central Bank of the Republic of Uzbekistan in 2020 was sufficiently effective and prevented structural deficits and surpluses in the liquidity market. Implemented money market mechanisms (repos, swaps, GKOs, etc.) made it possible to effectively control the level of liquidity and prevent risks to the stability of the payment system.

Based on the publicly available information as at the date of approval of these financial statements, management has analysed the possible development of the situation and the expected impact on the Bank and the economic environment in which the Bank operates, including measures already taken by the Government of the Republic of Uzbekistan, and it is taking all necessary measures to minimise the negative impact and ensure sustainability of the Bank in the current circumstances.

As a result, these events did not lead to significant changes in the financial position of the Bank for 2020; their impact on profit, capital and quality of assets is assessed by the Bank's management as insignificant. The Bank's management is in the process of assessing the impact of such developments on the Banks's activities in 2021.

In order to assess the impact of the economic decline and volatility of the Uzbekistan market on the quality of the Bank's loan portfolio, management has analysed the potential change in credit risk of on- and off-balance sheet instruments exposed to credit risk in stressful situations.

Based on the results of the analysis, taking into account the assumptions made for the credit quality category, collateral availability and borrowers' industry, according to the management's assessment, the potential creation of additional allowances for possible losses under the CBU Regulations on Commitments on Loans and Credit Facilities will not have a significant negative impact on the Bank's ability to meet capital adequacy ratios and other regulatory indicators.

2 Basis of preparation

Statement of compliance

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

A number of new standards and amendments are effective for annual periods beginning 1 January 2020, they did not have a material impact on the Bank's financial statements.

These financial statements are based on accounting records prepared according to the accounting legislation of the Republic of Uzbekistan, adjusted and reclassified to comply with IFRS.

The principles of accounting policies applied in the preparation of these financial statements are disclosed in Note 3. These policies have been consistently applied to all periods presented in the financial statements, unless otherwise stated.

Functional and presentation currency

The national currency of the Republic of Uzbekistan is Uzbekistan soum (hereinafter referred to as "UZS"), which is the Bank's functional currency and the currency in which these financial statements are presented. All financial information presented in UZS has been rounded to the (nearest) thousand, unless otherwise stated.

Foreign currencies, especially the US dollar and the Euro, are significant in determining the economic parameters of numerous economic transactions carried out in the Republic of Uzbekistan. The table below shows the rates of the Uzbekistan soum in relation to the US dollar and the Euro, set by the CBU:

(in thousands of Uzbekistan soums)

	31 December 2020	31 December 2019
UZS/1 USD	10,476.92	9,507.56
UZS/1 EUR	12,786.03	10,624.70

Use of estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets and liabilities, income and expense. 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 when the estimates are revised and in any future periods affected.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

-classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 3.

- establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL – Note 4.

Assessment of the fair value of loans issued within the frameworks of the Government progarmme

Loans issued by the Bank but in accordance with Government decrees, do not have similar market instruments, were issued within the framework of the Government programmes, and as a result of its specific terms and borrowers types resulted in forming separate market segment. Management believes, that contracted interest rates of such loans are market rates and the Bank estimates their fair value upon recognition which is equal to nominal value.

Assessment of the fair value of financial liabilities, raised within the frameworks of the Government progarmme

Financial liabilities are initially recognized at fair value. In cases, where interest rates on attracted financial liabilities differ from market rates, and the purpose of such liabilities is to form related assets, for which interest rates taking into account the Bank's margin do not represent market rates, their fair value at initial recognition is equal to nominal value.

In case of attraction of liabilities under terms which are different from the market terms the fair value of loans is determined using valuation techniques, which represent discounting the loan at the interest rate, which is considered as market average for similar loans at the date of initial recognition.

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is included in the following notes:

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 4, 8

- estimates of fair values of financial assets and liabilities – Note 29.

Going concern

These financial statements reflect the management's assessment of those impacts that affect the Bank's operations and financial position. The future development of the economy of the Republic of Uzbekistan depends to a large extent on the effectiveness of measures undertaken by the Government of the Republic of Uzbekistan and other factors, including legislative and political events that are not controlled by the Bank. The Bank's management is not able to predict the consequences of the impact of these factors on the financial position in the future. The accompanying financial statements did not include adjustments related to such risk.

These financial statements were prepared under the assumption that the Bank is a going concern and will continue to operate for the foreseeable future.

In order to maintain the required level of liquidity, the Bank is able to attract additional funds in the interbank lending market. Diversification of liquidity sources allows to minimise the Bank's dependence on any source to ensure full performance of its obligations. The Bank's accumulated current liquidity reserves and available sources of additional funds which allow the Bank to continue to operate continuously in the long term.

Taxation

The Bank operates in accordance with the requirements of the current legislation of the Republic of Uzbekistan. Management of the Bank periodically assess the possibility of ambiguous interpretation of the provisions of the tax legislation in relation to the Bank's operations and, if necessary, creates additional reserves for the payment of taxes.

Significant accounting policies are presented below.

3 Significant accounting policies

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument exactly to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instruments, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including the expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition less the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortized cost is the amortized cost of a financial asset before adjusting for any expected loss allowance.

Calculation of interest income and expenses

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortization of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to a gross carrying value basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation of information

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at FVOCI;

Other interest income presented in the statement of profit or loss and other comprehensive income includes interest income on non-derivative debt financial instruments measured at FVTPL and net investments in finance leases.

Interest expenses presented in the statement of profit or loss and other comprehensive income include:

- Interest expense on financial liabilities measured at amortised cost.

Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognized as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

A contract with a customer that results in a recognized financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the remainder of the contract.

Other fee and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

Financial assets and liabilities

Classification of financial instruments

Upon initial recognition, financial assets are classified as measured either at amortised cost or at fair value through other comprehensive income or at fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated by the Bank as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows that are solely payments of principal and interest accrued on the outstanding principal.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated by the Bank as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset provide for cash flows that are solely payments of principal and interest accrued on the outstanding principal.

For debt financial assets measured at FVOCI, gains and losses are recognized in other comprehensive income, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

- interest income calculated using the effective interest rate method;
- expected credit losses (ECL) and their reversal; and
- gains or losses from changes in exchange rates.

On derecognition of a debt financial asset measured at fair value through other comprehensive income cumulative gains and losses that were previously recognised in other comprehensive income are reclassified from equity into profit or loss.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This choice is made for each investment separately.

For such equity instruments gains and losses are never reclassified into profit or loss and no impairment is recognized in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as at fair value through profit or loss.

In addition, on initial recognition the Bank may irrevocably designate a financial asset that meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

The Bank makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets.

- How the performance of the portfolio is evaluated and reported to the Bank's management.

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected).

- The frequency, volume and timing of financial assets sales in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties under transactions that do not meet the derecognition criteria are not considered as sales for this purpose, and the Bank continues to recognize such assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk outstanding and administration costs), so as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI criterion), the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that the financial asset would not meet

this condition. In making the assessment, the Bank considers the following:

– contingent events that would change the amount and timing of cash flows;

– conditions that may adjust the coupon rate provided by the contract, including variable rate terms;

– prepayment and extension terms; and

– terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – subsequent measurement and gains and losses

Financial assets measured at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss for the period.
Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss for the period.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of a part of the investment cost. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss for the period.

Non-recourse loans

In some cases the loans issued by the Bank, and pledged as collateral by the borrower limit the Bank's claim to cash flows from the specified collateral (non-recourse loans). The Bank applies judgment when measuring compliance of non-recourse loans with SPPI criterion. When forming the judgment, the Bank generally analyzes the following:

- whether the relevant contract determines the specified amounts and terms for loan payments;
- fair value of pledged collateral regarding the financial asset pledged;
- borrower's ability or will to continue making the contractual payments, despite the cost decrease of pledged collateral;
- whether the borrower is an individual or operating entity, or a special purpose entity;
- risk of loss on pledged financial asset on a limited recourse basis in comparison with the loan issued to the borrower on a full recourse basis;
- the extent to which the collateral represents all or a significant portion of the borrower's assets; and
- whether the Bank will gain benefit from an increase in cost of underlying asset(s).

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held for sale, is a derivative or it is designated by the entity at its own discretion as such upon initial recognition. Financial liabilities at FVTPL are measured at fair value, and net amounts of profit and loss, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Bank has bank loans with a fixed rate, giving the banks the right to change interest rates due to changes in the key rate of the CBU. The Bank has the right to repay the loan at par without significant penalty. The Bank considers such instruments as in essence floating-rate instruments.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Bank assesses whether cash flows resulted from modified asset considerably different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- resuted in determination of the fair value of the new asset less comssion fees which represent transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in the amount of cash flows related to existing financial assets or liabilities are not treated as modification if they arise from the current terms of the agreement, for example, changes of interest rates by the Bank due to the change of the key rate by the CBU, if the related loan agreement permits the Bank to change interest rates.

The Bank performs quantitative and qualitative assessment of whether the modification is significant, i.e. whether cash flows related to the original financial asset differ significantly from the modified or new financial asset. The Bank performs quantitative and qualitative assessment of whether modification is significantly analysing qualitative factors, quantitative factors and the overall effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. Similarly, in performing this assessment the Bank acts in line with the requirements with regard to the derecognition of financial liabilities.

The Bank concludes that a modification is significant based on the following qualitative factors:

- change in the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of a financial asset that lead to non-compliance with the SPPI criterion (e.g. inclusion of conversion feature) (applicable from 1 January 2018).

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in remit of cash flows, then it first considers whether a part of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Bank further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank reassesses the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such modification is caused by financial difficulties of the borrower, respective gain or loss is recognised in impairment. In other cases the related profit or loss is presented in interest income calculated using the effective interest method.

For fixed-rate loans, where the is eligible to repay the loan at par without significant penalty, the Bank treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of previous financial liability extinguished and the new financial liability with modified terms is recognized through profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

The Bank performs quantitative and qualitative assessment of whether modification is significant analysing qualitative factors, quantitative factors and the overall effect of qualitative and quantitative factors. The Bank concludes that a modification is significant based on the following qualitative factors:

- financial liability currency change;
- change in collateral or other credit quality;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Impairment

The Bank recognizes loss allowances for ECLs on:

-financial assets measured at amortized cost;

-investments in debt instruments at FVOCI;

-financial guarantees.

The Bank measures loss allowances at an amount equal to lifetime ECLs, except for the following, for which they are measured as 12-month ECLs:

-debt securities that are determined to have low credit risk at the reporting date; and

-other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and an analysis based on the Bank's historical experience and a reasonable credit assessment, including forward-looking information.

The Bank assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Bank considers a financial asset to be in default when:

-the borrower is unlikely to pay its obligations to the Bank in full, without recourse by the Bank to actions such as realization of collateral (if any is held); or

-the financial asset is more than 90 days past due.

The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Measurement of ECLs

Expected credit losses are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash inflow due to the Bank in accordance with the contract and the cash outflowthat the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: if there is the difference between the gross carrying amount and the present value of estimated future cash inflow;
- undrawn loan commitments: as the present value of the difference between the contractual cash inflowthat are due to the Bank if the commitment is used and the exprected cash inflow that the Bank expects to receive; and
- financial guarantees: as the present value of the expected payments to reimburse the holder's credit losses less any amounts that the Bank expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or replacement of an existing financial asset due to borrowe's financial difficulties, then an assessment mey indicate derecognition of financial assets and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included calculation the cash shortfalls from the existing asset (see Note 4).

If the expected restructuring results in the derecognition of the existing asset, then the expected fair value of the new asset is considered as the final cash flow from the existing asset at the time of its derecognition. This amount is included in the calculation of cash shortfalls under the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets recognized at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events with negative impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract terms such as default or ovedue payments;
- restructuring of a loan or advance on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- absence of an active market for a security due to the of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired.

In making the assessment of whether an investment in government bonds is credit-impaired, the Bank considers the following factors.

- market assessment of solvency as reflected in the bonds yield;
- assessments of solvency performed by rating agencies;
- the country's ability to access capital markets to issue new debt;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- availability of international support mechanisms allowing to provide required support to such country as a "lender of last resort" and a publicly announced intent of state institutions and agencies to use such mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfill the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantees: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECLs on the loan commitment component separately from those on the drawn component (loan issued): the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "impairment losses on debt financial assets" in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities of the Bank in order to comply with the Bank's procedures for recovery of amounts due.

Loans to customers

The "Loans to customers" item of the statement of financial position includes loans to customers measured at amortized cost (see Note 8). They are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Investment financial assets

The item "Investment financial assets" in the statement of financial position includes debt investment securities measured at amortized cost. They are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Fair value through profit or loss

- Trading assets are assets that are acquired by the Bank or arise principally for the purpose of selling or repurchasing in the near future, or are part of a portfolio in which the assets are managed together for generating short-term profits. Trading assets were initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

- Assets classified at the discretion of the Bank. Some investment securities are classified at the discretion of the Bank as at fair value through profit or loss with immediate recognition of changes in fair value in profit or loss.

Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus related transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank designates liabilities at FVTPL.

When the Bank classifies a financial liability at its own discretion into the fair value through profit or loss measurement category, the amount of changes in the fair value of a financial liability caused by changes in its own credit risk under such liability is presented in other comprehensive income as a reserve for changes in the fair value of financial liabilities caused by changes in its own credit risk. On initial recognition of the financial liability, the Bank assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. This assessment is made by using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in the credit risk; with

- the impact on profit or loss of expected changes in fair value of the related instruments.

Amounts presented in the liability credit reserve are not subsequently transferred to profit or loss. When these instruments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Financial guarantees and loan commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured as follows:

- at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Bank has no loan commitments that are measured at FVTPL.

For other loan commitments:

- The Bank recognises allowance for expected credit losses.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the CBU, excluding obligatory reserves, and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Amounts due from credit institutions

In the normal course of business, the Bank maintains advances for various periods of time in credit institutions. Amounts due from other banks are not held for immediate or short-term sale and are recognized at amortized cost using the effective interest method if they have fixed maturity terms. Amounts without fixed maturity terms are recognized at amortized cost based on expected maturities. Amounts due from credit institutions are carried net of any allowance for impairment losses.

Mandatory cash balances with the CBU represent funds deposited with the CBU and not intended to finance current operations of the Bank. Mandatory cash balances with the CBU are included in amounts due from credit institutions for the purpose of preparing a statement of cash flows.

Amounts due to credit institutions are recorded when cash or other assets are advanced to the Bank by counterparty banks. These non-derivative financial liabilities are recognized at amortized cost.

Taxation

The current income tax expense is calculated in accordance with the regulations of the Republic of Uzbekistan by the head office of the Bank.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses, where required.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major components of property, plant and equipment items are capitalized and the replaced part is retired.

Gains and losses from disposals determined by comparing revenue with carrying amount are recognised in the income statement for the year as other operating income and expenses.

Land owned by the Bank under its ownership is not depreciated.

Land and construction in progress are not depreciated. Depreciation on other property, plant and equipment items and intangible assets is calculated using the straight-line method, i.e. by evenly reducing their cost to the residual value over the following estimated useful lives:

	Useful lives (years)
Buildings and constructions	50
Office and computer equipment	5-10
Intangible assets	5 -10

The residual value of an asset is the estimated amount that the Bank would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

Intangible assets

The Bank's intangible assets have definite useful life and primarily include capitalised software costs. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Intangible assets are amortised on a straight-line basis over expected useful lives of five to ten years.

Investment property

Investment property is property held by the Bank to receive rental income or capital appreciation, or both and which is not occupied by the Bank. Investment property is stated at cost less accumulated amortisation and impairment (if necessary). In case of indications of impairment of investment property the Bank evaluates its recoverable amount, which is calculated as the higher of its value in use and fair value less disposal costs. A decrease in carrying value of investment property to its recoverable amount is recognised in profit or loss. Impairment loss recognised in previous years is recovered if there was a change in estimates used to evaluate the recoverable amount of the asset. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Bank and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to Property, plant and equipment. Rental income earned is recorded in profit or loss for the year within other operating income.

Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Bank reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In cases where it is impossible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit related to the asset. The value of corporate assets is also allocated to individual cash-generating units or the smallest groups of cash-generating units for which a reasonable and consistent allocation method can be identified.

Leases

Right-of-use assets

The Bank recognizes right-of-use assets from the date of lease commencement (i.e. from the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment taking into account revaluation of lease liabilities. The value of the right-of-use assets includes the amount of the recognised lease liabilities and lease payments made at or before the commencement of the lease, any initial direct costs incurred by the lessee in connection with the conclusion of the lease agreement. The Bank does not apply materiality to the amount of initial direct costs incurred by the lessee. If it is not reasonably certain that the Bank will obtain ownership of the leased asset at the end of the lease term, recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term.

Lease liabilities

Upon inception of lease the Bank recognises lease liability at the present value of lease payments to be made during the lease term. Lease payments include fixed payments (including substantive fixed payments) less incentive payments, variable lease payments based on an index or rate and amounts expected to be paid at the residual value guarantee, and termination penalties if the lease term reflects the lessee's potential exercise of the termination option. Variable lease payments that are not dependent on an index or rate are recognised as expenses in the period in which the event or condition giving rise to such payments occurs. In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the inception of the lease if the interest rate implicit in the lease agreement cannot be easily determined. The amount of lease liabilities after the date of lease commencement is increased to reflect interest accrued and decreased to reflect lease payments made. In addition, the carrying amount of lease liabilities is revalued when the agreement is modified or the lease term is changed or the fixed lease payments are changed substantially or the value is changed for the purpose of obtaining the underlying asset.

Component Accounting

In relation to vehicles and office real estate lease agreements, simplifications of practical nature are applied, according to which the Bank does not separate components that are not leases from components that are leases, but instead takes into account each component of the lease and respective components that are not leases as one component of the lease, provided that under such agreements there are no embedded derivatives that meet the criteria of IFRS 9 clause 4.3.3.

The agreement may include the amount payable by the lessee for the activities and costs that do not transfer the goods or services to the lessee: administrative fees or other costs (e.g. property tax, insurance fees) that the lessor bears in connection with the lease that do not transfer the goods or services to the lessor. Such amounts payable do not constitute a separate component of the agreement, but are considered part of the total refund, which is allocated to the separately identified components of the agreement. The Bank assesses whether such payments are fixed (or substantive fixed) lease payments or variable lease payments.

Short-term leases and leases of low value assets

The Bank used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

The Bank applies the exception for recognition of short-term leases to its short-term leases of premises, office equipment (i.e. leases expiring within 12 months from the date of initial application and not subject to a call option). The Bank also applies an exception for the recognition of low value assets to leases of premises, office equipment, which are considered as low value assets. Short-term lease payments and low value assets lease payments are recognized as expenses on a straight-line basis over the lease term and included into general and administrative expenses. The Bank excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Impairment of right-of-use assets

Right-of-use asset is subject to an assessment for impairment at the end of each reporting year.

IAS 36 determines whether right-of-use asset is impaired. If there is an impairment, an impairment loss is recognised. Depreciation will then be charged to the revised carrying amount.

Customer accounts

Customer accounts are non-derivative financial liabilities to individuals, state or corporate customers and are carried at amortised cost.

Loans and borrowings

Borrowings are non-derivative liabilities received from government and financial organizations and are carried at amortized cost.

Offset of financial instruments

Financial assets and liabilities are offset and the net amount is recorded in the statement of financial position only if there is a legally enforceable right to offset the reported amounts, as well as the intention either to offset, or simultaneously realize the asset and settle the liability.

Pledged property recovered from unpaid loans

Pledged property recovered from unpaid loans represents financial and non-financial assets acquired by the Bank in settlement of overdue loans. The assets are initially recognized at fair value when acquired and included in property and equipment or other non-financial assets depending on their nature and the Bank's intention in respect of recovery of these assets and are subsequently re-measured and accounted for in accordance with the accounting policies for these categories of assets.

Prepayment

Prepayment is a non-financial asset that is initially measured at cost less accumulated impairment losses.

Provisions

Provisions are recognised when the Bank has a legal or voluntary obligations as a result of a past event, and it is probable that an outflow of future economic benefits will be required to settle the obligation which can be reliably estimated.

Charter capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date, provided they have been declared on or before the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorized for issue.

Contingencies

Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. Contingent assets are not recognised in the statement of financial position but disclosed when an inflow of economic benefits is probable.

Remuneration of employees and deductions to social insurance funds

On the territory of the Republic of Uzbekistan the Bank implements deductions for a single social tax These deductions are also reflected on the accrual basis. The single social tax includes contributions to the pension fund. The Bank does not have its own pension scheme. Salaries, contributions to the state pension fund and social insurance fund, paid annual leave and sick leave, bonuses and non- monetary benefits are accrued as the services are provided by the Bank's employees.

Segment reporting

Operating segments are allocated on the basis of internal reports on the components of the Bank that are regularly

audited by the chief executive officer responsible for making decisions on operating activities in order to allocate resources to the segments and evaluate the performance of their activities.

The Bank evaluates information on the reporting segments in accordance with IFRS. The reporting operating segment is allocated when one of the following quantitative requirements is met:

- its revenue from sales to external customers and from operations with other segments is at least 10 percent of total revenue - external and internal - of all operating segments; or
- the absolute profit or loss ratio is at least 10 percent of the largest of (i) the cumulative profit of all operating segments without a loss, and (ii) the cumulative loss of all operating segments with a loss; or
- its assets are at least 10 percent of the total assets of all operating segments;
- its assets and liabilities are at least 10 percent of total capital.

If the total revenue from external sales, represented by the operating segments, is less than 75 percent of the Bank's revenue, additional operating segments are allocated as reportable (even if they do not meet the quantitative criteria given above) until the reporting segments will include at least 75 percent of the Bank's revenues.

Foreign currency translation

The financial statements are presented in Uzbekistan soum, which is the Bank's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange effective at the reporting date. Income and expenses arising from translation of transactions in foreign currencies are recognised in the statement of profit and loss as "Net Income from Foreign Currency Transactions - Revaluation of Foreign Exchange Items". Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as at the dates of transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rate as at the date when the fair value was determined.

The difference between the contractual exchange rate for a transaction in foreign currency and the official exchange rate of the CBU at the date of the transaction is included in income less expenses for transactions in foreign currency.

4 Financial risk review

This note presents information about the Bank's exposure to financial risks.

Credit risk - Amounts arising from ECL

Significant increase in credit risk

When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank will consider reasonable and supportable information that is relevant and available without undue cost or effort. The assessment includes both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative criterion based on movement in probability of default (PD);
- qualitative indicators; and
- backstop of 30 days past due.

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates – e.g. the difference in the risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower.

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

Corporate exposure	All exposures (corporate and retail clients)
• Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.	• Payment record – this includes overdue status
• Data from credit rating agencies, press articles, changes in external credit ratings	• Utilisation of the granted limit • Requests for and granting of forbearance
• Quoted bond and credit default swap (CDS) prices for the borrower where available	• Existing and forecast changes in business, financial and economic conditions.
• Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analyzed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Bank employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting period. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower. The criterion of significance is different for different types of lending, in particular, for corporate clients and individuals.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due or increase in PD two times or more, which is applicable to all segments except for accounts receivable, transactions with financial institutions and issuers of securities; 1 day – for transactions with banks and issuers of securities, 2 days – for transactions with other financial institutions. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

An increase in the credit risk may be considered significant if it is indicated by qualitative features associated with the Bank's credit risk management process, the effect of which cannot be fully detected in a timely manner as part of the quantitative analysis. This applies to those credit risk positions that meet certain high risk criteria, such as being on a watch list. The assessment of these qualitative factors is based on professional judgment and considering relevant past experience.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as breach of revised loan agreement, may be indicative of an increased risk of default that persists when the indicator is not more exist. In these cases the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL (Stage 1) measurement to credit-impaired (Stage 3).

- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL (Stage 1) and lifetime ECL measurements (Stage 2).

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank will consider indicators that are:

- qualitative – e.g. breaches of covenants;
- quantitative – e.g. overdue status and non-payment of another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank uses expert judgment in assessment of forward-looking information. This assessment is also based on external information.

The Bank has identified and documented key drivers of credit risk and credit losses and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. GDP forecasts were designated as the key factor. However, this analysis did not reveal a significant dependency of the portfolio default rate on GDP.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects the comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 3). A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Measurement of expected credit losses.

The key inputs into the measurement of ECLs are the term structures of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD parameters are adjusted based on different macroeconomic scenarios and, for loans collateralised by real estate, based on possible real estate price changes. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank will derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For loan commitments, the EAD comprises potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantee contracts, the EAD value is the amount payable at the time the financial guarantee is executed. For some financial assets, the EAD is determined by modeling the range of possible positions exposed to credit risk at various points in time using scenarios and statistical methods.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modeling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk grades;
- collateral type;
- ratio between the loan amount and the collateral amount (LTV ratio) for mortgage for individuals;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data. Examples of portfolios for which external benchmark information is used as a source for estimating expected credit losses are presented below.

	Exposure as at 31 December 2020	PD indicator
Cash and cash equivalents	778,223,763	Moody's default statistics
Amounts due from credit institutions	96,943,345	

5 Application of new and revised International Financial Reporting Standards (IFRS)

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 with earlier application permitted. However, they did not have a material impact on the Bank, in the preparation of these financial statements.

The revised standards listed below have become mandatory for application by the Bank since 1 January 2020, however, they have not had a significant effect on the Bank:

- Interest rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and are effective for annual periods starting on or after 1 January 2020).
- Definition of Material – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods starting on or after 1 January 2020);
- Definition of a Business- Amendments to IFRS 3 (issued on 22 October 2018 and are effective for annual periods starting on or after 1 January 2020);

A number of new standards and interpretations that are mandatory for annual periods beginning on or after 1 January 2021 and which have not been early adopted by the Bank was published.

The adoption of the other new accounting provisions listed below is not expected to have a material impact on the Bank:

- Amendments to IAS 1: Current and long-term liabilities classificator (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets in Transactions between an Investor and its Associate or Joint Venture (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IAS);
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Second Phase (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).).

The Bank is currently assessing the impact of the above standards on its financial statements.

(in thousands of Uzbekistan soums)

6 Cash and cash equivalents

	31 December 2020	31 December 2019
Cash on hand	279,664,726	141,302,322
Current accounts with the CBU	421,851,616	376,437,608
Current accounts with other credit institutions	76,707,421	197,360,806
ECL allowance	(8,290)	(18,504)
Total cash and cash equivalents	**778,215,473**	**715,082,232**

As at 31 December 2020 and 31 December 2019, cash and cash equivalents in the amount of UZS 76,618,348 thousand (99%) and 196,737,706 (99%) were placed in five commercial banks.

The table below shows an analysis of cash and cash equivalents for credit quality as at 31 December 2020:

	Cash balances with the CBU (other than mandatory reserves)	Deposits with other banks with an initial maturity of less than 90 days:	Total
The Central Bank of the Republic of Uzbekistan	421,851,616	-	421,851,616
Nostro accounts with other banks			
Aa3 (Moody's)	-	15,891	15,891
A3 (Moody's)	-	60,944,676	60,944,676
Baa3 (Moody's)	-	9,967,253	9,967,253
B2 (Moody's)	-	5,779,601	5,779,601
Total cash and cash equivalents, excluding cash on hand and ECL allowance	**421,851,616**	**76,707,421**	**498,559,037**

The table below shows an analysis of cash and cash equivalents for credit quality as at 31 December 2019:

	Cash balances with the CBU (other than mandatory reserves)	Deposits with other banks with an initial maturity of less than 90 days:	Total
The Central Bank of the Republic of Uzbekistan	376,437,608	-	376,437,608
Nostro accounts with other banks			
Aa3 (Moody's)	-	95,372,148	95,372,148
A1 (Moody's)	-	737,637	737,637
A3 (Moody's)	-	96,691,773	96,691,773
Baa3 (Moody's)	-	918,977	918,977
Ba1 (Moody's)	-	489,518	489,518
Ba3 (Moody's)	-	20,062	20,062
B2 (Moody's)	-	3,111,915	3,111,915
B3 (Moody's)	-	18,776	18,776
Total cash and cash equivalents, excluding cash on hand and ECL allowance	**376,437,608**	**197,360,806**	**573,798,414**

(in thousands of Uzbekistan soums)

7 Amounts due from other banks

Amounts due from other banks include the following items:

	31 December 2020	31 December 2019
Mandatory deposits with the CBU	46,830,736	168,160,008
Restricted cash	4,756,103	39,885,419
Deposits with other banks with an initial maturity of more than 90 days:	45,356,506	39,017,117
ECL allowance	(473,684)	(9,482)
Total amounts due from other banks	**96,469,661**	**247,053,062**

As at 31 December 2020 and 2019, the balance of the mandatory reserve in the CBU amounted to UZS 46,830,736 thousand and UZS 168,160,008 thousand, respectively. According to the legislation of the Republic of Uzbekistan, the Bank is obliged to deposit mandatory reserves in the CBU on an ongoing basis, for which no interest is accrued and which are part of the obligations of the Bank with a limited ability to use them.

At year-end 2020, the Bank reduced the number of transactions that required collateralized deposit with a foreign bank. As a result, the amount of restricted cash decreased by more than 88% from 31 December 2019.

Amounts due from other banks are not secured by collateral.

The credit quality of amounts due from other banks as at 31 December 2020 is as follows.

	Mandatory deposits with the CBU	Restricted cash	Deposits with other banks with an initial maturity of more than 90 days:	Total
The Central Bank of the Republic of Uzbekistan	46,830,736	-	-	46,830,736
A3 (Moody's)	-	4,756,103	-	4,756,103
B3 (Moody's)	-	-	45,356,506	43,356,506
ECL allowance	-	-	(473,684)	(473,684)
Total due from other banks, excluding ECL allowance	46,830,736	**4,756,103**	**44,882,822**	**96,469,661**

The credit quality of amounts due from other banks as at 31 December 2019 is as follows:

	Mandatory deposits with the CBU	Restricted cash	Deposits with other banks with an initial maturity of more than 90 days:	Total
The Central Bank of the Republic of Uzbekistan	168,160,008	-	-	168,160,008
A3 (Moody's)	-	39,885,419	-	39,885,419
Baa3 (Moody's)	-	-	39,017,117	39,017,117
ECL allowance	-	-	(9,482)	(9,482)
Total due from other banks, excluding ECL allowance	**168,160,008**	**39,885,419**	**39,007,635**	**247,053,062**

See Note 29 for assessment of fair value of each category of amounts due from other banks. Interest rate analysis of amounts due from other banks is disclosed in Note 26.

(in thousands of Uzbekistan soums)

8 Loans and advances to customers

	31 December 2020	31 December 2019
Loans to legal entities	**2,119,755,126**	**2,181,036,281**
Loans to large corporate customers	*1,014,617,296*	*1,281,768,020*
Loans to small and medium businesses	*1,105,137,830*	*899,268,261*
Loans to individuals	**834,345,019**	**746,874,037**
Net investment in finance lease	**293,609,920**	**185,125,884**
Loans to large corporate customers	*116,913,239*	*85,666,615*
Loans to small and medium businesses	*176,696,681*	*99,459,269*
Loans and advances to customers, gross amount	**3,247,710,065**	**3,113,036,202**
Total loans to customers less ECL allowance	(39,089,288)	(22,736,440)
Total loans and advances to customers	**3,208,620,777**	**3,090,299,762**

The Bank uses the following classification of loans by classes:

- Loans to large corporate customers - loans granted to customers with an organizational and legal form of ownership of joint-stock companies and limited liability companies, where credit quality assessment is performed on an individual basis;
- Loans to small and medium businesses - loans granted to customers with an organizational and legal form of ownership of joint-stock companies and limited liability companies, private businesses, individual entrepreneurs, where credit quality assessment is performed on a collective basis;
- Loans to individuals - loans granted to individuals that include:
  - i) Mortgage loans
  - ii) Consumer loans
  - iii) Education loans;
  - iv) Other.
- Net investment in finance lease - loans granted to legal entities that meet the definition of finance lease.

The following tables provide information on the quality of the loan portfolio before ECL allowance as at 31 December 2020 and 31 December 2019:

The analysis of the credit quality of loans presented in the tables below is based on the credit quality scale of borrowers developed by the Bank:

- "Low credit risk" - assets with low probability of default by counterparties have high ability to fulfill their financial obligations in time. The PD values for this category range from 0.5% to 0.78%.
- "Moderate credit risk" – assets, counterparties to which have a moderate probability of default demonstrate the average ability to meet financial obligations in a timely manner and require more careful attention at the monitoring stage. The PD values for this category range from 1.7% to 10%
- "High credit risk" - assets with higher probability of default by counterparties require particular attention during the monitoring. The PD values for this category range from 11.68% to 15.7%.
- "Distressed assets" - assets which meet the definition of default under the impairment indicators.

(in thousands of Uzbekistan soums)

The credit quality of loans and advances to customers individually assessed for impairment by large corporate customers as at 31 December 2020 is as follows:

	Stage 1	Stage 2	Stage 3	
	12-month expected credit losses	Lifetime ECL for assets that are not credit-impaired	Lifetime ECL for assets that are credit-impaired	Total
Corporate customers, incl. net investment in finance lease				
Low credit risk	936,865,781	-	-	936,865,781
Moderate credit risk	160,020,202	-	-	160,020,202
High credit risk	-	34,644,553	-	34,644,553
Distressed assets	-	-	-	-
Total	**1,096,885,983**	**34,644,553**	**-**	**1,131,530,536**
Provision for expected credit losses	**(1,469,512)**	**(748,666)**	**-**	**(2,218,178)**
Carrying amount	**1,095,416,471**	**33,895,887**	**-**	**1,129,312,358**

The credit quality of loans and advances to customers collectively assessed for impairment by small and medium businesses as at 31 December 2020 is as follows:

	Stage 1	Stage 2	Stage 3	
	12-month expected credit losses	Lifetime ECL for assets that are not credit-impaired	Lifetime ECLs for assets that are credit-impaired	Total
Small and medium businesses, incl. net investment in finance lease				
Not overdue	1,167,577,801	31,141,210	47,087,734	1,245,806,745
Overdue less than 30 days	1,031,048	9,922,045	72,932	11,026,025
Overdue 30-90 days	-	13,524,882	2,656,608	16,181,490
Overdue 91-180 days	-	-	1,988,060	1,988,060
Overdue 181-360 days	-	-	4,425,607	4,425,607
Overdue more than 360 days	-	-	2,406,583	2,406,583
Total	**1,168,608,849**	**54,588,137**	**58,637,524**	**1,281,834,510**
Provision for expected credit losses	**(1,284,224)**	**(1,302,053)**	**(20,287,507)**	**(22,873,784)**
Carrying amount	**1,167,324,625**	**53,286,084**	**38,350,017**	**1,258,960,726**

(in thousands of Uzbekistan soums)

The credit quality of loans and advances to customers collectively assessed for impairment by individuals as at 31 December 2020 is as follows:

	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets that are not credit-impaired	Stage 3 Lifetime ECL for assets that are credit-impaired	Total
Loans to customers recognised at amortized cost – individuals				
Not overdue	703,391,596	39,239,434	4,578,390	747,209,420
Overdue less than 30 days	337,349	25,853,410	596,978	26,787,737
Overdue 30-90 days	-	49,604,059	2,402,461	52,006,520
Overdue 91-180 days	-	-	25,895	25,895
Overdue 181-360 days	-	-	7,901,690	7,901,690
Overdue more than 360 days	-	-	413,757	413,757
Total	**703,728,945**	**114,696,903**	**15,919,171**	**834,345,019**
Provision for expected credit losses	**(1,306,164)**	**(5,321,119)**	**(7,370,043)**	**(13,997,326)**
Carrying amount	**702,422,781**	**109,375,784**	**8,549,128**	**820,347,693**

The credit quality of loans and advances to customers collectively and individually assessed for impairment by large corporate customers as at 31 December 2019 is as follows:

	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets that are not credit-impaired	Stage 3 Lifetime ECL for assets that are credit-impaired	Total
Corporate clients, incl. net investment in finance lease				
Low credit risk	1,239,458,034	-	-	1,239,458,034
Moderate credit risk	-	-	-	-
High credit risk	-	127,976,601	-	127,976,601
Distressed assets	-	-	-	-
Total	**1,239,458,034**	**127,976,601**	**-**	**1,367,434,635**
Allowance for expected credit losses	**(1,664,344)**	**(2,131,513)**	**-**	**(3,795,857)**
Carrying amount	**1,237,793,690**	**125,845,088**	**-**	**1,363,638,778**

(in thousands of Uzbekistan soums)

The credit quality of loans and advances to customers collectively assessed for impairment by small and medium businesses as at 31 December 2019 is as follows:

	Stage 1	Stage 2	Stage 3	
	12-month expected credit losses	Lifetime ECL for assets that are not credit-impaired	Lifetime ECL for assets that are credit-impaired	Total
Small and medium business, incl. net investment in finance lease				
Not overdue	912,285,639	33,348,744	-	945,634,383
Overdue less than 30 days	-	1,180,850	10,679,561	11,860,411
Overdue 30-90 days	-	11,771,042	4,745,853	16,516,895
Overdue 91-180 days	-	-	12,229,132	12,229,132
Overdue 181-360 days	-	-	7,762,824	7,762,824
Overdue more than 360 days	-	-	4,723,885	4,723,885
Total	**912,285,639**	**46,300,636**	**40,141,255**	**998,727,530**
Provision for expected credit losses	**(797,518)**	**(819,157)**	**(16,507,368)**	**(18,124,043)**
Carrying amount	**911,488,121**	**45,481,479**	**23,633,887**	**980,603,487**

The credit quality of loans and advances to customers collectively assessed for impairment by individuals as at 31 December 2019 is as follows:

	Stage 1	Stage 2	Stage 3	
	12-month expected credit losses	Lifetime ECL for assets that are not credit-impaired	Lifetime ECL for assets that are credit-impaired	Total
Loans to customers recognised at amortized cost – individuals				
Not overdue	733,782,551	156,765	-	733,939,316
Overdue less than 30 days	-	10,442,921	-	10,442,921
Overdue 30-90 days	-	805,167	-	805,167
Overdue 91-180 days	-	-	1,165,055	1,165,055
Overdue 181-360 days	-	-	489,371	489,371
Overdue more than 360 days	-	-	32,207	32,207
Total	**733,782,551**	**11,404,853**	**1,686,633**	**746,874,037**
Provision for expected credit losses	**(257,117)**	**(158,258)**	**(401,165)**	**(816,540)**
Carrying amount	**733,525,434**	**11,246,595**	**1,285,468**	**746,057,497**

(in thousands of Uzbekistan soums)

An analysis of changes in ECL allowance during 2020 and 2019 is presented below; for a stage analysis of changes in ECL allowance, see Note 26 Financial Risk Management Policy, Credit quality of financial assets.

	Loans to legal entities and net investment in financial lease	Loans to individuals	Total
ECL allowance as at 1 January 2020	**21,919,900**	**816,540**	**22,736,440**
Creation of ECL allowance	20,318,569	12,582,108	32,900,677
Write-off	(18,759,413)	-	(18,759,413)
Change in exchange rates and other changes	465,568	-	465,568
Unwinding of discount in respect of ECL present value	1,147,338	598,678	1,746,016
ECL allowance as at 31 December 2020	**25,091,962**	**13,997,326**	**39,089,288**

	Loans to legal entities and net investment in financial lease	Loans to individuals	Total
ECL allowance as at 1 January 2019	**5,720,383**	**582,440**	**6,302,823**
Creation of ECL allowance	14,373,343	176,009	14,549,352
Change in exchange rates and other changes	699,531	-	699,531
Unwinding of discount in respect of ECL present value	1,126,643	58,091	1,184,734
ECL allowance as at 31 December 2019	**21,919,900**	**816,540**	**22,736,440**

The concentration of the loan portfolio by industry sector is presented below:

	31 December 2020		31 December 2019	
	Amount	**%**	**Amount**	**%**
Production	1,344,328,945	41%	1,442,704,750	46%
Individuals	834,347,146	26%	746,874,037	24%
Trade	567,285,982	17%	356,258,590	11%
Services	211,312,095	7%	304,206,376	10%
Transport and communications	87,778,038	3%	82,555,651	3%
Financial services	79,961,957	2%	80,647,591	3%
Construction	89,164,146	3%	67,051,534	2%
Agriculture	33,531,756	1%	32,737,673	1%
Total loans and advances to customers (gross amount)	**3,247,710,065**	**100%**	**3,113,036,202**	**100%**

As at 31 December 2020, the Bank had 5 borrowers (2019: 5 borrowers) with aggregated loan amounts exceeding UZS 58,000,000 thousand (2019: UZS 85,000,000 thousand). The total aggregate amount of these loans was UZS 433,835,239 thousand (2019: UZS 474,264,183 thousand) or 13% of the total loan portfolio (2019: 15%).

(in thousands of Uzbekistan soums)

The analysis of the credit quality of these loans as at 31 December 2020 is presented below:

	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets that are not credit-impaired	Stage 3 Lifetime ECL for assets that are credit-impaired	Total
Corporate customers, incl. net investment in finance lease				
Low credit risk	335,870,533	-	-	335,870,533
Moderate credit risk	97,964,706	-	-	97,964,706
High credit risk	-	-	-	-
Distressed assets	-	-	-	-
Total	**433,835,239**	**-**	**-**	**433,835,239**
Provision for expected credit losses	**(589,623)**	**-**	**-**	**(589,623)**
Carrying amount	**433,245,616**	**-**	**-**	**433,245,616**

The analysis of the credit quality of these loans as at 31 December 2019 is presented below:

	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets that are not credit-impaired	Stage 3 Lifetime ECL for assets that are credit-impaired	Total
Corporate clients, incl. net investment in finance lease				
Low credit risk	474,264,183	-	-	474,264,183
Average credit risk	-	-	-	-
High credit risk	-	-	-	-
Distressed assets	-	-	-	-
Total	**474,264,183**	**-**	**-**	**474,264,183**
Provision for expected credit losses	**(401,075)**	**-**	**-**	**(401,075)**
Carrying amount	**473,863,108**	**-**	**-**	**473,863,108**

The gross collateral amount as at 31 December 2020 is presented below:

2020 *(In thousands of UZS)*	**Carrying amount of loans to customers**	**Fair value of collateral for collateral estimated at the reporting date**	**Fair value of collateral is not determined**
Loans which are not credit-impaired			
Real estate	1,035,960,794	1,035,960,794	-
Insurance policies	814,633,106	814,633,106	-
Equipment	495,572,560	-	495,572,560
Transport	449,183,317	-	449,183,317
Guarantees and sureties	321,998,916	-	321,998,916
Goods in turnover	41,517,330	-	41,517,330
Cash (deposits)	3,769,214	3,769,214	
Unsecured loans	10,518,133	-	-
Total loans which are not credit-impaired	**3,173,153,370**	**1,854,363,114**	**1,308,272,123**
Credit-impaired loans			
Real estate	32,648,305	32,648,305	-
Insurance policies	19,041,610	19,041,610	-
Equipment	8,081,291	-	8,081,291
Transport	7,590,595	7,590,595	-
Guarantees and sureties	6,477,231	-	6,477,231
Goods in turnover	155,383	-	155,383
Cash (deposits)	19,652	19,652	-
Unsecured loans	542,628	-	-
Total credit-impaired loans	**74,556,695**	**59,300,162**	**14,713,905**

The gross collateral amount as at 31 December 2019 is presented below:

2019 *(In thousands of UZS)*	**Gross carrying amount of loans to customers**	**Fair value of collateral for collateral estimated at the reporting date**	**Fair value of collateral is not determined**
Loans which are not credit-impaired			
Real estate	969,890,831	969,890,831	-
Insurance policies	857,947,522	857,947,522	-
Equipment	462,677,961	-	462,677,961
Transport	288,263,101	-	288,263,101
Guarantees and sureties	218,606,017	-	218,606,017
Cash (deposits)	193,693,561	193,693,561	-
Goods in turnover	72,096,200	-	72,096,200
Unsecured loans	8,033,123	-	-
Total loans which are not credit-impaired	**3,071,208,316**	**2,021,531,914**	**1,041,643,279**
Credit-impaired loans			
Real estate	23,369,742	23,369,742	-
Equipment	8,392,820	-	8,392,820
Insurance policies	4,597,585	4,597,585	-
Guarantees and sureties	3,734,556	-	3,734,556
Transport	1,262,456	1,262,456	-
Goods in turnover	272,035	-	272,035
Unsecured loans	198,695	-	-
Total credit-impaired loans	**41,827,889**	**29,229,783**	**12,399,411**

(in thousands of Uzbekistan soums)

The analysis of accounts receivable under finance lease and its present value as at 31 December 2020 and 31 December 2019 is as follows:

	Up to 1	From 1 Up to 5 years	Over 5 years	Total
Payments receivable under finance lease as at 31 December 2020	**157,600,578**	**237,959,082**	**213,709**	**395,772,450**
Unearned finance income	(25,624,688)	(76,397,186)	(140,656)	(102,162,530)
Impairment allowance	(235,898)	(356,179)	(319)	(592,396)
Discounted value of lease payments receivable as at 31 December 2020	**131,139,992**	**161,205,717**	**71,815**	**293,017,524**
Payments receivable under finance lease as at 31 December 2019	**56,203,478**	**197,832,854**	**16,900,138**	**270,936,470**
Unearned finance income	(10,081,921)	(65,961,762)	(9,766,903)	(85,810,586)
Impairment allowance	(258,801)	(531,093)	(16,695)	(806,589)
Discounted value of lease payments receivable as at 31 December 2019	**45,862,756**	**131,339,999**	**7,116,540**	**184,319,295**

9 Investment securities

Below are the debt securities of the Bank:	31 December 2020	31 December 2019
Investment securities		
CBU bonds	46,104,110	-
ECL allowance	(25,193)	-
Total investment securities measured at amortised cost	**46,078,917**	**-**

The maturities of the bonds are 5, 6, 9, and 12 months, with interest rates ranging from 14% to 16%.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are represented by investments in the following companies: Credit Bureau CRIF Credit Information Services LLC, Uzbekistan Mortgage Refinancing Company JSC, Interbank Credit Bureau LLC.

(in thousands of Uzbekistan soums)

10 Property, plant and equipment and intangible assets, assets held for sale/investment property

Property, plant and equipment

	Buildings	Office and computer equipment	Construction in progress	Total property, plant and equipment
Carrying amount as at 31 December 2018	**193,809,697**	**56,365,771**	**50,067,522**	**300,242,990**
Additions	-	41,964,629	40,713,907	82,678,536
Disposals, net amount	-	(3,747,993)	-	(3,747,993)
Transfer into investment property	-	-	(26,113,832)	(26,113,832)
Transfers	13,331,948	-	(13,331,948)	-
Depreciation charges (Note 22)	(4,235,937)	(12,447,488)	-	(16,683,425)
Disposal of depreciation charges	188,771	3,278,652	-	3,467,423
Carrying amount as at 31 December 2019	**203,094,479**	**85,413,571**	**51,335,649**	**339,843,699**
Cost at 31 December 2019	216,174,946	117,879,870	51,335,649	385,390,465
Additions	(13,080,467)	(32,466,299)	-	(45,546,766)
Carrying amount as at 31 December 2019	**203,094,479**	**85,413,571**	**51 335 649**	**339,843,699**
Additions	-	48,001,812	17,943,831	65,945,643
Disposals, net amount	-	(3,259,384)	(30,956,224)	(34,215,608)
Transfers	(81,372,107)	-	81,372,107	-
Depreciation charges (Note 22)	(3,791,366)	(17,210,795)	-	(21,002,161)
Disposal of depreciation charges	2,106,930	1,485,587	-	3,592,517
Carrying amount as at 31 December 2020	**120,037,936**	**114,430,791**	**119,695,363**	**354,164,090**
Cost at 31 December 2020	134,802,839	162,622,298	119,695,363	417,120,500
Accumulated depreciation	(14,764,903)	(48,191,507)	-	(61,258,410)
Carrying amount as at 31 December 2020	**120,037,936**	**114,430,791**	**119,695,363**	**354,164,090**

Construction in progress mainly includes construction and repair of branches premises. Upon completion, assets are transferred to buildings and equipment. In 2020, the building, valued at over UZS 84.5 billion was placed under construction as a result of a decision by the Bank's management to renovate the building for further economical benefits.

The line for disposal of construction in progress reflects the amount of advances given to contractors for the reconstruction of buildings and transferred to loans in connection with the termination of contracts and granting a deferral for repayment.

(in thousands of Uzbekistan soums)

Intangible assets

	Intangible assets	Intangible assets under development	Total
Carrying amount at 31 December 2018	**475,946**	**28,710,791**	**29,186,737**
Additions	1,600,195	10,983,839	12,584,034
Disposals, net amount	-	-	-
Transfers	39,694,630	(39,694,630)	-
Depreciation charges (Note 22)	(1,517,046)	-	(1,517,046)
Disposal of depreciation charges	28,295	-	28,295
Carrying amount as at 31 December 2019	**40,282,020**	**-**	**40,282,020**
Cost at 31 December 2019	42,606,159	-	42,606,159
Accumulated depreciation	(2,324,139)	-	(2,324,139)
Carrying amount as at 31 December 2019	**40,282,020**	**-**	**40,282,020**
Additions	13,101,359	1,011,723	14,113,082
Disposals, net amount	-	-	-
Depreciation charges (Note 22)	(4,767,828)	-	(4,767,828)
Carrying amount as at 31 December 2020	**48,615,551**	**1,011,723**	**49,627,274**
Cost at 31 December 2020	55,707,519	1,011,723	56,719,242
Accumulated depreciation	(7,091,968)	-	(7,091,968)
Carrying amount as at 31 December 2020	**48,615,551**	**1,011,723**	**49,627,274**

Intangible assets include SAP software acquired under license and modified for using by the Bank. The implementation process included three stages. The first and the second stages were started in 2017 and completed in February 2019 and accepted to use from 1 March 2019. The depreciation period of the SAP software was defined as 10 years. The third phase of program implementation was partially completed in 2020.

Assets held for sale/investment property

Investment property is represented by the building located at the address: Tashkent, Yashnabad district, 66. The building is partly operated (30%) by leasing to Tenge Bank JSCB, while the remaining 70% of the building is currently under construction.

The value of the building is accounted for at the historical cost of construction costs. For purposes of fair value measurement, Investment Property is classified as Level 3 with unobservable inputs.

On 13 January, the Bank sold the building to ASIA INSHURANS for UZS 32 billion. For the sale of the building the Bank engaged appraisers "Partner Evaluator Consulting". According to the reports of appraisers on 8 January 2021, the cost of the building amounted to UZS 32 billion.

(in thousands of Uzbekistan soums)

	Commercial real estate
Carrying amount at 31 December 2018	**-**
Transfer from plant and equipment	26,113,832
Accrued depreciation	(314,119)
Carrying amount as at 31 December 2019	26,113,832
Accumulated depreciation as at 31 December 2019	(314,119)
Carrying amount at 31 December 2019	**25,799,713**
Additions	2,846,095
Accrued depreciation	(541,165)
Carrying amount as at 31 December 2020	28,645,807
Accumulated depreciation at 31 December 2020	(855,283)
Transfer to assets held for sale	**(28,104,643)**
Carrying amount at 31 December 2020	**-**

11 Other assets

	31 December 2020	31 December 2019
Other financial assets:		
Commissions and other cash receivable from customers	8,839,019	11,563,483
Paynet accounts receivable	5,618,959	5,891,444
SWAP transaction revaluation	1,064,561	
Money transfer accounts receivable	733,384	691,706
Accounts receivable under plastic card systems	364,614	276,389
Settlements with VISA International	75,470	813,557
Dividends receivable from sold subsidiaries	-	1,915,240
ECL allowance	(4,348,595)	(1,825,669)
Total other financial assets	**12,347,412**	**19,326,150**
Other non-financial assets:		
Advance payments for services	6,511,064	3,446,117
Office supplies and other inventories	4,445,053	3,780,785
Prepaid taxes other than income tax	2,024,814	914,058
Repossessed collateral	1,394,968	-
Prepaid expenses and advances	1,312,421	3,543,449
Prepayments to suppliers	1,049,248	451,580
Other	1,147,904	1,498,499
Life insurance for employees	-	8,000,000
Total other non-financial assets	**17,885,472**	**21,634,488**
Total other assets	**30,232,884**	**40,960,638**

As of 31 December 2020, other non-financial assets include, office supplies, advances for infokiosk and other operational support services.

(in thousands of Uzbekistan soums)

The following information is an analysis of the credit quality of other financial assets assessed for impairment as at 31 December 2020:

	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets that are not credit-impaired	Stage 3 Lifetime ECLs for assets that are credit-impaired	Total
Other financial assets recognized at amortized cost				
Not overdue	7,416,903	-	-	7,416,903
Overdue less than 30 days	-	2,495,000	-	2,495,000
Overdue 30-90 days	-	1,207,040	-	1,207,040
Overdue 91-180 days	-	-	67,826	67,826
Overdue 181-360 days	-	-	787,065	787,065
Overdue more than 360 days	-	-	4,722,173	4,722,173
Total	**7,416,903**	**3 702 040**	**5,577,064**	**16,696,007**
ECL allowance	**(339)**	**(118,055)**	**(4,230,201)**	**(4,348,595)**
Carrying amount	**7,416,564**	**3,583,985**	**1,346,863**	**12,347,412**

The following information is an analysis of the credit quality of other financial assets assessed for impairment as at 31 December 2019:

	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets that are not credit-impaired	Stage 3 Lifetime ECLs for assets that are credit-impaired	Total
Other financial assets recognized at amortized cost				
Not overdue	6,320,093	-	-	6,320,093
Overdue less than 30 days	-	9,268,110	-	9,268,110
Overdue 30-90 days	-	2,095,763	-	2,095,763
Overdue 91-180 days	-	-	224,497	224,497
Overdue 181-360 days	-	-	61,494	61,494
Overdue more than 360 days	-	-	3,181,862	3,181,862
Total	**6,320,093**	**11,363,873**	**3,467,853**	**21,151,819**
ECL allowance	**(335)**	**(204,111)**	**(1,621,223)**	**(1,825,669)**
Carrying amount	**6,319,758**	**11,159,762**	**1,846,630**	**19,326,150**

The analysis of change in ECL allowance on other financial assets during 2020 and 2019 is presented below:

	31 December 2020	31 December 2019
ECL allowance as at 1 January	**1,825,669**	**1,185,051**
Creation (reversal) of ECL allowance	2,522,926	640,618
ECL allowance as at 31 December	**4,348,595**	**1,825,669**

(in thousands of Uzbekistan soums)

12 Due to other banks

	31 December 2020	31 December 2019
Commitments on letters of credit	122,844,984	96,049,814
Short-term deposits to other banks	2,042,636	25,111,765
Long-term deposits to other banks	237,465,375	206,067,105
Total due to other banks	**362,352,995**	**327,228,684**

See Note 29 for disclosure on fair value of each category of amounts due to other banks. Interest rate analysis of amounts due to other banks is disclosed in Note 26.

As at 31 December 2020, the Bank had large deposits from three banks (2019: three banks) with the total amount of UZS 219,673,639 thousand (2019: UZS 198,614,590 thousand) or 61% of due to other banks (2019: 61%).

13 Amounts due to customers

	31 December 2020	31 December 2019
State and public organisations		
- Current/settlement accounts	133,200,810	96,083,193
- Term deposits	353,844,802	137,561,231
Other legal entities		
- Current/settlement accounts	940,356,424	704,377,542
- Term deposits	485,270,124	1,080,081,199
Individuals		
- Current/settlement accounts	179,221,782	131,564,405
- Term deposits	1,020,514,549	896,638,350
Total customer accounts	**3,112,408,491**	**3,046,305,920**

Economic sector risk concentrations of the customer accounts are as follows:

	31 December 2020		31 December 2019	
	Amount	%	Amount	%
Individuals	1,199,736,322	38.6%	1,028,202,756	33.8%
Production	631,960,996	20.3%	1,101,149,134	36.2%
State and public organisations	487,045,612	15.6%	233,644,424	7.7%
Services	296,691,877	9.5%	192,396,083	6.3%
Trade	221,694,059	7.1%	214,506,284	7.0%
Financial institutions	110,127,678	3.5%	101,893,731	3.3%
Construction	102,461,460	3.3%	93,306,997	3.1%
Transport and communications	24,137,565	0,8%	53,129,560	1,7%
Real estate	14,664,713	0.5%	8,882,686	0.3%
Agriculture	12,850,209	0.4%	16,137,571	0.5%
Other	11,037,990	0.4%	3,056,695	0.1%
Total customer accounts	**3,112,408,491**	**100.0%**	**3,046,305,920**	**100.0%**

As at 31 December 2020, the Bank had 12 customers (2019: 13 customers) with balances of more than UZS 25 billion.
The total balance of these customers was UZS 601,974,085 thousand (2019: UZS 774,022,977 thousand) or 19% (2019: 25%) of the total amount of customers accounts.
Information on the fair value of customers accounts is disclosed in Note 29. Interest rate analysis of customer accounts is disclosed in Note 26.

(in thousands of Uzbekistan soums)

14 Other borrowed funds

	Currency	Interest rate	31 December 2020	31 December 2019
Agricultural Sector Support Fund under the Ministry of Finance of the Republic of Uzbekistan	UZS	8%	239,329,757	321,756,357
Fund for Financing State Development Programs under the Cabinet of Ministers of the Republic of Uzbekistan	UZS	0–10%	78,348,767	51,414,216
Ipoteka-Bank	UZS	5%	59,444,827	64,615,935
INCOFIN CVSO CVBA 3671 Foreign fund	UZS	17.3%	31,527,556	42,730,002
INCOFIN CVSO CVBA 3472 Foreign fund	Euro	5.5%	16,380,342	16,089,443
INCOFIN CVSO CVBA 3471 Foreign fund	Euro	5%	9,646,780	15,839,153
INCOFIN CVSO CVBA 4120 Foreign fund	Euro	5%	25,563,834	
INCOFIN CVSO CVBA 3473 VDK Bank	Euro	5%	6,414,395	10,551,349
Halk Bank SCJSC	UZS	0%	-	17,411,482
International Bank for Reconstruction and Development	USD	6m + variable spread + 0.2	12,572,304	11,419,644
National Bank of the Republic of Uzbekistan	UZS	0%	-	4,342,497
Long-term loans from CBU	UZS	3–10%	-	3,753,528
Total other borrowed funds			**479,228,562**	**559,923,606**

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 53 dated 25 January 2018 "On measures to introduce modern forms of organization of cotton and textile production", in 2020, the Bank attracted funds to finance companies involved in cotton production for one year at 8% per annum in the amount of UZS 239,329,757 thousand (2018: 321,756,357 thousand at 3.5%).

The amount of raised funds at the end of 2020 from foreign fund INCOFIN CVSO CVBA at an interest rate of 5% and 5.5% per annum in EUR and at an interest rate of 17.29% in local currency is UZS 89,532,907 thousand (2019: UZS 85,209,947 thousand).

In accordance with Presidential Resolution No. PP - 3777 "Every family is an entrepreneur", the Bank attracted funds from a number of banks of Uzbekistan at an interest rate of 3% to 5% per annum, with a maturity date of three years, including a six-month grace period on the principal in 2019 and 2020.
The maturity date is from 2020 to 2026. As at 31 December 2020, borrowings under the program amounted to UZS 59,444,827 thousand. (2019: UZS 90,093,356 thousand).

In accordance with the Presidential Resolution No. PP - 4581 "On measures to further expand the network of organizations of preschool education by supporting public-private partnerships in the field of preschool education and ensure wide coverage of children with preschool education" the Bank signed a loan agreement with the Ministry of Finance of the Republic of Uzbekistan Agreement. As at 31 December 2020, borrowings under the program amounted to UZS 19,286,385 thousand at the interest rate of 3-10%.

In accordance with Presidential Resolution No. PP - 3651 "About measures for further stimulation and development of system of preschool education" ("the Presidential Resolution"), the Fund for Financing State Development Programs under the Cabinet of Ministers of the Republic of Uzbekistan ("the Fund") provided non-interest loans to commercial banks in Uzbekistan to further finance the creation of non-state preschool education institutions. The bank signed a credit agreement with the Fund for a line of credit with a maturity period from 2033 to 2034 in accordance with the Presidential Resolution. As at 31 December 2020, the amount used was UZS 51 314 382 thousand (2019: UZS 51,414,216 thousand).

In accordance with Presidential Resolution UP-4135 "About organization of activities of the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan" and Presidential Resolution UP-5643 "About measures for improvement the management system in the areas of investment and foreign trade", as well as to ensure broad attraction of foreign investment and improve the efficiency of the organization of work on the development of foreign trade activities of the republic". In 2020, the Bank signed a loan agreement with the Fund for Development and Material Incentives of the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan for the issuance of a credit line with a maturity until 2035. As at December 31, 2020, the amount used was UZS 7,748,000 thousand.

(in thousands of Uzbekistan soums)

On 17 May 2018, the Bank signed an agreement with the International Bank for Reconstruction and Development in the total amount of USD 12,000,000 with an interest rate of LIBOR 6m + variable IBRD spread + 0.2% until June 2043. The change inclused the exchange rate change.

15 Subordinated debt

	Currency	Maturity date	Interest rate	31 December 2020	31 December 2019
Textile Finance Khorezm FE LLC	USD	30 December 2027	6.0%	78,624,079	-
Textile Finance Khorezm FE LLC	UZS	31 December 2025	10.1%	-	71,726,273
Total subordinated debt				**78,624,079**	**71,726,273**

The subordinated debt attracted by the Bank from Textile Finance Khorezm on 30 December 2018 for the amount of UZS 63,000,000 thousand with an interest rate of 10,1% p.a. with a maturity date until 31 December 2025 which includes unconditional provision of principal amount and interest indexation linked to UZS/USD rate change was terminated and transferred into a subordinated USD currency debt.

16 Other liabilities

	31 December 2020	31 December 2019
Personnel expenses accrued	3,463,086	1,231,209
Money transfer accounts payable	2,665,621	3,301,851
Trade payables	2,000,884	1,641,552
Accounts payable for professional services	700,000	-
Settlements with employees	275,400	291,285
Lease liabilities	-	165,575
Accounts payable to Deposit Guarantee Fund	-	2,064,998
Other	63,942	548,131
Total other financial liabilities	**9,168,933**	**9,244,601**
Provision for guarantees	264,001	77,193
Advances received on operating lease	3,596	2,733,787
Taxes payable other than income tax	-	1,053,787
Current income tax payable	-	365,047
Other	3,050	-
Total other non-financial liabilities	**270,646**	**4,229,814**
Total other liabilities	**9,439,579**	**13,474,415**

(in thousands of Uzbekistan soums)

17 Reconciliation of liabilities resulting from financial activities

The table below provides changes in the Bank's liabilities resulting from financing activities, including both monetary and non-monetary changes.

Liabilities resulting from financing activities are those for which cash flows have been or future cash flows will be classified in the Bank's Statement of Cash flows as cash flows from financing activities.

	1 January 2020	Cash inflow from financing activities	Cash outflow from financing activities	Interest paid	Cash flows			31 December 2020
					Effect of movements in exchange rates	Interest accrued	Settlements with founders	
Other borrowed funds	559,923,606	340,531,930	(426,907,120)	(37,649,379)	8,589,254	34,740,271	-	479,228,562
Subordinated debt	71,726,273	76,313,711	(71,726,273)	(5,642,866)	2,263,188	5,690,046	-	78,624,079
Share capital	400,000,000	-	-	-	-	-	-	400,000,000

	1 January 2019	Cash inflow from financing activities	Cash outflow from financing activities	Interest paid	Cash flows			31 December 2019
					Effect of movements in exchange rates	Interest accrued	Settlements with founders	
Other borrowed funds	170,540,597	544,609,312	(164,526,604)	(6,633,812)	5,452,820	10,481,293	-	559,923,606
Subordinated debt	63,000,000	-	-	(6,670,797)	8,726,273	6,670,797	-	71,726,273
Dividends paid to shareholders	-	-	(35,788,000)	-	-	-	35,788,000	-
Share capital	320,000,000	80,000,000	-	-	-	-	-	400,000,000

18 Share capital

	Number of outstanding shares (in thousands)	Ordinary shares	Share premium	Total
At 1 January 2019	**320,000**	**320,000,000**	**1,853,395**	**321,853,395**
The issue of new shares	80,000	80,000,000	-	80,000,000
At 31 December 2019	**400,000**	**400,000,000**	**1,853,395**	**401,853,395**
The issue of new shares	-	-	-	-
At 31 December 2020	**400,000**	**400,000,000**	**1,853,395**	**401,853,395**

Share premium is the excess of contributions received over the nominal value of shares issued.

In 2020, no shares were issued, based on the decision of the shareholders meeting, the latest registered issue of shares was in 2019 UZS 80,000,000 thousand, which were paid in cash by new and current shareholders. Nominal value of each share is UZS 1 000.

19 Net interest income

	For the year ended 31 December 2020	For the year ended 31 December 2019
Interest income calculated using the effective interest rate method		
Loans and advances to customers	429,045,284	363,010,187
Due from other banks	14,332,703	10,071,406
Government bonds	7,240,411	2,469,184
Total interest income calculated using the effective interest rate method	**450,618,398**	**375,550,777**
Other interest income		
Net investments in finance lease	41,306,510	22,268,640
Interest expense		
Customer accounts	210,270,731	172,945,699
Other borrowed funds	34,740,271	14,132,305
Due to other banks	19,963,372	20,101,175
Subordinated debt	5,690,046	6,670,797
Debt securities issued	234,192	621,189
Other	896,149	-
Total interest expense	**271,794,761**	**214,471,165**
Net interest income	**220,130,147**	**183,348,252**

Interest income on cash and cash equivalents is included in interest income on amounts due from other banks.
Interest income on impaired loans and advances to customers for the year ended 31 December 2020 was UZS 6,470,303 thousand (2019: UZS 3,257,676 thousand).

(in thousands of Uzbekistan soums)

20 Fees and commission

Fee and commission income and expense comprise:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Fee and commission income		
- Settlement operations	33,463,617	15,470,516
- Cash operations	27,163,211	16,173,776
- International cash transfers	22,299,373	21,749,545
- Conversion operations	22,259,815	16,049,401
- Subscription fee for the bank account maintenance	20,034,098	25,872,279
- Paynet payment system	4,788,722	5,068,593
- Services for plastic cards	2,151,223	2,378,125
- Internet banking	2,035,854	1,131,647
- Guarantees	1,899,373	5,365,146
- Letters of credit	1,872,995	512,267
- Bank statements	177,367	80,380
- Registration fee	1,092	79,064
- Consulting services	-	5,286,054
- Other	1,592,219	1,034,935
Total fee and commission income	**139,738,959**	**116,251,728**

	For the year ended 31 December 2020	For the year ended 31 December 2019
Commissions and fees		
- Settlement operations	15,694,584	5,863,894
- Foreign currency operations	11,834,341	6,640,795
- Cash operations	3,699,930	6,941,887
- Letters of credit	604,762	6,292,927
- Other	2,553,341	1,815,690
Total fee and commission expense	**34,386,958**	**27,555,193**

21 Other operating income

	For the year ended 31 December 2020	For the year ended 31 December 2019
Income from investment property lease	7,544,311	5,375,422
Income from sale of property, plant and equipment	83,155	1,299,544
Fines and penalties	420,760	408,174
Other non-interest income	166,522	398,861
Total other operating income	**8,214,748**	**7,482,001**

(in thousands of Uzbekistan soums)

22 Administrative and other operating expenses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Personnel expenses	110,401,362	88,196,322
Depreciation	26,311,154	18,514,590
Professional services	11,134,575	3,406,652
Charity	10,663,407	728,091
Security services expenses	7,938,218	7,685,378
Taxes other than income tax	6,577,372	5,770,753
Repair and maintenance	6,359,780	4,390,119
Office supplies	5,791,836	5,386,329
Contributions to the Deposit Guarantee Fund	4,243,886	8,869,848
Leases	2,411,741	4,020,123
Communications	1,727,041	1,598,613
Utility services	1,624,300	1,562,456
Advertising	1,521,171	1,521,957
Fuel	1,326,913	1,176,059
Entertainment costs	638,291	712,697
Fines incurred	296,867	327,509
Other	2,575,424	2,253,735
Total administrative and other operating expenses	**201,543,338**	**156,121,231**

Personnel expenses include mandatory social contributions in the amount of UZS 10,284,869 thousand (2019: UZS 8,989,726 thousand).
Charity expenses in 2020, include expenses to the Coronavirus Foundation. JSCB InfinBank, in agreement with the Bank's shareholders, transferred USD 1 million at the exchange rate of the Central Bank at the time of payment.

23 Corporate income tax

(a) Components of income tax expense

Income tax expense recognized in profit or loss for the year comprises the following:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Current income tax expense	26,224,265	19,252,301
Deferred tax	(4,492,507)	(2,064,559)
Income tax expense for the year	**21,731,758**	**17,187,742**

(b) Reconciliation of tax expense and profit or loss multiplied by the applicable tax rate

Income tax is accrued in accordance with the Tax Code of the Republic of Uzbekistan. The effective income tax rate for banks in 2020 is 20% (2019: 20%) of taxable income.
According to Uzbek tax legislation the Bank also pays other taxes and contributions related to its operating activity.

(in thousands of Uzbekistan soums)

The following is a reconciliation between the expected and actual tax levy:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Profit before tax, including profit from discontinued operations	**102,869,788**	**92,757,702**
Theoretical tax charges at statutory rate 20% (2019: 20%)	20,573,958	18,551,540
Non-deductible expenses	1,593,800	1,420,961
Tax-exempt income	(436,000)	(1,489,307)
Tax effect on income taxable at different rates (14% -16%)	-	(1,295,452)
Income tax expense for the year	**21,731,758**	**17,187,742**

(c) Deferred taxes analyzed by type of temporary difference

(c) Deferred taxes analyzed by type of temporary difference

Differences between IFRS and the tax legislation of the Republic of Uzbekistan result in certain temporary differences between carrying amount of a number of assets and liabilities for the purpose of the financial statements and their tax base. The tax effect of movements in these temporary differences is detailed below and recognized at 20% rate (2019: 20%).

	2020	(Recognized)/ reversed in profit or loss	2019	(Recognized)/ reversed in profit or loss	2018
Tax effect of temporary differences that decrease/(increase) the taxable base					
Loans and advances to customers	4,741,752	1,136,000	3,605,752	1,432,732	2,173,020
Property and equipment and intangible assets	3,124,552	2,658,471	466,081	559,535	(93,454)
Other assets	1,961,004	145,816	1,815,188	907,944	907,244
Cash and cash equivalents	1,658	(2,043)	3,701	(72)	3,773
Due from other banks	94,718	92,822	1,896	(16,791)	18,687
Other liabilities	421,592	305,174	116,418	(702,625)	819,043
Customer accounts	-	-	-	40,103	(40,103)
Other	-	156,267	(156,267)	(156,267)	-
Net deferred tax assets	**10,345,276**	**4,492,507**	**5,852,769**	**2,064,559**	**3,788,210**

(in thousands of Uzbekistan soums)

24 Dividends

	For the year ended 31 December 2020	For the year ended 31 December 2019
Dividends payable as at 1 January 2019	**-**	**-**
Dividends declared during the year	-	35,788,000
Dividends paid during the year	-	(35,788,000)
Dividends payable as at 31 December 2019	**-**	**-**
Dividends per share declared during the year (in UZS per share)	**-**	**93**

25 Segment analysis

Operating segments are components that engage in business activities from which an entity may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. An individual or a group of individuals engaged in allocation of resources and evaluation of performance of the entity's activities may be the chief operating decision maker. The Bank's Management Board performs the responsibilities of the chief operating decision maker.

(a) Description of products and services from which each reportable segment derives its revenues

The Bank is organized on the basis of two main business segments:

- Corporate services are direct debit services, current accounts, deposits, overdrafts, loans and other credit lines, foreign currency derivatives for legal entities, including small and medium enterprises, and investments in legal entities;
- Retail services are banking services, current accounts of private customers, savings, deposits, investment savings products, storage, debit cards, consumer loans and mortgage loans.
- Non-distributable represent operations and transactions with customers other than corporate or retail banking.

(b) Factors used by management to identify the reportable segments

Segments of the Bank are strategic business units focused on different customers. They are managed separately because each business unit requires different marketing strategies and service levels. Management applies the key principle of IFRS 8 *Operating Segments* in determining which set of financial information should form the basis for operating segments.

(c) Measure of profit or loss of operating segment, assets and liabilities

The chief operating decision maker reviews the financial information prepared on the basis of International Financial Reporting Standards. The chief operating decision maker assesses the efficiency of each segment based on profit before tax.

(d) Information about profit and loss of reportable segment, assets and liabilities

Information on reportable segments for the year ended 31 December 2020 is set out below:

(in thousands of Uzbekistan soums)

	Corporate services	Retail services	Unallocated	Total
Interest income	294,652,543	175,699,251	21,573,114	**491,924,908**
Fee and commission income	96,930,374	42,808,585	-	**139,738,959**
Net foreign exchange gain	-	-	220,953	**220,953**
Net (loss)/ gain on revaluation of foreign currency	-	-	3,984,231	**3,984,231**
Income from swap operations	2,601,364	-	-	**2,601,364**
Other operating income	7,027,629	-	1,187,119	**8,214,748**
Total income	**401,211,910**	**218,507,836**	**26,965,417**	**646,685,163**
Interest expense	(116,898,127)	(99,062,650)	(55,833,984)	**(271,794,761)**
Commissions and fees	(27,002,205)	(7,384,753)	-	**(34,386,958)**
Administrative and other operating expenses	(90,193,639)	(46,399,850)	(64,949,849)	**(201,543,338)**
Allowance for loan portfolio impairment	(20,318,568)	(12,582,109)	(479,181)	**(33,379,858)**
Allowance for impairment of other assets	(2,710,460)	-	-	**(2,710,460)**
Income tax expenses	-	-	(21,731,758)	**(21,731,758)**
Total expenses	**(257,122,999)**	**(165,429,362)**	**(142,994,772)**	**(565,547,133)**
Segment results	**144,088,911**	**53,078,474**	**(116,029,355)**	**81,138,030**
Cash and cash equivalents	506,184,658	272,030,815	-	**778,215,473**
Due from other banks	96,469,661	-	-	**96,469,661**
Loans and advances to customers	2,388,273,084	820,347,693	-	**3,208,620,777**
Investment securities	-	-	46,078,917	**46,078,917**
Investments at fair value through profit or loss	-	-	3,158,143	**3,158,143**
Prepayment of current income tax liabilities	-	-	8,653,950	**8,653,950**
Deferred tax assets	-	-	10,345,276	**10,345,276**
Property and equipment and intangible assets	-	-	403,791,364	**403,791,364**
Assets held for sale	-	-	28,104,643	**28,104,643**
Other assets	12,668,329	8,814,476	8,750,079	**30,232,884**
Total assets of reportable segments	**3,003,595,732**	**1,101,192,984**	**508,882,372**	**4,613,671,088**
Due to other banks	-	-	362,352,995	**362,352,995**
Customer accounts	1,912,672,159	1,199,736,332	-	**3,112,408,491**
Other borrowed funds	419,783,735	-	59,444,827	**479,228,562**
Debt securities issued	1,853	100,000	-	**101,853**
Subordinated debt	78,624,079	-	-	**78,624,079**
Other liabilities	5,094,581	3,045,674	1,299,324	**9,439,579**
Total liabilities of reportable segments	**2,416,176,406**	**1,202,882,006**	**423,097,147**	**4,042,155,559**

(in thousands of Uzbekistan soums)

Information on reportable segments for the year ended 31 December 2019 is set out below:

	Corporate services	Retail services	Unallocated	Total
Interest income	245,710,796	139,568,031	12,540,590	**397,819,417**
Fee and commission income	79,361,168	36,890,560	-	**116,251,728**
Net foreign exchange gain	-	-	11,509,392	**11,509,392**
Income from swap operations	1,185,129	-	-	**1,185,129**
Other operating income	6,102,670	79,787	1,299,544	**7,482,001**
Total income	**332,359,763**	**176,538,378**	**25,349,526**	**534,247,667**
Interest expense	(120,238,538)	(74,131,452)	(20,101,175)	**(214,471,165)**
Commissions and fees	(24,502,010)	(3,053,183)	-	**(27,555,193)**
Net foreign exchange loss	-	-	(27,139,182)	**(27,139,182)**
Administrative and other operating expenses	(93,777,435)	(29,768,416)	(32,575,380)	**(156,121,231)**
Loss on initial recognition	(1,089,673)	-	-	**(1,089,673)**
Allowance for loan portfolio impairment	(14,373,343)	(176,009)	84,311	**(14,465,041)**
Allowance for impairment of other assets	(648,480)	-	-	**(648,480)**
Income tax expenses	-	-	(17,187,742)	**(17,187,742)**
Total expenses	**(254,629,479)**	**(107,129,060)**	**(96,919,168)**	**(458,677,707)**
Segment results	**77,730,284**	**69,409,318**	**(71,569,642)**	**75,569,960**
Cash and cash equivalents	601,927,640,	113,154,592	-	715,082,232
Due from other banks	247,053,062,	-	-	,247,053,062
Loans and advances to customers	2,344,172,581	746,127,181	-	3,090,299,762
Prepayment of current income tax liabilities	-	-	5,468,968	5,468,968
Deferred tax assets	-	-	5,852,769	,5,852,769
Property and equipment and intangible assets	-	-	380,125,719	380,125,719
Investment property	-	-	25,799,713	25,799,713
Other assets	11,732,783	7,661,080	21,566,775	40,960,638
Total assets of reportable segments	**3,204,886,066**	**866,942,853**	**438,813,944**	**4,510,642,863**
Due to other banks	-	-	327,228,684	327,228,684
Customer accounts	2,018,103,165	1,028,202,755	-	3,046,305,920
Other borrowed funds	469,830,250	3,753,529	86,339,827	559,923,606
Debt securities issued	6,466	1,600,000	-	1,606,466
Subordinated debt	71,726,273	-	-	71,726,273
Other liabilities	5,154,095	3,302,171	5,018,149	13,474,415
Total liabilities of reportable segments	**2,564,820,249**	**1,036,858,455**	**418,586,660**	**4,020,265,364**

(e) Analysis of revenues by products and services

The Bank's revenues are analyzed by products and services in Note 19 (interest income), Note 20 (fee and commission income) and Note 21 (other operating income).

(f) Geographical information

The Bank operates in Uzbekistan and the Bank's operations with foreign counterparts are disclosed in Note 26. All of the Bank's revenue is generated in Uzbekistan as the majority of financial assets located outside of Uzbekistan are interest free. .

(g) Major customers

The Bank has no customers with revenues exceeding 10% of the total Bank's revenues.

(in thousands of Uzbekistan soums)

26 Financial risk management policy

The Bank's risks are managed with respect to financial, operational and legal risks. Financial risks include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The main objective of financial risk management is to determine risk limits and further ensure compliance with established limits. Operational and legal risk management should ensure the proper compliance with the internal regulations and procedures in order to minimize these risks.

Credit risk The Bank 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. The Bank sets the level of its credit risk by establishing the maximum amount of the risk with respect to an individual borrower or a group of borrowers and industry segments.

The Bank's maximum exposure to credit risk varies considerably and depends on both individual risks and general market economy risks. For financial assets recognized in the statement of financial position, the maximum exposure equals the carrying amount of those assets before any offset or collateral.

The maximum level of exposure to credit risk in respect of financial assets as at the reporting date can be represented as follows.

	31 December 2020	31 December 2019
Cash and cash equivalents	498,559,037	573,798,414
Due from other banks	96,943,345	247,062,544
Loans and advances to customers	3,247,710,065	3,113,036,202
Investment securities	46,078,917	-
Other financial assets	12,347,412	21,151,819
Total maximum exposure to credit risk	**3,901,638,776**	**3,955,048,979**

The Bank checked a credit quality to ensure early identification of possible changes in the solvency of counterparties, including regular collateral reviews. Counterparty limits are set using the Bank's internal credit rating system, which assigns each counterparty a risk rating. The credit quality review aims to enable the Bank to assess a potential loss as a result of the risks it is exposed to and take corrective actions.

If necessary, a major portion of loans is either collateralized or secured with guarantees from institutions or individuals, the exposure to credit risk in terms of off-balance sheet assets is disclosed in Note 28.

Risk reduction and limitation policy

The Bank manages, sets limits and monitors the concentration of credit risk wherever it is identified - in particular, with respect to individual counterparties and groups, and for industries.

The Bank monitors credit risk by setting limits for one borrower or a group of related borrowers, and by setting limits on geographical and industry segments. Such risks are monitored regularly, and the limits are reviewed at least once a year. Limits of credit risk by products, industries and countries are approved quarterly by the Management.

Exposure to credit risk is managed through a regular analysis of the borrowers' and potential borrowers' ability to meet their obligations to repay interest and principal and, if necessary, by changing credit limits. The following are other specific methods of control and measures to reduce credit risk.

(a) *Collateral* The Bank uses a number of techniques and practices to reduce credit risk. The most traditional one of these is the receipt of collateral for loans issued, which is a common practice. The Bank applies instructions on the acceptability of specific groups of collateral or credit risk mitigation. The main types of collateral for loans and advances include:

- surety;
- vehicle;
- real estate;
- equipment;
- cash deposit;
- residential real estate;
- insurance certificate.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument.

(b) *Limits* The Bank has established several credit committees that approve credit limits for individual borrowers:

- The Credit Committee of the Supervisory Board reviews and approves credit limits within its powers in the course of the Bank's current activities for the period until the next annual meeting of shareholders and reviews and approves credit limits exceeding 10% of Tier 1 capital and conducts weekly meetings;
- The Credit Committee of the Head Office reviews and approves credit limits up to 10% of Tier 1 capital and conducts weekly meeting; and
- The Credit Committee of branches reviews and approves credit limits established by the head office and conducts daily meetings.

Credit applications together with financial analysis of a potential borrower, which includes analysis of liquidity, profitability, interest coverage ratio and debt service ratio prepared by the relevant client managers, are submitted to the Credit Committee for approval of the credit limit.

(c) *Concentration of risks of financial assets exposed to credit risk* Concentration of risk occurs when several counterparties are engaged in similar business activities or similar geographical area, or have similar economic characteristics that could affect the performance of the contractual obligations, whether due to changes in economic, political or other conditions. Concentration shows the relative sensitivity of the Bank's performance to changes affecting a particular industry or geographic location.

In order to avoid an excessive concentration of risks, the Bank's credit policies and procedures include specific recommendations of the Central Bank of the Republic of Uzbekistan aimed at maintaining a diversified portfolio. Certain concentrations of credit risks are controlled and managed accordingly. The Bank's management focuses on the concentration risk as follows:

- The maximum risk for one borrower or a group of borrowers should not exceed 25% of the Bank's Tier 1 capital;
- The maximum exposure on unsecured loans should not exceed 5% of the Bank's Tier 1 capital;
- The total amount of all large loans should not exceed 8 times the size of the Bank's Tier 1 capital;
- The total amount of loan to a related party should not exceed the Bank's Tier 1 capital.

(d) *Monitoring of quality of loan portfolio and reporting* In accordance with the Bank's credit policy, the loan portfolio monitoring department is responsible for monitoring of:

- intended use of borrowed funds
- financial indicators and status of borrowers
- collateral meeting market requirements and
- quality of loan portfolio.

The Internal Audit Service is responsible for control over compliance of the loan portfolio with the requirements and regulations of the Central Bank of the Republic of Uzbekistan, as well as the Bank's internal policies. Credit risk management processes within the Bank are audited annually by the Internal Audit Service that checks the adequacy of procedures and proper classification of loans. The Internal Audit Service discusses the results of all assessments with the management and submits reports on its findings and recommendations to the Bank's Board.

The management assesses the adequacy of the allowance for credit losses on a monthly basis. The Bank's management receives a full risk report once a quarter in order to provide all necessary information for assessment and conclusion on credit risks of the Bank.

The Bank's Credit department analyzes loans by maturities and subsequently controls overdue balances. Therefore, the management believes it is necessary to provide information on periods outstanding and other credit risk information as disclosed in the Notes.

Credit risk for off-balance sheet financial instruments is defined as a probability of losses as a result of another party to a financial instrument transaction failing to fulfill the contractual terms. The Bank applies the same credit policy for contingent liabilities as for balance sheet financial instruments by approving transactions, using risk limits and monitoring procedures.

(in thousands of Uzbekistan soums)

Credit quality of financial assets

The tables below provide information about changes in the gross carrying amounts of financial assets for the period that contributed to changes in the allowance for impairment during the year ended 31 December 2020 and 2019:

2020	Loans and advances to customers			Contingencies	Due from other banks	Cash and cash equivalents/ Government bonds	Other assets		
	Stage 1 12-months expected credit losses	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Stage 1 12-months expected credit losses**	**Stage 1 12-months expected credit losses**	**Stage 1 12-months expected credit losses**	**Stage 1 12-months expected credit losses**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**
Gross carrying amount as at 1 January 2020	**2,885,526,224**	**185,682,092**	**41,827,885**	**230,134,242**	**247,062,544**	**715,082,232**	**6,174,278**	**11,509,689**	**3,467,852**
Changes in gross carrying amount									
- Transfer to Stage 1	93,500,914	(91,342,069)	(2,158,845)	-	-	-	-	-	-
- Transfer to Stage 2	(214,220,287)	215,525,189	(1,304,902)	-	-	-	-	-	-
- Transfer to Stage 3	(84,297,188)	(3,651,302)	87,948,489	-	-	-	-	(9,185)	9,185
Partial repayments	(325,634,568)	(25,726,468)	(18,357,340)	3,471,524	(121,289,958)	65,110,946	1,879,980	231,713	-
Originated or acquired financial assets	1,840,663,994	-	-	153,219,467	49,425,323	46,376,149	298,112	3,497,127	5,936,210
Financial assets that have been derecognized	(1,310,982,576)	(79,036,200)	(24,088,729)	(49,369,969)	(78,254,564)	(2,241,454)	(935,467)	(11,527,304)	(3,836,183)
Write-off of assets	-	-	(18,759,413)	-	-	-	-	-	-
Change in exchange rates and other changes	84,667,263	2,478,351	1,002,187	-	-	-	-	-	-
Unwinding of discount in respect of gross carrying amount	-	-	8,447,364						
Gross carrying amount as at 31 December 2020	**2,969,223,776**	**203,929,593**	**74,556,696**	**337,455,264**	**96,943,345**	**824,327,873**	**7,416,903**	**3,702,040**	**5,577,064**
Allowances for ECL as at 31 December 2020	**(4,059,900)**	**(7,371,837)**	**(27,657,551)**	**(264,001)**	**(473 684)**	**(33,484)**	**(339)**	**(118,055)**	**(4,230,201)**

(in thousands of Uzbekistan soums)

2019	Loans and advances to customers			Contingencies	Due from other banks	Cash and cash equivalents	Other assets		
	Stage 1 12-months expected credit losses	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Stage 1 12-months expected credit losses**	**Stage 1 12-months expected credit losses**	**Stage 1 12-months expected credit losses**	**Stage 1 12-months expected credit losses**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**
Gross carrying amount as at 1 January 2019	**1,925,582,445**	**116,982,579**	**3,496,989**	**266,844,506**	**117,716,750**	**540,001,301**	**6,329,013**	**14,159,810**	**2,436,562**
Changes in gross carrying amount									
- Transfer to Stage 1	84,100,081	(83,637,340)	(462,741)	-	-	-	-	-	-
- Transfer to Stage 2	(194,887,627)	194,901,783	(14,156)	-	-	-	(324,945)	326,814	(1,869)
- Transfer to Stage 3	(38,150,272)	(1,774,001)	39,924,273	-	-	-	(405,220)	(1,390,628)	1,795,878
Partial repayments	(20,033,180)	(4,242,860)	4,930,532	7,260,421	86,828,896	48,307,305	678,760	728,429	11,420
Originated or acquired financial assets	2,142,108,307	-		160,385,210	78,281,846	175,657,788	86,643	10,376,444	647,291
Financial assets that have been derecognized	(1,028,130,381)	(40,993,501)	(6,906,485)	(204,355,895)	(35,764,948)	(48,884,162)	(189,973)	(12,691,180)	(1,421,430)
Write-off of assets	-	-	-	-	-	-	-	-	
Change in exchange rates and other changes	14,936,851	4,445,432	859,473	-	-	-	-	-	
Gross carrying amount as at 31 December 2019	**2,885,526,224**	**185,682,092**	**41,827,885**	**230,134,242**	**247,062,544**	**715,082,232**	**6,174,278**	**11,509,689**	**3,467,852**
Allowances for ECL as at 31 December 2019	**(2,718,980)**	**(3,108,928)**	**(16,908,532)**	**(77,193)**	**(9,482)**	**(18,504)**	**(335)**	**(204,111)**	**(1,621,223)**

(in thousands of Uzbekistan soums)

The tables below summarize the movements in the allowances for expected credit losses on financial assets for 2020 and 2019, respectively:

2020	Loans and advances to customers			Contingencies	Amounts due from other banks	Cash and cash equivalents/ Government bonds	Other assets		
	Stage 1 12-months expected credit losses	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Stage 1 12-months expected credit losses	Stage 1 12-months expected credit losses	Stage 1 12-months expected credit losses	Stage 1 12-months expected credit losses	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs
Allowances for ECL as at 1 January 2020	**2,718,980**	**3,108,928**	**16,908,532**	**77,193**	**9,482**	**18,504**	**335**	**204,111**	**1,621,223**
Movements in the allowances for ECL									
- Transfer to Stage 1	1,876,797	(1,529,259)	(347,538)	-	-	-	-	-	-
- Transfer to Stage 2	(2,900,619)	3,351,658	(451,039)	-	-	-	-	-	-
- Transfer to Stage 3	(9,318,070)	(88,426)	9,406,496	-	-	-	-	(43)	43
Net change in allowance	(1,981,214)	3,801,155	27,177,412	159,616	12,681	(37,821)	49	73,824	-
Originated or acquired financial assets	14,401,965	-	-	54,149	461,003	65,494	56	113,346	3,685,254
Financial assets that have been derecognised	(924,893)	(1,317,136)	(8,256,612)	(26,957)	(9,482)	(12,694)	(101)	(273,183)	(1,076,319)
Write-off of assets	-	-	(18,759,413)	-	-	-	-	-	-
Change in exchange rates and other changes	186,954	44,917	233,697	-	-	-	-	-	-
Unwinding of discount in respect of ECL present value	-	-	1,746,016	-	-	-	-	-	-
Allowances for ECL as at 31 December 2020	**4,059,900**	**7,371,837**	**27,657,551**	**264,001**	**473,684**	**33,483**	**339**	**118,055**	**4,230,201**

(in thousands of Uzbekistan soums)

2019	Loans and advances to customers			Contingencies	Amounts due from other banks	Cash and cash equivalents	Other assets		
	Stage 1 12-months expected credit losses	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Stage 1 12-months expected credit losses**	**Stage 1 12-months expected credit losses**	**Stage 1 12-months expected credit losses**	**Stage 1 12-months expected credit losses**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**
Allowances for ECL as at 1 January 2019	**4,076,056**	**918,554**	**1,308,213**	**69,331**	**93,434**	**18,863**	**345**	**67,051**	**1,117,655**
Movements in the allowances for ECL									
- Transfer to Stage 1	682,239	(581,695)	(100,544)	-	-	-	-	-	-
- Transfer to Stage 2	(2,426,507)	2,434,240	(7,733)	-	-	-	-	1,090	(1,090)
- Transfer to Stage 3	(5,114,750)	(15,791)	5,130,541	-	-	-	(82)	(6,471)	6,552
Net change in allowance	820,010	510,512	9,756,430	6,601	2,909	1,750	50	19,598	332,341
Originated or acquired financial assets	8,901,306			63,597	2,218	5,353	12	183,999	350,198
Financial assets that have been derecognised	(4,398,941)	(322,861)	(717,105)	(62,336)	(89,079)	(7,462)	10	(61,156)	(184,433)
Write-off of assets	-	-	-	-	-	-	-	-	-
Change in exchange rates and other changes	179,567	165,969	353,996	-	-	-	-	-	-
Unwinding of discount in respect of ECL present value	-	-	1,184,734	-	-	-	-	-	-
Allowances for ECL as at 31 December 2019	**2,718,980**	**3,108,928**	**16,908,532**	**77,193**	**9,482**	**18,504**	**335**	**204,111**	**1,621,223**

(in thousands of Uzbekistan soums)

Market risk. The Bank is exposed to the market risk related to open positions in (a) currency, (b) interest and (c) equity instruments which are exposed to the risk of general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, in case of more significant changes in the market the use of this approach does not always prevent the formation of losses exceeding the established limits.

Currency risk The Management sets limits on the level of accepted risk in terms of currencies and in general, both at the end of each day and within a single day, and monitors their compliance on a daily basis.

	31 December 2020			31 December 2019		
	Monetary financial assets	**Monetary financial liabilities**	**Net position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**
USD	1,891,278,204	(1,890,954,728)	323,476	1,746,780,647	(1,728,160,402)	18,620,245
Euro	175,655,447	(175,474,013)	181,434	247,656,356	(225,984,292)	21,672,064
Other	8,143,093	(8,116,359)	26,734	2,987,858	(1,840,058)	1,147,800
Net balance sheet position on financial assets and liabilities	**2,075,076,744**	**(2,074,545,100)**	**531,644**	**1,997,424,861**	**(1,955,984,752)**	**41,440,109**

The above analysis includes only monetary assets and liabilities. Investments in equity and non-monetary assets are not considered to give rise to any significant currency risk.

The following table demonstrates the Bank's sensitivity to a 10% increase and decrease in USD and EUR exchange rate against UZS as at 31 December 2020 and 2019. These sensitivity coefficients are used in presenting internal currency risk to key management personnel and represent management's assessment of possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items in foreign currency and adjusts their transfer at year-end by 10% change in foreign exchange rates.

The following table demonstrates the sensitivity of the post-tax financial result and equity to possible changes in exchange rates.

	31 December 2020	**31 December 2019**
USD strengthening by 10% (2019: 10%)	25,878	1,489,620
USD weakening by 10% (2019: 10%)	(25,878)	(1,489,620)
EUR strengthening by 10% (2019: 10%)	14,515	1,733,765
EUR weakening by 10% (2019: 10%)	(14,515)	(1,733,765)

Currency risk. The Management sets limits on the level of accepted risk in terms of currencies and in general, both at the end of each day and within a single day, and monitors their compliance on a daily basis.

Interest rate risk. The Group takes on exposure 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 reduce or create losses in the event that unexpected movements arise. Management sets limits on the acceptable level of interest rate discrepancy and monitors compliance with those limits on a daily basis.

The table below provides a general analysis of the Bank's interest rate risk. It also shows total financial assets and liabilities of the Bank at carrying amount by repricing dates in accordance with agreements or maturity dates, whichever is earlier.

(in thousands of Uzbekistan soums)

	On demand and less than 1 month	From 1 to 6 months	From 6 months to 1 year	More than 1 year	Total
At 31 December 2020					
Total interest bearing financial assets	235,044,988	1,000,713,028	730,574,648	1,184,333,724	**3,150,666,388**
Total interest bearing financial liabilities	121,183,624	507,482,643	447,581,233	1,553,929,918	**2,630,177,418**
Net interest rate gap as at 31 December 2020	**113,861,364**	**493,230,385**	**282,993,415**	**(369,596,194)**	**520,488,970**
At 31 December 2019					
Total interest bearing financial assets	154,165,377	553,704,066	510,505,142	1,928,349,405	**3,146,723,990**
Total interest bearing financial liabilities	139,943,623	447,894,235	696,374,876	1,714,200,776	**2,998,413,510**
Net interest rate gap as at 31 December 2019	**14,221,754**	**105,809,831**	**(185,869,734)**	**214,148,629**	**148,310,480**

The Bank monitors interest rates on financial instruments. The table below shows interest rates as at the respective reporting date, based on reports that have been analyzed by the Bank's key management personnel. For securities, interest rates represent yield to maturity based on market quotations as at the reporting date:

	31 December 2020			**31 December 2019**		
in %	**UZS**	**USD**	**EUR**	**UZS**	**USD**	**EUR**
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Due from other banks	16	6	-	-	2	-
Investment securities	14–16	-	-	-	-	-
Loans and advances to customers	1–38	7-18	7-18	1-38	7-16	7-11
Liabilities						
Due to other banks	3–15	2-7	2-4	3-14	2-7	7-12
Customer accounts	1–23	2-7	2-4	1-22	2-7	1-5
Debt securities issued	17–20	-	-	17–20	-	-
Other borrowed funds	3–17	3-5	5	0-17	4	5
Subordinated debt	-	6	-	10	-	-

The sign "-" in the table above means that the Bank does not have assets or liabilities in the corresponding currency.

Other price risk The Bank is exposed to the risk of early repayment by providing loans, including mortgage loans, which give the borrower the right to early repayment of loans.

(in thousands of Uzbekistan soums)

Geographical risk concentration

The following is an analysis of geographical concentration of the Bank's assets and liabilities as at 31 December 2020:

	Uzbekistan	OECD	Other countries	Total
Financial assets				
Cash and cash equivalents	707,287,548	3,301,234	67,626,691	**778,215,473**
Due from other banks	88,469,661	8,000,000	-	**96,469,661**
Loans and advances to customers	3,208,620,777	-	-	**3,208,620,777**
Investment securities	46,078,917	-	-	**46,078,917**
Investments at fair value through profit or loss	3,158,143	-	-	**3,158,143**
Other financial assets	12,347,412	-	-	**12,347,412**
Total financial assets	**4,065,962,458**	**11,301,234**	**67,626,691**	**4,144,890,383**
Financial liabilities				
Deposits of other banks	241,897,772	16,993,564	103,461,659	**362,352,995**
Customer accounts	3,112,408,491	-	-	**3,112,408,491**
Other borrowed funds	377,123,352	102,105,210	-	**479,228,562**
Debt securities issued	101,853	-	-	**101,853**
Subordinated debt	78,624,079	-	-	**78,624,079**
Other financial liabilities	9,168,933	-	-	**9,168,933**
Total financial liabilities	**3,819,324,480**	**119,098,774**	**103,461,659**	**4,041,884,913**
Net position on balance sheet financial instruments	**246,637,978**	**(107,797,540)**	**(35,834,968)**	**103,005,470**
Credit related commitments	**283,229,486**	**984,830**	**89,450,205**	**373,664,521**

The geographical concentration of the Bank's financial assets and liabilities as at 31 December 2019 is set out below.

	Uzbekistan	OECD	Other countries	Total
Financial assets				
Cash and cash equivalents	520,801,308	193,563,400	717,525	715,082,233
Due from other banks	168,678,734	78,374,328	-	247,053,062
Loans and advances to customers	3,090,299,762	-	-	3,090,299,762
Other financial assets	19,326,150	-	-	19,326,150
Total financial assets	**3,799,105,954**	**271,937,728**	**717,525**	**4,071,761,207**
Financial liabilities				
Deposits of other banks	133,734,117	78,762,150	114,732,417	327,228,684
Customer accounts	3,046,305,920	-	-	3,046,305,920
Other borrowed funds	462,448,581	97,475,025	-	559,923,606
Debt securities issued	1,606,466	-	-	1,606,466
Subordinated debt	71,726,273	-	-	71,726,273
Other financial liabilities	9,244,601	-	-	9,244,601
Total financial liabilities	**3,725,065,958**	**176,237,175**	**114,732,417**	**4,016,035,550**
Net position on balance sheet financial instruments	**74,039,996**	**95,700,553**	**(114,014,892)**	**55,725,657**
Credit related commitments	**167,823,650**	**148,491,328**	**9,432,168**	**325,747,146**

Liquidity risk Liquidity risk is the risk that the entity will encounter difficulty in meeting the financial liabilities. The Bank is exposed to the risk due to the daily need to use available cash for settlement of overnight deposits, customer accounts, repayment of deposits, provision of loans, payments under guarantees and derivative financial instruments that are settled in cash. The Bank does not maintain cash resources to meet all of these liabilities as experience shows that a minimum level of reinvestment of sufficient funds can be predicted with a high level of certainty. Liquidity risk is managed by the Committee for Assets and Liabilities of group I.

(in thousands of Uzbekistan soums)

The Bank tries to maintain a stable funding base consisting mainly of amounts due to other banks, corporate/individual deposits and debt securities. The Bank invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

Liquidity management of the Bank requires an analysis of the level of liquid assets necessary to settle liabilities when they mature; access to various sources of funding; availability of plans in the event of problems with financing and monitoring the compliance of liquidity ratios with legislative requirements. The Bank calculates liquidity ratios on a daily basis in accordance with the requirements of the Central Bank of the Republic of Uzbekistan.

These ratios include:

- Instant liquidity ratio (at least 25%), which represents the ratio of the amount of cash and other payment documents in the cash in bank, securities of the Government and the Central Bank of the Republic of Uzbekistan and cash in the bank accounts with the Central Bank of the Republic of Uzbekistan to the amount of liabilities. As at 31 December 2020, this ratio was 67.4% (2019: 47.8%), as stated in the report of the Central Bank of the Republic Uzbekistan.

The Treasury receives information on financial assets and liabilities. The Treasury ensures an adequate portfolio of short-term liquid assets, mainly consisting of short-term liquid trading securities, deposits with banks and other interbank instruments, in order to maintain a sufficient level of liquidity in general within the Bank.

The Treasury monitors the daily liquidity position and regularly conducts stress testing for liquidity under different scenarios covering standard and more unfavorable market conditions.

The amounts of liabilities in the table represent the contractual undiscounted cash flows, including total financial lease liabilities (before future financial payments), total liabilities on loans received, and financial guarantees. Such non-discounted cash flows differ from the amounts included in the statement of financial position since the amounts in the statement of financial position are based on discounted cash flows. Financial derivatives are included in the table at their contract cost payable or receivable unless the Bank anticipates an unwinding of the derivative position before maturity. In this case derivative instruments are included based on expected cash flows.

Where the amount payable is not fixed, the amount in the table is determined by reference to the conditions existing at the end of the reporting period. Currency payments are recalculated using the spot exchange rate at the end of the reporting period.

The following table shows the cash flows without discounting on financial liabilities and credit-related contingencies on the basis of their earliest possible contractual maturity. The total cash outflows disclosed in the tables are the contractual undiscounted cash flows on financial liabilities and credit-related contingencies. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be used.

The analysis of financial instruments by maturity dates without discounting as at 31 December 2020:

	On demand and less than 1 month	From 1 to 6 months	From 6 months Up to 1 year	Over 1 year	Total amount of cash outflow	Carrying amount
Liabilities						
Due to other banks	122,854,984	59,167,290	19,293,564	174,192,764	375,508,602	**362,352,995**
Customer accounts	1,271,953,316	465,508,354	483,297,747	1,130,768,654	3,351,528,071	**3,112,408,491**
Other borrowed funds	473,793	304,452,484	215,870,533	16,247,488	537,044,298	**479,228,562**
Debt securities issued	1,436	-	-	105,413	106,849	**101,853**
Subordinated debt	377,225	1,904,322	2,290,689	109,251,635	113,823,871	**78,624,079**
Other financial liabilities	9,168,933	-	-	-	9,168,933	**9,168,933**
Total financial liabilities	**1,404,829,687**	**831,032,450**	**720,752,533**	**1,430,565,954**	**4,387,180,624**	**4,041,884,913**
Credit related commitments	**373,664,521**	**-**	**-**	**-**	**373,664,521**	**373,664,521**

(in thousands of Uzbekistan soums)

The analysis of financial instruments by maturity dates without discounting as at 31 December 2019:

	On demand and less than 1 month	**From 1 to 6 months**	**From 6 months to 1 year**	**Over 1 year**	**Total amount of cash outflow**	**Carrying amount**
Liabilities						
Due to other banks	53,732,614	123,377,698	67,303,710	130,958,984	375,373,006	327,228,684
Customer accounts	1,051,491,740	333,211,166	336,035,236	1,680,962,651	3,401,700,793	3,046,305,920
Other borrowed funds	-	-	323,322,802	291,740,282	615,063,084	559,923,606
Debt securities issued	-	520,401	1,000,000	600,000	2,120,401	1,606,466
Subordinated debt	-	-	-	115,836,337	115,836,337	71,726,273
Other financial liabilities	9,244,601	-	-	-	9,244,601	9,244,601
Total financial liabilities	**1,114,468,955**	**457,109,265**	**727,661,748**	**2,220,098,254**	**4,519,338,222**	**4,016,035,550**
Credit related commitments	**190,493,942**	**135,253,204**	**-**	**-**	**325,747,146**	**325,747,146**

The Bank is not authorized to use the obligatory deposits held with the Central Bank of Uzbekistan to finance its operating activities and management classifies them as demand deposits within liquidity gap analysis on the ground that their nature is, in fact, to finance a sudden withdrawal of customer funds.

The Bank's management believes that the matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the successful management of the Bank. In banks, it is unusual for the specified items ever to be completely matched since transactions are often of an uncertain maturity and different type. The items mismatching potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its risks in case of change in interest and exchange rates.

The liquidity requirements for guarantees and letters of credit are significantly lower than the amount of the respective liabilities, as the Bank does not normally expect that funds under these liabilities will be claimed by third parties. The total amount of contractual commitments to provide loans does not necessarily represent the amount of cash that will be required in future, since many of these commitments may be unclaimed or terminated before their expiration date.

The Bank does not use the above analysis by maturities without discounting to manage liquidity. Instead, the Bank monitors the expected maturities and related expected liquidity gap as shown in the table below:

	On demand and less than 1 month	**From 1 to 6 months**	**From 6 months to 1 year**	**More than 1 year**	**Total**	**Overdue**
At 31 December 2020						
Cash and cash equivalents	778,215,473	-	-	-	**778,215,473**	**-**
Due from other banks	46,366,630	4,756,103	36,673,165	8,673,763	**96,469,661**	**-**
Investment securities	16,062,417	20,016,500	10,000,000	-	**46,078,917**	**-**
Investments at fair value through profit or loss	-	-	-	3 158,143	**3,158,143**	**-**
Loans and advances to customers	344,693,949	985,856,970	687,504,150	1,190,565,708	**3,208,620,777**	**46,899,145**
Other financial assets	12,347,412	-	-	-	**12,347,412**	**-**
Total financial assets	**1,197,685,881**	**1,010,629,573**	**734,177,315**	**1,202,397,614**	**4,144,890,383**	**46,899,145**

(in thousands of Uzbekistan soums)

At 31 December 2020						
Due to other banks	122,854,984	58,586,914	19,179,045	161,732,052	**362,352,995**	-
Customer accounts	1,271,953,316	438,648,747	448,895,729	952,910,699	**3,112,408,491**	-
Other borrowed funds	473,793	286,766,794	15,982,538	176,005,437	**479,228,562**	-
Debt securities issued	1,436	-	-	100,417	**101,853**	-
Subordinated debt	-	-	-	78,624,079	**78,624,079**	-
Other financial liabilities	9,168,933	-	-	-	**9,168,933**	-
Total financial liabilities	**1,404,452,462**	**784,002,455**	**484,057,312**	**1,369,372,684**	**4,041,884,913**	-
Net liquidity gap	**(206,766,581)**	**226,627,118**	**250,120,003**	**(166,975,070)**	**103,005,470**	-
Total liquidity gap at 31 December 2020	**103,005,470**					

The expected maturities of financial instruments as at 31 December 2019 are as follows:

	On demand and less than 1 month	From 1 to 6 months	From 6 months to 1 year	More than 1 year	Total	Overdue
At 31 December 2019						
Cash and cash equivalents	715,082,232	-	-	-	**715,082,232**	-
Amounts due from other banks	241,272,153	1,903,274	3,877,635	-	**247,053,062**	-
Loans and advances to customers	129,339,097	504,352,645	546,354,809	1,910,253,211	**3,090,299,762**	**32,108,299**
Other financial assets	19,326,150	-	-	-	**19,326,150**	-
Total financial assets	**1,105,019,632**	**506,255,919**	**550,232,444**	**1,910,253,211**	**4,071,761,206**	**32,108,299**
At 31 December 2019						
Due to other banks	53,806,000	107,676,264	63,041,094	102,705,326	**327,228,684**	-
Customer accounts	1,052,274,068	325,530,314	315,890,508	1,352,611,030	**3,046,305,920**	-
Other borrowed funds	3,651,407	317,179,628	1,766,897	237,325,674	**559,923,606**	-
Debt securities issued	6,466	-	1,000,000	600,000	**1,606,466**	-
Subordinated debt	-	-	-	71,726,273	**71,726,273**	-
Other financial liabilities	9,244,601	-	-	-	**9,244,601**	-
Total financial liabilities	**1,118,982,542**	**750,386,206**	**381,698,499**	**1,764,968,303**	**4,016,035,550**	-
Net liquidity gap	**(13,962,910)**	**(244,130,287)**	**168,533,945**	**145,284,908**	**55,725,656**	-
Total liquidity gap at 31 December 2019	**55,725,656**					

The Bank's management believes that despite the significant share of customer funds with a status "On demand" , diversification of such funds by the number and type of depositors, as well as the experience accumulated by the Bank for previous periods, indicate that these funds generate long-term and stable source of financing. Therefore, the management believes that a significant mismatch between the maturities of assets and liabilities with maturities of up to 12 months and more does not represent a significant risk for the Bank's liquidity, as a very low proportion of funds due from other banks, demand and short-term deposits are expected to be withdrawn based on the Bank's experience for the previous and current years that is consistent with the general banking practice in the banking sector of Uzbekistan.

Operational liquidity risk management is provided by the Treasury Department responsible for liquidity management through asset and liability management and balancing of active and passive transactions.

The liquidity risk is monitored by compiling the following reporting data on a regular basis:

(in thousands of Uzbekistan soums)

- cash flow forecast;

- report on liquidity position by maturity intervals;

- information on compliance with established limits;

- information on the amount of mandatory liquidity ratios established by regulatory documents of the Central Bank of the Republic of Uzbekistan.

The Bank also calculates mandatory liquidity ratios on a monthly basis in accordance with the requirements of the CBU. These ratios include:

- instant liquidity ratio, the ratio of the amount of cash and other payment documents in the cash in bank, securities of the Government and the Central Bank of the Republic of Uzbekistan and funds in the bank accounts with the Central Bank of the Republic of Uzbekistan to the amount of liabilities.

- coverage ratio, calculated as the ratio of highly liquid assets to net outflow in the next 30 days;

- net sustainable financing ratio, calculated as the ratio of the amount of available sustainable financing to the required amount of available sustainable financing.

The Bank was in compliance with these ratios as at 31 December 2020 and 31 December 2019.

According to the Civil Code of the Republic of Uzbekistan, individuals have the right to withdraw deposits, including term deposits, at any time, usually with the loss of accrued interest. However, the deposits are presented in the liquidity tables according to the terms specified in the contract.

Information on contractual maturities of these deposits is presented below:

	31 December 2020	31 December 2019
On demand and less than 1 month	12,097,630	96,038,980
From 1 to 6 months	220,965,253	299,538,174
From 6 months to 1 year	151,607,291	161,163,194
More than 1 year	635,844,375	339,898,002
Total	**1,020,514,549**	**896,638,350**

27 Capital management

The Bank's objectives when managing capital are: (i) to comply with the capital requirements set by the CBU; and (ii) to safeguard the Bank's ability to continue as a going concern. Compliance with capital adequacy ratios set by the CBU is monitored monthly with reports outlining their calculation reviewed and signed by the Bank's Chairman of the Management Board and Chief Accountant.

According to the current capital requirements set by the Central Bank of the Republic of Uzbekistan, banks must support:

- Capital to risk weighted assets ratio ("capital adequacy ratio") above the mandatory minimum level of 15.1% (31 December 2019: 13%)
- The Bank's Tier 1 capital to risk weighted assets ratio ("capital adequacy ratio") above the mandatory minimum level of 11.4% (31 December 2019: 10%)

According to the supplement dated October 23, 2017 No. 2693-2, the requirement is set for existing banks to increase the minimum share capital to UZS 100 billion, which must be formed until 1 January 2019.

As at 31 December 2020 and 31 December 2019, the Bank was in compliance with the regulatory capital requirements established by Resolution of the CBU No. 2693 "On Capital Adequacy Requirements of Commercial Banks" (the "Resolution") dated 6 July 2017.

The table below provides an analysis of the Bank's regulatory capital calculated based on the CBU Regulation No. 2693 (unaudited).

(In thousands of UZS)	**31 December 2020 (unaudited)**	**31 December 2019 (unaudited)**
Tier I capital		
Share capital	400,000,000	400,000,000
Share premium	1,853,570	1,853,395
Retained profit	85,839,028	9,693,345
Less intangible assets	(2,072,639)	(1,764,805)
Less investments in unconsolidated companies	(3,158,143)	(40,000)
Total Tier I capital	**482,461,646**	**409,741,935**
Adjusted Tier II capital	161,511,428	137,168,915
Adjusted total amount of risk-based capital	**643,973,074**	**546,910,850**
Amount of balance sheet and off-balance sheet risk-weighted assets	**3,571,566,409**	**3,517,874,083**
Operational risk	222,120,638	148,981,850
Market risk	34,804,473	2,462,652
Adjusted total assets, risk-weighted	**3,828,491,521**	**3,669,318,585**
Capital adequacy ratios:		
Tier I capital	12.60%	11.7%
Tier II capital	16.82%	14.90%

28 Deferred commitments and contingent liabilities

Litigations In the ordinary course of business, the Group 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 of the Group.

Tax legislation. The tax legislation of the Republic of Uzbekistan is subject to varying interpretations and frequent changes. Checks and investigations of tax calculations accuracy are carried out by regulatory bodies that have the right to impose large fines, charge penalties and charge interest, and which may take a different position in the interpretation of the legislation during the checks. The tax period remains open for five calendar years. Under certain conditions, earlier periods may also be checked. There is a risk that the Bank's management's interpretation of certain transactions from the point of view of tax legislation may be challenged by the relevant government authorities. The impact of this development cannot be reliably estimated, but it may be significant from the point of view of the Bank's financial position. As at 31 December 2020, the Bank's management believes that it adheres to the correct interpretation of the relevant tax legislation, and the Bank's position on tax issues will be accepted by the tax authorities.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and guarantee letters of credit, which represent irrevocable commitments that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written obligations of the Bank to make payments on behalf of clients within a specified amount when certain conditions are met, are secured by appropriate supplies of goods or cash deposits and, accordingly, have a lower risk level than direct lending.

Commitments to extend credit represent unused portions of amounts authorised by the management to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend loans, the Bank is potentially exposed to loss in an amount equal to the total unused commitments if the unused amounts were to be used. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank controls the term remaining until the repayment of credit commitments, since usually more long-term liabilities have a higher level of credit risk than short-term liabilities.

(in thousands of Uzbekistan soums)

Credit related commitments in foreign currencies are presented below:

	31 December 2020	31 December 2019
Letters of credit without post-financing	82,037,418	42,324,128
Letters of credit, post-financing of which occurs after the end of the reporting period	151,506,950	70,684,484
Guarantees:	104,360,270	133,333,847
Financial guarantees	*103,910,896*	*117,125,630*
Performance guarantees	*449,374*	*16,208,217*
Loan commitments	230,528,771	64,472,408
Swap (obligations on sale of USD and purchase of UZS)	41,099,096	-
Swap (obligations on sale of EUR and purchase of UZS)	-	21,084,460
Swap (obligations on sale of USD and purchase of UZS)	-	19,032,740
Total credit related commitments (gross amount)	**609,532,505**	**350,932,067**
Less provision for guarantees issued	(264,001)	(77,193)
Less commitments secured by cash deposits	(235,603,983)	(25,107,727)
Total credit related commitments less commitments secured by cash deposits and provision for guarantees issued	**373,664,521**	**325,747,147**

The total outstanding contractual amount of undrawn credit lines, letters of credit and guarantees does not necessarily represent future cash requirements under the agreements, as the expiration or cancellation of these obligations is possible without providing the borrower with funds.

The principals under financial guarantee contracts, letters of credit applicants and borrowers under unused credit lines are mainly large corporate clients - borrowers of the Bank with low credit risk.

Credit related commitments by currency are presented below:

	31 December 2020	31 December 2019
USD	475,978,819	152,823,129
UZS	91,549,748	93,190,720
Euro	904,842	64,801,018
Total credit related commitments	**568,433,409**	**310,814,867**

In accordance with the Financing Agreement dated 13 July 2018, between the Bank and the Islamic Corporation for the Development of the Private Sector (hereinafter referred to as the "ICD"), the Bank is required to comply with financial covenants, the implementation of which has been complied with as at 31 December 2020.

29 Fair value disclosure

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether such price is directly observable or calculated using a different valuation method. When measuring the fair value of an asset or liability the Bank considers characteristics of the asset or liability if the market participants would take those characteristics into account to price the asset or liability as at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on that basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 17, and estimates that have some similarity to fair value but are not fair value, such as net realizable value in IFRS 2 or value in use in IAS 36.

(in thousands of Uzbekistan soums)

In addition, for the purpose of the financial statements, fair value measurements are divided into levels 1, 2 or 3 depending on the extent of observability of the inputs to the fair value measurement and the significance of the inputs to the overall fair value measurement, which are described as follows:

- Level 1 inputs represent quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for an asset or liability.

Fair value of financial assets and financial liabilities that are not measured at fair value on a regular basis (but fair value disclosure is required)

Except to the extent indicated in the following table, management believes that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

	31 December 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and advances to customers	3,208,620,777	3,358,267,307	3,090,299,762	3,170,290,487
Customer accounts	3,112,408,491	3,115,411,118	3,046,305,920	3,067,136,581
Other borrowed funds	479,228,562	481,801,498	559,923,606	583,532,733

The Bank determines the fair value of financial assets and financial liabilities using the discounted cash flow model based on transaction rates at the end of the reporting period. Due to the absence of an active market or observable resources for assets with characteristics similar to the Bank's financial assets and financial liabilities, management has considered the latter rates as the most appropriate inputs for all available fair value calculations of financial assets and financial liabilities. Therefore, these financial assets and financial liabilities that are not measured at fair value on a recurring basis, but where fair value disclosures are required, are classified within Level 2 and 3.

The following is the estimated fair value of the Bank's financial instruments not measured at fair value, by level of the hierarchy as at 31 December 2020:

	Fair value measurement				
	Level 1	Level 2	Level 3	Total	Total carrying value
Financial assets					
Loans and advances to customers	-	-	3,358,267,307	3,358,267,307	3,208,620,777
Financial liabilities	-	-	-	-	-
Customer accounts	-	3,115,411,118	-	3,115,411,118	3,112,408,491
Other borrowed funds	-	481,801,498	-	481,801,498	479,228,562

The following is the estimated fair value of the Bank's financial instruments not measured at fair value, by level of the hierarchy as at 31 December 2019:

	Fair value measurement				
	Level 1	Level 2	Level 3	Total	Total carrying value
Financial assets					
Loans and advances to customers	-	-	3,170,290,487	3,170,290,487	3,090,299,762

(in thousands of Uzbekistan soums)

Financial liabilities					
Customer accounts	-	3,067,136,581	-	3,067,136,581	3,046,305,920
Other borrowed funds	-	583,532,733	-	583,532,733	559,923,606

30 Related party transactions

The parties are deemed to be related if they are under common control or one party has the ability to control the other party or may have a material influence in making financial and operational decisions by the other party. In considering each case of a relationship, the substance of the relationship should be taken into account, and not merely the legal form.
Other related parties include entities where members of the Supervisory Board of the Bank control any of these entities.

As at 31 December 2020, balances of transactions with related parties are presented as follows:

	Key management personnel	Other related parties	Total
Loans and advances to customers (contract interest rate: 8-32%)	280,491	116,032,142	**116,312,633**
ECL	(518)	(158,584)	**(159,102)**
Customer accounts (contractual interest rate: (contract interest rate: 4-16.5%)	13,119,547	50,675	**13,170,222**
Prepayment on CIP contracts	-	(2,959)	**(2,959)**

The income and expense items on related parties transactions for 2020 are as follows:

	Key management personnel	Other related parties	Total
Interest income	101,544	28,640,489	**28,742,033**
Interest expense	896,259	88,243	**984,502**
Fee and commission income	610	182,475	**183,085**
ECL (reversal/(creation)	(387)	1,207,168	**1,206,781**
Administrative and other operating expenses	6,434,273	-	**6,434,273**

As at 31 December 2019, balances of transactions with related parties are presented as follows:

	Key management personnel	Other related parties	Total
Loans and advances to customers (contract interest rate in UZS 14-32%, in currency 8%)	353,046	111,353,428	**111,706,474**
Customer accounts (contractual interest rate: (contract interest rate in UZS 6-22%, in currency 5-5.5%)	9,882,971	4,852,458	**14,735,429**
Prepayment on CIP contracts	-	9,600,000	**9,600,000**

The income and expense items on related parties transactions for 2019 are as follows:

	Key management personnel	Other related parties	Total
Interest income	55,764	14,464,413	**14,520,177**
Interest expense	698,163	22,113	**720,276**
Fee and commission income	28,262	231,209	**259,471**
Administrative and other operating expenses	6,845,956	687	**6,846,643**

31 Events subsequent to the reporting date

Capital adequacy and liquidity

Forecast for the end of 2021:

The Bank has sufficient resources, diversified sources of liquidity and a stable funding base to ensure continuous operations and funding of customers, which is evidenced by the results of regular liquidity stress testing.

Taking into account the above measures and current operating and financing results of the Bank, as well as publicly available information, the management does not expect significant negative impact of the coronavirus pandemic on the financial position and performance of the Bank in the short term. However, it cannot be excluded that the long-term extension of the self-isolation regime, further tightening of measures to prevent further spread of the infection or adverse impact of such measures on the economic environment in which the Bank operates will negatively affect the Bank's operations in the medium and long term. In addition, the Bank considers potential negative development scenarios and is prepared to adapt its operational plans accordingly. The management keeps monitoring the situation closely and will take steps that are necessary to mitigate the impact of potential negative events and circumstances as they arise.

Burkhanov B.N.
The Chairman of the Management Board of the Bank

21 June 2021

Toshpulatkhujayev J. O.
Chief Accountant of the Bank

21 June 2021