JOINT STOCK COMMERCIAL BANK "AGROBANK" AND ITS SUBSIDIARIES

Consolidated Financial Statements and Independent Auditor's Report
For the Year Ended 31 December 2021

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
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Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Statement of management's responsibilities for the preparation and approval of the consolidated financial statements
for the year ended 31 December 2021

Management of Joint Stock Commercial Bank "Agrobank" ("the Bank") and its subsidiaries ("the Group") is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group as at 31 December 2021, and the related consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS").

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

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

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

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved by the Management Board of the Group on 28 June 2022.

On behalf of the Management Board:

Mamatkulov R.U.
Chairman of the Management Board

28 June 2022
Tashkent, Uzbekistan

Yuldoshov A.O.
Chief Accountant

28 June 2022
Tashkent, Uzbekistan

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Joint Stock Commercial Bank "Agrobank"

Opinion

We have audited the consolidated financial statements of Joint Stock Commercial Bank "Agrobank" and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section* of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Assessment and measurement of expected credit losses (ECL) on loans and advances to customers. As disclosed in note 8, loans and advances to customers amounted to UZS 33,101,432 million as at 31 December 2021 less expected credit losses of UZS 1,032,779 million. For loans assessed on a collective basis, the impairment model incorporate assumptions on probabilities of default (PD), loss given default (LGD) and exposure at default (EAD), which are inherently judgmental (Note 3). The complex ECL model may be misstated due to inconsistency of the Group's methodology with the IFRS 9.	We obtained an understanding of management's process relating to the assessment and measurement of expected credit losses on loans to customers. With the assistance of our internal credit risk specialist, we analysed the impairment methodology of the Group in respect of loans and advances to customers for its compliance with IFRS 9 requirements. We challenged the key assumptions for exposure at default, probability of default and loss given default rates with reference to historical information.

Erkin Ayupov, Qualified Auditor/Engagement Partner

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Moreover, the ECL may be misstated due to errors in the underlying data – incomplete or inaccurate loan information (overdue days, outstanding balances, restructuring status, existence of legal claims and other information), incorrect assessment of PD, LGD and EAD assumptions.

For significant credit-impaired loans to customers, the ECL are assessed on the individual basis. Significant judgement is involved in identifying the loan as defaulted.

Because loans to customers form a major portion of the Group's assets, and due to the significance of the judgments and subjectivity of assumptions used in classifying loans to customers into various stages stipulated in IFRS 9 and assessing the related expected losses, this area was determined as a key audit matter.

Further, we analysed integrity of the models and tested accuracy and completeness of input data used in the models by selecting a sample of loans and tracing to source documents.

We tested, on a sample basis, the accuracy and completeness of input data in the models, including principle balances, allocation of loans by days in arrears, and checked other model's parameters, such as delinquency of principle, including off-balances, restructuring events, existence of litigation processes.

We evaluated the adequacy and completeness of disclosures in the financial statements relating to the loans to customers in accordance with IFRS requirements.

We found no material exceptions in these tests.

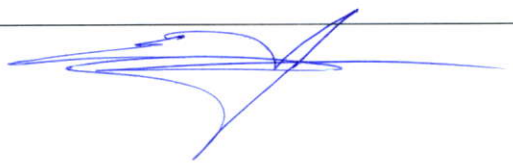
Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Erkin Ayupov, Qualified Auditor/Engagement Partner



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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

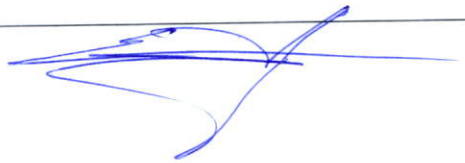
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Erkin Ayupov, Qualified Auditor/Engagement Partner



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

From the matters communicated with those charged with governance, we determine that matter that was of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matter. We describe this matter in our auditor's 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.



"Deloitte & Touche" Audit Organisation LLC

Auditing organization LLC "Deloitte and Touche" is included in the Register of auditing organizations of the Ministry of Finance of the Republic of Uzbekistan from 08 June 2021

28 June 2022
Tashkent, Uzbekistan

Erkin Ayupov

Qualified Auditor/Engagement Partner

Auditor qualification certificate authorizing audit of companies, #04830 dated 22 May 2010 issued by the Ministry of Finance of the Republic of Uzbekistan

Auditor qualification certificate authorizing audit of banks, #6/8 dated 25 January 2021 issued by the Central bank of the Republic of Uzbekistan

Director
"Deloitte & Touche" Audit Organisation LLC

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Financial Position
as at 31 December 2021
(in millions of Uzbek soums)

	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and cash equivalents	6,30	3,411,673	2,989,229
Due from other banks	7,30	208,872	246,594
Loans and advances to customers	8,30	32,068,653	24,868,630
Investment securities	9,30	1,978,864	1,426,797
Investment in associates		51,744	51,310
Deferred income tax assets	23	114,396	45,633
Property, equipment and intangible assets	10	1,261,301	1,112,281
Right-of-use assets		7,844	7,844
Other assets	11,30	322,356	229,326
Current income tax prepayment		121,985	25,290
TOTAL ASSETS		**39,547,688**	**31,002,934**
LIABILITIES			
Due to other banks	12,30	994,133	2,560,842
Customer accounts	13,30	12,257,779	9,444,823
Debt securities issued	14,30	112,109	88,059
Other borrowed funds	15,30	16,887,348	13,499,444
Lease liabilities		11,342	11,342
Other liabilities	16	217,000	70,115
Current income tax liabilities		50,690	35,046
Subordinated debt	17,30	221,812	214,428
TOTAL LIABILITIES		**30,752,213**	**25,924,099**
EQUITY			
Share capital	18	5,632,829	4,932,829
Additional paid-in capital	18	2,946,176	-
Share premium	18	1,412	1,412
Treasury shares	18	(115)	(115)
Revaluation reserve for investment securities		4,882	4,882
Retained earnings		212,899	142,435
Equity attributable to owners of the Bank		**8,798,083**	**5,081,443**
Non-controlling interest		(2,608)	(2,608)
TOTAL EQUITY		**8,795,475**	**5,078,835**
TOTAL LIABILITY AND EQUITY		**39,547,688**	**31,002,934**

On behalf of the Management Board:

Mamatkulov R.U.
Chairman of the Board

28 June 2022
Tashkent, Uzbekistan

Yuldoshov A.O.
Chief Accountant

28 June 2022
Tashkent, Uzbekistan

The notes on pages 12-72 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2021
(in millions of Uzbek soums)

	Note	2021	2020
Interest income	20,30	4,207,966	2,912,074
Interest expense	20,30	(2,522,723)	(1,642,213)
Net interest income	20	**1,685,243**	**1,269,861**
Provision for expected credit losses	6,7,8	(760,115)	(341,137)
Net interest income after provision charge for expected credit losses		**925,128**	**928,724**
Fee and commission income	21,30	509,711	327,023
Fee and commission expense	21,30	(189,907)	(130,486)
Net gain / (loss) from transactions with foreign currencies		135,722	(15,717)
Dividend income		3,295	4,502
Other operating income		33,607	27,393
Provision for impairment of investment in associates		-	(49,484)
Recovery / (provision) for impairment on other non-financial assets	11	7,847	(10,169)
Provision for expected credit losses on other financial assets and credit related commitments	11,16	(6,198)	(14,317)
Administrative and other operating expenses	22	(1,359,423)	(993,990)
Profit before tax		**59,782**	**73,479**
Income tax benefit/(expense)	23	10,828	(21,610)
NET PROFIT FOR THE YEAR		**70,610**	**51,869**
Profit is attributable to:			
-Owners of the Bank		70,610	52,171
-Non-controlling interest		-	(3)
Net profit for the year		**70,610**	**52,168**
Earnings per ordinary share for profit attributable to the owners of the Bank, basic and diluted in UZS	24	16	14

On behalf of the Management Board:

Mamatkulov R.U.
Chairman of the Board

28 June 2022
Tashkent, Uzbekistan

Yuldoshov A.O.
Chief Accountant

28 June 2022
Tashkent, Uzbekistan

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	Note	2021	2020
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Share of result of associates		-	299
Investment securities			
- Net (loss) arising from revaluation of equity securities		-	(7,007)
- Income tax recorded directly in other comprehensive income		-	520
Other comprehensive loss for the year		-	(6,487)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**70,610**	**45,681**
Total comprehensive income is attributable to:			
- Owners of the Bank		70,610	45,684
- Non-controlling interest		-	(3)
Total comprehensive income for the year		**70,610**	**45,681**

On behalf of the Management Board:

Mamatkulov R.U.
Chairman of the Board

28 June 2022
Tashkent, Uzbekistan

Yuldoshov A.O.
Chief Accountant

28 June 2022
Tashkent, Uzbekistan

The notes on pages 12-72 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Changes in Equity
as at 31 December 2021
(in millions of Uzbek soums)

	Note	Attributable to owners of the Group								
		Share capital	Additional paid-in capital	Share premium	Treasury shares	Revaluation reserve for investment securities	Retained earnings / (Accumulated loss)	Total	Non-controlling interest	Total equity
Balance as at 31 December 2019		**4,418,062**	**-**	**1,412**	**(115)**	**7,120**	**94,513**	**4,520,992**	**(2,341)**	**4,518,651**
Net profit / (loss) for the year		-	-	-	-	-	52,171	52,171	(3)	52,168
Other comprehensive loss		-	-	-	-	(6,487)	-	(6,487)	-	(6,487)
Total comprehensive income/(loss) for 2020		-	-	-	-	(6,487)	52,171	45,684	(3)	45,681
Disposal of equity securities measured at FVTOCI		-	-	-	-	4,249	(4,249)	-	-	-
Shares issued	18	514,767	-	-	-	-	-	514,767	-	514,767
Changes in non-controling interest		-	-	-	-	-	-	-	(264)	(264)
Balance as at 31 December 2020		**4,932,829**	**-**	**1,412**	**(115)**	**4,882**	**142,435**	**5,081,443**	**(2,608)**	**5,078,835**
Net profit for the year		-	-	-	-	-	70,610	70,610	-	70,610
Total comprehensive income for 2021		-	-	-	-	-	70,610	70,610	-	70,610
Shares issued	18	700,000	2,946,176	-	-	-	-	3,646,176	-	3,646,176
Dividends declared - preferencial shares		-	-	-	-	-	(146)	(146)	-	(146)
Balance as at 31 December 2021		**5,632,829**	**2,946,176**	**1,412**	**(115)**	**4,882**	**212,899**	**8,798,083**	**(2,608)**	**8,795,475**

On behalf of the Management Board:

Mamatkulov R.U.
Chairman of the Board

28 June 2022
Tashkent, Uzbekistan

Yuldoshov A.O.
Chief Accountant

28 June 2022
Tashkent, Uzbekistan

The notes on pages 12-72 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Cash Flows
for the year ended 31 December 2021
(in millions of Uzbek soums)

	Notes	2021	2020
Cash flows from operating activities			
Interest received		3,944,557	2,708,150
Interest paid		(2,532,673)	(1,536,656)
Fee and commission received		497,536	325,816
Fee and commission paid		(189,907)	(130,486)
Other operating income received		157,664	37,237
Staff costs paid		(802,945)	(629,542)
Administrative and other operating expenses paid		(312,075)	(253,967)
Income tax paid		(138,986)	(48,313)
Cash flows from operating activities before changes in operating assets and liabilities		**623,171**	**472,239**
Net (increase) / decrease in:			
- due from other banks	30	40,288	(46,294)
- loans and advances to customers	30	(7,498,972)	(8,550,970)
- other assets	30	13,818	10,469
Net increase / (decrease) in:			
- due to other banks	30	(1,692,659)	1,305,094
- customer accounts	30	2,731,393	3,683,224
- *debt securities issued*	30	23,344	(17,811)
- other liabilities	30	8,928	17,844
Net cash used in operating activities		**(5,750,689)**	**(3,126,205)**

The notes on pages 12-72 form an integral part of these consolidated financial statements.

	Notes	2021	2020
Cash flows from investing activities			
Acquisition of premises, equipment and intangible assets		(275,067)	(633,332)
Proceeds from sale of premises and equipment		19,404	19,126
Acquisition of investment securities		(1,895,755)	(1,356,581)
Proceeds from redemption of investments securities		1,326,552	55,000
Proceeds from disposal of Investment in associate		-	245
Acquisition of consumable biological assets	11	(42,975)	-
Acquisition of greenhouse	11	(46,358)	-
Acquisition of Investment in associate		(434)	(490)
Dividend income received		3,295	4,502
Net cash used in investing activities		**(911,338)**	**(1,911,530)**
Cash flows from financing activities			
Issue of share capital	18	700,000	514,767
Proceeds from long-term placements of other banks	15	106,400	100,268
Repayment of long-term placements of other banks	15	(1,107)	(11,317)
Proceeds from other borrowed funds	15	22,841,995	15,845,766
Repayment of other borrowed funds	15	(16,607,832)	(9,872,819)
Dividends paid		(146)	-
Repayment of lease liabilities	15	-	(9,104)
Net cash from financing activities		**7,039,310**	**6,567,561**
Effect of exchange rate changes on cash and cash equivalents		45,207	107,078
Effect of expected credit loss	6	(46)	29
Net increase in cash and cash equivalents		**422,444**	**1,636,933**
Cash and cash equivalents at the beginning of the year	6	2,989,229	1,352,296
Cash and cash equivalents at the end of the year		**3,411,673**	**2,989,229**
Non-cash transactions:			
Conversion of debt into shareholder capital			
-Share capital	18	2,946,176	-
-Other borrowed funds	18	(2,946,176)	-

On behalf of the Management Board:

Mamatkulov R.U.
Chairman of the Board

28 June 2022
Tashkent, Uzbekistan

Yuldoshov A.O.
Chief Accountant

28 June 2022
Tashkent, Uzbekistan

The notes on pages 12-72 form an integral part of these consolidated financial statements.

1. Organisation

The Bank is a Joint Stock Company set up in accordance with Uzbekistan legislation.

The Bank was established in 1995 under the laws of the Republic of Uzbekistan and has operated under the banking license #78 re-issued by the Central Bank of Uzbekistan ("CBU") on 21 October 2017.

Principal activity. The Bank's principal activities are commercial banking, retail banking, operations with securities, foreign currencies and originating loans and guarantees. The Bank accepts deposits from legal entities and individuals and grants loans, transfers payments within Uzbekistan and abroad. The Bank conducts its banking operations from its head office in Tashkent and 170 branches within Uzbekistan as of 31 December 2021 (31 December 2020: 170 branches).

The Bank participates in the state deposit insurance scheme introduced by the Uzbek Law #360-II "Insurance of Individual Bank Deposit" dated 5 April 2002. On 28 November 2008, the President of the Republic of Uzbekistan issued Decree No. UP-4057, according to which in case of the withdrawal of a license of a bank, the State Deposit Insurance Fund guarantees repayment of 100% of individual deposits regardless of the deposit amount.

The Government of Uzbekistan is the ultimate controlling party of the Bank. A substantial volume of the Bank's operations are with entities controlled directly or indirectly by the Government of Uzbekistan. As such, the Bank's strategy reflects the Government's strategy in developing the country's economy. Namely, the Bank plays a significant role in the distribution of funds of the country's budget, which flow through the Bank to different governmental agencies and state owned and controlled entities. In addition, being an agent of the Government in financing cotton and grain related sectors of the economy, the Bank channels funds of the Fund for Agricultural Procurement and Settlements for the state needs under the Ministry of Finance of the Republic of Uzbekistan among state entities related to these sectors.

Registered address and place of business. The Bank's registered address is: 43, Mukimiy Street, Tashkent, 100096, Uzbekistan.

Presentation currency. These consolidated financial statements are presented in Uzbek Soums ("UZS"), unless otherwise stated.

Shareholders. At 31 December 2021 and 2020, the interest of the shareholders in the Bank's capital was as follows:

in %	2021	2020
The Fund of Reconstruction and Development of the Republic of Uzbekistan	70.66	80.74
Ministry of Finance of the Republic of Uzbekistan	27.12	16.73
Other legal entities (individually hold less than 1%)	2.09	2.39
Other shareholders (individually hold less than 1%)	0.13	0.14
Total	**100**	**100**

Subsidiaries. These consolidated financial statements include the following subsidiaries as at 31 December 2021 and 2020:

Subsidiary	Ownership 2021	Ownership 2020	Country	Industry	Year of acquisition
JSC "Agro Finans Leasing" (Pakhta Leasing)	99.50%	99.50%	Uzbekistan	Leasing	2006
"Leader Finance" LLC	100%	100%	Uzbekistan	Depositary	2004

JSC "Agro Finans Leasing" (Pakhta Leasing) was registered in Tashkent city on 17 March 2006. Starting from January 2020 the company has changed its main activity from sale and lease of agriculture machinery and spare parts to building greenhouses across the country and selling or leasing them upon completion.

"Leader Finance" LLC was registered in Tashkent city on 13 September 2004. The activities of the company include depository services, as well as acting as investment agent and an investment consultant.

2. Operating Environment

The Uzbekistan economy displays characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets. Also, the banking sector in Uzbekistan is particularly impacted by local political, legislative, fiscal and regulatory developments. The largest Uzbek banks are state-controlled and act as an arm of Government to develop the country's economy. The Government distributes funds from the country's budget, which flow through the banks to various government agencies, and other state and privately owned entities. Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government, together with other legal, regulatory and political developments, all of which are beyond the Group's control.

The Group's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations which greatly impact Uzbek financial markets and the economy overall.

Starting from early 2020 a new coronavirus disease (COVID-19) began rapidly spreading all over the world resulting in the announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. Therefore, the Group may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Group's business largely depends on the duration and the incidence of the pandemic effects on the world and Uzbekistan economy.

The coronavirus pandemic presents an unprecedented social and economic challenge, which is having a significant impact on people and businesses in Uzbekistan and around the world.

In October 2021, Fitch Ratings has affirmed Uzbekistan's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB-' with a Stable Outlook. During 2021, the refinancing rate remained unchanged at 14%.

The Group continues to monitor the situation and intends to adapt strategies as needed to continue to drive the business and meet obligations.

In 2021, the business environment gradually recovered after the pandemic and began actively developing its activities as it was before the pandemic.

The Group's management is monitoring developments in the current environment and taking measures, it considered necessary in order to support the sustainability and development of the Group's business in the foreseeable future. However, the impact of further economic developments on future operations and financial position of the Group at this stage is difficult to determine.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Group management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Determination of fair value of the assets with non-market terms

Loans issued by the Group in accordance with the instructions of the authorities do not have similar financial instruments in the market, have been granted under government programs and due to their uniqueness and the specifics of the government lending program and category of borrowers, form a separate market segment. Therefore, the management believes that contractual interest rates are market rates for such loans and therefore the Group initially recognizes loans at fair value, which equals their nominal value.

Loans issued by the Group to other banks under small and medium sized enterprises financing programs, as well as under financing programs of other banks in the agricultural sector, do not have similar financial instruments in the market, have been granted under government programs and orders of the authorities and due to its uniqueness, as well as the specifics of the government program of lending and the category of ultimate counterparties, form a separate market segment. Therefore, the management believes that contractual interest rates are market rates for such loans and the Group initially recognizes such financial instruments at fair value which equals their nominal value.

Determination of fair value of financial liabilities raised on terms other than market terms

The Group's financial liabilities are initially recognized at fair value. Where financial liabilities bear interest at different rates than market rates in order to form related assets, the interest rates of which also do not correspond to market rates taking into account the Group's margin, the nominal value of financial liabilities is recognized as the fair value.

Where liabilities that do not have related assets are raised under terms that are different from market terms, the fair value of the liability is determined using valuation techniques that discount the liability at the interest rate determined as the market average for similar liabilities at the date of initial recognition.

Measurement of allowances for expected credit losses ("ECL")

The allowances for ECL of financial assets in the consolidated financial statement have been determined on the basis of existing economic and political conditions. The Group incorporates forward-looking information into a measurement of ECL when there is a statistically proven correlation between the macro-economic variables and the NPL. As at the reporting date, statistical tests have failed and ECL across all loan portfolios has not been adjusted for forward-looking information and macroeconomic scenarios. The Management updates its statistical tests for correlation as at each reporting date. For the carrying amount of the allowance for ECL of loans and advances to customers, other assets, cash and cash equivalents, due from other banks and contingencies and commitments refer to Notes 6, 7, 8, 11, 28.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Establishing groups of assets with similar credit risk characteristics. When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Significant increase of credit risk

As explained in Note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable information.

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 8 for more details on ECL and note 29 for more details on fair value measurement.

Key sources of estimation uncertainty

The below are listed key estimations that the management have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Probability of default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

PD for treasury operations is determined according to the Default Study from international rating agencies (S&P, Fitch, Moody's), which publish tabular data with the values of the probabilities of default.

The probabilities of default are maintained up to date and are updated on a periodic basis as the default statistics are updated.

Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral.

LGD for treasury operations is determined according to the Default Study data from international rating agencies (S&P, Fitch, Moody's) and depends on the type of debt on the financial asset: senior secured/unsecured, subordinated, sovereign.

LGD for collectively assessed loans is calculated based on an estimate of the recoverability of debt in case of the pledged collateral sale with a discount period that corresponds to the pledged collateral implementation terms.

4. Significant accounting policies

Statement of compliance. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Going concern. These consolidated financial statements have been prepared on the assumption that the Group is as a going concern and will continue in operation for the foreseeable future.

The Group's activities continue to be affected by the uncertainty and instability of the current economic environment. The financial position and the results of the Bank continue to be significantly impacted by the reforms of the new government, including those directed at increasing living standards, incomes, and job opportunities in rural regions.

For the year ended 31 December 2021, the Group had a cash outflow from operating activities mainly as a result of on-lending the funds received from international financial institutions and the State, to finance the government and investment projects on the territory of the Republic of Uzbekistan, increasing the loans and advances to customers by 29%.

Management believes that the Group will be able to continue as a going concern for the foreseeable future based on the following:

- Continued ongoing support by the Government of the Republic of Uzbekistan ("the State"). The Group is a state owned bank with the Ministry of Finance of the Republic of Uzbekistan and UFRD as key shareholders, jointly holding 97.78% interest in the share capital of the Bank.
  The Group is a strategic financial institution of the Republic of Uzbekistan, responsible for the development of agricultural sector, as well as promoting entrepreneurship activities.
- Subsequently to the reporting date, the Group received long-term credit line in the amount of UZS 968,350 million with maturities ranging from 12 to 84 months for financing of the projects related to the agricultural industry on the basis of Presidential Decrees.

- The Bank plays a vital role as a government arm/vehicle to channel the State funds to the strategic sectors of the economy of Uzbekistan. The Management believes that in spite of a substantial portion of customer accounts being on demand, the fact that significant portion of these customer accounts are of large State controlled entities which are either the Group's shareholders or its entities under common control and the past experience of the Group indicate that these customer accounts provide a long-term and stable source of funding for the Group.

Basis of preparation. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 5).

The Group is required to maintain its records and prepare its financial statements for regulatory purposes in Uzbekistan Soums in accordance with Uzbekistan Accounting Legislation and related instructions. These consolidated financial statements are based on the Bank's Uzbekistan Accounting Legislation books and records, adjusted and reclassified in order to comply with IFRS.

These financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

Consolidated financial statements. Subsidiaries, which are those entities over which the Group has control, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee only if the following conditions are met:

- power over the investee (i.e., the rights that give it the current ability to govern the relevant activities of the investee);
- the Group has exposure associated with variable income from participation in the investee, or rights to receive such income;
- the Group is able to affect its returns by exercising its power over the investee.

Generally, it is assumed that the majority of voting rights give rise to control. In order to support this assumption and when the Group has less than a majority of the votes or similar rights over an investee, the Group considers all significant facts and circumstances in assessing whether it has power over that investee:

- agreements with other vote holders in the investee;
- rights arising from other agreements;
- voting rights and potential voting rights held by the Group.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated in full; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Losses of a subsidiary are attributed to the non-controlling interest even if this results in a deficit balance.

If the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary (including goodwill) and the carrying amount of any non-controlling interest in the cumulative translation differences recorded in equity; recognizes the fair value of the consideration received, the fair value of any surplus or deficit in profit or loss on the remaining investment; reclassifies the parent's share of the components previously recognized in other comprehensive income.

Non-controlling interest is that part of the net results and equity of a subsidiary attributable to equity interests that are not owned, directly or indirectly, by the Bank. Non-controlling interest represents a separate component of the Group's equity.

Investments in associates. Associates are entities in which the Group generally holds between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which are not controlled by the Group or jointly controlled by the Group and other parties. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost, including goodwill. Subsequent changes in the carrying amount reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognized in profit or loss, and its share of movements in reserves is recognized in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Amortized 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 minus 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 credit loss allowance.

Calculation of interest income and expense. 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.

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 the gross 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 amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

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 Group'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 Group 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 residual.

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

Financial assets and financial liabilities

Classification

Financial assets. On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated 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 give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated 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; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

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

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized 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 Group makes an assessment of the objective of a business model in which an 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. This includes the management's strategy on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets 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 Group'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 sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose and the Group continues to recognize these assets.

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

Financial assets – Assessment 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 and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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 it would not meet this condition.

In making the assessment, the Group analyses:

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

- terms and conditions that may adjust the coupon rate stipulated in the contract, including variable rate terms;

- prepayment and extension terms; and

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

A prepayment condition meets the SPPI criterion if the amount paid at prepayment represents essentially the outstanding portion of the principal and interest on the outstanding portion and may include reasonable additional compensation for early termination of the contract. In addition, a prepayment condition shall be deemed to meet this criterion if the financial asset is acquired or created with a premium or discount to the nominal amount specified in the contract, the amount payable on prepayment is in effect the nominal amount specified in the contract plus contractual accrued (but not paid) interest (and may also include reasonable additional compensation for early termination of the contract); and at initial recognition of a financial asset, the fair value of its early redemption condition is insignificant.

Financial assets - subsequent assessment and profit and loss

Financial assets measured at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss for the period.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by the amount of impairment losses. Interest income, foreign currency gains, losses and impairment losses are recognized in profit or loss. Any gain or loss arising on derecognition is recognized in profit or loss for the period.
Investment in debt instruments measured at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign currency gains, losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. When derecognized, the gains or losses accumulated in other comprehensive income are reclassified to profit or loss for the period.
Investments in equity instruments measured at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless it is clear that the dividend represents a return on part of the investment's 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, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion.

The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

Impairment of financial assets.

The financial asset is considered to be in default, or credit impaired, when it meets one or more of the following criteria:

For loans and advances to corporate clients and state and municipal organisations:

- the borrower is more than 90 days past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for more than 90 days;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers repayments amount within 12 month for 50% or more;
- the loan had experienced prolongation of loan life period for more than 12 month;
- the loan had experienced the change in repayment schedule of principal and interest or change in interest rate which results in 10% decrease of initially determined discounted future cash flow;
- the loan has been classified as uncollectible in accordance with CBU instructions;
- cross default;
- involvement of the borrower in litigation processes.

For loans and advances to individuals:

- the borrower is more than 90 days past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for more than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers repayments amount within 12 month for 50% or more due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for more than 12 month due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule of principal and interest or change in interest rate which results in 10% decrease of initially determined discounted future cash flows;
- the loan has been classified as uncollectible in accordance with CBU instructions;

For other financial assets, debt securities and other treasury assets:

- the counterparty or issuer rated at Caa1 (Moody's) or lower;
- the counterparty or issuer is more than 90 days past due;
- involvement of the borrower in litigation processes.

Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative criteria have been met:

For loans and advances to corporate clients and state and municipal organisations:

- decrease in the class of loan classification of the Borrower in comparison with its class at the date of comparison by 2 or more points and / or to the level of "unsatisfactory";
- the borrower is more than 30 days but less than 90 past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for more than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers repayments amount within 12 month for 50% or more due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for more than 12 month due to deterioration in the borrower's creditworthiness;
- property disputes between beneficiaries owning more than 20% of the borrower's shares, each for an amount exceeding 30% of the EAD;

For loans and advances to corporate individuals:

- the loan has been classified as unsatisfactory in accordance with CBU instructions;
- the borrowers is more than 30 days but less than 90 past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for more than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrower's repayments amount within 12 month for 50% or more due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for more than 12 month due to deterioration in the borrower's creditworthiness;

For other financial assets, debt securities and other treasury assets:

- deterioration of the counterparty's or issuer's rating by 3 notches;

Due to absence of accurate historical data on loans and advances to customer, impairment criteria stated above, except for days past due was not used. The management have started accumulating accurate and complete data in order to use enhanced model once the data is collected.

As discussed Note 3, the Group implemented certain critical accounting judgements to consider COVID-19 effect on Loans and advances to customers.

ECL measurement - description of estimation techniques

General principle

For financial assets that are not purchased or originated credit impaired ("POCI") assets. ECLs are generally measured based on the risk of default over one of two different time periods, depending on whether the borrower's credit risk has increased significantly in a three-stage model for ECL measurement:

Stage 1: a group of financial instruments for which no significant increase in the credit risk level has been recorded since initial recognition and provisions for this group are created as 12-month ECL, and interest income is calculated based on the gross book value.

Stage 2: a group of financial instruments for which a significant increase in the credit risk level has been recorded since the initial recognition and for which provisions equal the ECL amount for the instrument's lifetime, and interest income is calculated based on the gross carrying amount of the financial asset.

Stage 3: a group of credit-impaired financial instruments, for which provisions equal the ECL amount for the instrument's lifetime, and interest income is accrued based on the carrying amount of the asset, net of the loss allowance.

The Group defines individually significant loans as loans with total outstanding balances exceeding the threshold of 1% of the Group's loan portfolio as at reporting date. ECL for individually significant loans in Stage 3 are assessed on an individual basis, whereas, ECL for individually significant loans in Stage 1 and 2 are assessed on a collective basis.

ECL for POCI financial assets is always measured on a lifetime basis (Stage 3), and at the reporting date, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized 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 in calculating the cash shortfalls from the existing asset.

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 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.

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from 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.

When modification results in derecognition, a new loan is recognized and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans and advances to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Group'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 Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group 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. A customer needs to demonstrate consistently good payment behavior over a period of time (6 months) 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 provision reverts to being measured at an amount equal to 12-month ECL.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental 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 such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

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 an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of provision for ECL in the consolidated statement of financial position

Loss provisions for ECL are presented in the consolidated 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 guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss provision 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 provision over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss provision is disclosed and is recognized 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 Group 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 financial instruments' in the statement of profit or loss and other comprehensive income.

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

Financial liabilities – classification, subsequent assessment and profit and loss

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

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially 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 derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible 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 cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates initiated by the Group due to changes in the CBU key rate, if the loan agreement entitles the Group to do so.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined 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 deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

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

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion 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 Group further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes 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 costs or 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 a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Group 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 Group derecognizes 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 the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- 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 recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Group enters into transactions whereby it transfers assets recognized on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities lending transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. For a service contract, the Group is required to recognize either a service asset (if the consideration to be received is more than sufficient compensation for the performance of the service) or a service liability (if the consideration to be received is not sufficient compensation for the performance of the service).

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Any cumulative gain/loss recognized in other comprehensive income in respect of financial liabilities designated as at FVTPL is not recognized in profit or loss on derecognition of such financial liabilities.

Loans and advances to customers

Loans and advances to customers' caption in the consolidated statement of financial position include: loans and advances 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 amortized cost less ECL using the effective interest method.

Fair value through profit or loss

- Trading assets were those assets that the Group acquired or incurred principally for the purpose of selling or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit or position taking. Trading assets were initially recognized and subsequently measured at fair value in the consolidated statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value were recognized as part of net trading income 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 incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at FVTPL.

When the Group designates a financial liability as at FVTPL, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in other comprehensive income as a liability credit reserve. On initial recognition of the financial liability, the Group 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 derecognized, 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 Group 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 (see Note 3(d)(iv)) and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15; and

The Group has issued no loan commitments that are measured at FVTPL.

For other loan commitments:

- the Group recognizes a loss provision;

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 90 days of the date of origination and are free from contractual encumbrances.

Investment securities

Investment securities includes equity securities measured at fair value, with fair value changes recognized immediately in other comprehensive income and debt securities measured at amortised cost.

Amounts due to and due from credit institutions

In the normal course of business, the Group advances amounts due from credit institutions for various periods of time. Amounts due from other banks are not available for immediate or short-term sale and are carried at amortized cost using the effective interest rate if they have fixed maturities. Amounts that do not have fixed maturities are carried at amortized cost based on the expected maturities of those assets. Amounts due from credit institutions are carried net of any provision for impairment losses.

Mandatory reserve deposits with CBU represent mandatory reserve deposits which are not available to finance the Bank's day to day operations. Obligatory reserves with CBU are included in amounts due from credit institutions for the purposes of the statement of cash flows.

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

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee. Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

1. Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
2. Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
3. Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.
For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'Administrative and other operating expenses' in profit or loss.

Customer accounts

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

Borrowings
Borrowings are non-derivative liabilities from state and financial institutions and are carried at amortized cost.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Pledged property recovered from outstanding loans
Pledged property recovered from outstanding loans represents financial and non-financial assets received by the Group in settlement of overdue loans. These assets are initially recognized at fair value upon receipt and included in property and equipment or other non-financial assets depending on their nature and the Group's intention in respect of recovery of these assets and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

Prepayments
Prepayments are non-financial assets that are initially measured at cost less accumulated impairment losses.

Property and equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying amount of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Depreciation of an asset begins when it becomes available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

	Years
Building and premises	20-30
Office and computer equipment	5-10

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

Intangible assets

Intangible assets include software and licenses.

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Upon initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets have limited or indefinite useful lives. Intangible assets with limited useful lives are amortized over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization periods and procedures for intangible assets with indefinite useful lives are reviewed at least annually at the end of each reporting year.

	Years
License	5- 6
Software	5- 6

Provisions

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

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividend rights are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are recorded 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 recognized share premium.

Preference shares which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder are classified as financial liabilities and are presented in other borrowed funds. The dividends on these preference shares are recognised as interest expense on an amortised cost basis, using the effective interest method.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on 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 consolidated financial statements are authorized for issue.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to equity holders of the Bank by the weighted average number of shares outstanding during the reporting year.

Contingent assets and liabilities

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

Employee benefits and social security contributions

In the Republic of Uzbekistan, the Group contributes to the unified social tax system. These contributions are also recorded on an accrual basis. Unified social tax includes contributions to the Pension Fund. The Group does not have its own pension scheme. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

Taxation

The current income tax charge is calculated in accordance with the regulations of the Republic of Uzbekistan and the cities in which the Bank has offices, branches and subsidiaries.

Deferred tax assets and liabilities are calculated in respect of all 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 consolidated financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill 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.

Deferred tax assets are 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 by the reporting date.

Deferred income tax is recognized 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.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Foreign currency translation.

The functional currency of the Group, which is the currency of the primary economic environment in which the Group operates and the Group's presentation currency is the national currency of the Republic of Uzbekistan, Uzbekistan Soum ("UZS").

Monetary assets and liabilities are translated into Group's functional currency at the official exchange rate of the CBU at the end of respective reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into Group's functional currency at year-end official exchange rates of the CBU are recognised in profit or loss for the year. Translation at the year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

The results and financial position of each group entity are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;
(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
(iii) components of equity are translated at the historic rate; and
(iv) all resulting exchange differences are recognised in other comprehensive income.

At 31 December 2021 the principle rate of exchange used for translating foreign currency balances was USD 1=UZS 10,837.66 (2020: 10,476.92) and EUR 1 = UZS 12,224.88 (2020: 12,786.03).

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

New and amended IFRS Standards that are effective for the current year

The following amendments and interpretations are effective for the Group effective 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)
Amendments to IFRS 16	Covid-19-Related Rent Concessions

The above standards and interpretations were reviewed by the Group's management, but did not have a significant effect on the financial statements of the Group.

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification.

A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

1) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
2) Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
3) There is no substantive change to other terms and conditions of the lease.

This amendment is effective for annual reporting periods beginning on or after 1 June 2020. Applied retrospectively in accordance with IAS 8, but does not require revise prior periods. There is no any modification to existing leases of the Group during 2020 and after the reporting period, accordingly there is no any effect of the application of the amendment.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (Phase 2)

The International Accounting Standards Board (IASB) has published 'Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. The management of the Group does not expect that the application of these changes will have an impact on the financial statements of the Group.

Impact of the initial application of Interest Rate Benchmark Reform

In the current year, the IASB adopted the Phase 2 amendments Interest Rate Benchmark Reform-Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New or revised standard or interpretation	***Applicable to annual reporting periods beginning on or after***
IFRS 17 "Insurance contracts"	*1 January 2023*
Amendments to IFRS 17 "Insurance contracts"	*1 January 2023*
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles).	*1 January 2023*
Amendments to IAS 8 – "Definition of Accounting Estimates"	*1 January 2023*
Amendments to IAS 1 and IFRS Practice Statement 2 – "Disclosure of Accounting Policies"	*1 January 2023*
Annual Improvements to IFRS Standards 2018-2020:	
Amendments to IFRS 3 – "Reference to the Conceptual Framework"	*1 January 2022*
Amendments to IAS 16 Property, Plant and Equipment – Revenue Before Intended Use	*1 January 2022*
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – "Loss-making Contracts – Completion Value"	*1 January 2022*
Amendments to IAS 12 Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction	*1 January 2023*
Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*Date to be determined by the IASB*

The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

IFRS 17 Insurance Contracts. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.
The Standard is effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023 (previously – on or after 1 January 2021).

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard and the transition date is the beginning of the period immediately preceding the date of initial application.

The management of the Group does not expect that the application of this standard will have an impact on the financial statements of the Group in the future, since the Group does not have instruments within the scope of this Standard.

Amendments to IAS 1 Classification of Liabilities as Short-Term or Long-Term (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles). The amendments are intended to facilitate the understanding that a liability is classified as long-term if the organization expects and has the authority to refinance the liability or postpone its maturity by at least 12 months after the reporting period under the existing credit line with the previous lender, on equal or similar terms.

The amendments only amend the presentation of liabilities in the statement of financial position, i.e. not regarding the amount, the moment of recognition or disclosure of information. The amendments clarify that the classification should be based on the existence at the end of the reporting period of the right to defer repayment of a liability for at least 12 months. Thus, the amendments explicitly indicate that only those rights that exist "at the end of the reporting period" should affect the classification of the liability. Moreover, the classification does not depend on expectations as to whether the organization will use the right to defer repayment of the liability, which means transferring funds, equity instruments, or other assets or services to a counterparty.

The amendments apply retrospectively to the periods beginning on or after 1 January 2023. Early application is acceptable.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles). The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

Amendments to IAS 8 "Definition of Accounting Estimates". The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates;
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty;
- The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error;
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods should such transactions occur.

Amendments to IAS 1 and IFRS Practice Statement 2 – "Disclosure of Accounting Policies". Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- Several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- The amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is acceptable. The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods should such transactions occur.

Annual Improvements to IFRS 2018-2021 Cycles. The list of amendments includes amendments to the three standards, as well as annual improvements to the Board, which are changes that clarify the wording or eliminate minor inconsistencies, omissions or contradictions between the requirements in the standards.

- **The amendments to IFRS 3** Business Combinations update the reference in IFRS 3 to the Conceptual Framework for Financial Statements without changing the accounting requirements for a business combination.
- **Amendments to IAS 16** Property, Plant and Equipment prohibit deducting from the value of property, plant and equipment the amounts received from the sale of manufactured goods while preparing the asset for its intended use. Instead, these sales revenue and related costs are recognized in profit or loss.
- **Amendments to IAS 37** "Provisions, Contingent Liabilities and Contingent Assets" determine the costs to be included in assessing whether the contract is unprofitable.
- Annual improvements introduce minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and illustrative examples accompanying IFRS 16 "Leases".

All amendments are effective on 1 January 2022, early application is permitted.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods should such transactions occur.

Amendments to IAS 12 "Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction". The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities;
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset;
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

6. Cash and cash equivalents

	31 December 2021	31 December 2020
Cash balances with the CBU	1,611,174	1,311,822
Cash on hand	1,131,844	1,012,792
Correspondent accounts and overnight placements with other banks	618,752	664,666
Placements with other banks with original maturities of less than three months	50,000	-
Less: ECL provision	(97)	(51)
Total cash and cash equivalents	**3,411,673**	**2,989,229**

As at 31 December 2021 and 2020, the Group had no counterparties, other than CBU, whose balances of cash and cash equivalents exceeded 5% of the Group's equity.

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 31 December 2021:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Placements with other banks with original maturities of less than three months	Total
Neither past due nor impaired				
- Aa1 (Moody's)	-	2,893	-	**2,893**
- Aa3 (Moody's)	-	361	-	**361**
- A1 (Moody's)	-	103,251	-	**103,251**
- Ba1 (Moody's)	-	1,191	-	**1,191**
- Baa3 (Moody's)	-	9	-	**9**
- BB- (S&P)	-	26,922	-	**26,922**
- BB- (Fitch)	1,611,174	-	-	**1,611,174**
- B1 (Moody's)		468,186	50,000	**518,186**
- B2 (Moody's)	-	12,680	-	**12,680**
- B (Fitch)	-	153	-	**153**
- B- (S&P)	-	3,106	-	**3,106**
Total cash and cash equivalents, excluding cash on hand and ECL provision	**1,611,174**	**618,752**	**50,000**	**2,279,926**

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 31 December 2020:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Correspondent accounts and overnight placements with other banks	Total
Neither past due nor impaired				
- Aa1 (Moody's)	-	844	-	**844**
- Aa2 (Moody's)	-	96	-	**96**
- Aa3 (Moody's)	-	2,697	-	**2,697**
- A3 (Moody's)	-	9,404	-	**9,404**
- A1 (Moody's)	-	466,864	-	**466,864**
- Baa3 (Moody's)	-	6	-	**6**
- Ba1 (Moody's)	-	325	-	**325**
- BB- (Fitch)	1,311,822	-	-	**1,311,822**
- B1 (Moody's)	-	47,975	-	**47,975**
- B2 (Moody's)	-	3	-	**3**
- B3 (Moody's)	-	1	-	**1**
- B- (S&P)	-	136,451	-	**136,451**
Total cash and cash equivalents, excluding cash on hand and ECL provision	**1,311,822**	**664,666**	**-**	**1,976,488**

7. Due from other banks

	31 December 2021	31 December 2020
Placements with other banks with original maturities of more than three months	90,947	128,865
Mandatory reserve with CBU	87,000	57,114
Long term loans to other banks	27,384	57,370
Restricted cash	4,149	4,606
Less: ECL provision	(608)	(1,361)
Total due from other banks	**208,872**	**246,594**

Mandatory deposits with the CBU include non-interest-bearing reserves against client deposits. The Group does not have the right to use these deposits for the purposes of funding its own activities.

Restricted cash represents balances with foreign banks placed by the Group on behalf of its clients. The Group does not have the right to use these funds to finance its activities.

The credit quality of amounts due from other banks as at 31 December 2021:

	Placements with other banks with original maturities of more than three months	Long term loans to other banks	Mandatory reserve with CBU	Restricted cash	Total
Neither past due nor impaired					
- Aa1 (Moody's rated)	-	-	-	3,452	**3,452**
- A1 (Moody's rated)	-	-	-	542	**542**
- BB- (Fitch rated)	50,661	1,096	87,000	-	**138,757**
- BB- (S&P rated)	3,005	-	-	5	**3,010**
- B1 (Moody's rated)	19,916	8,485	-	100	**28,501**
- B2 (Moody's rated)	10,512	-	-	-	**10,512**
- B (Fitch rated)	3,200	-	-	-	**3,200**
- B (S&P rated)	3,653	17,803	-	-	**21,456**
- B3 (Moody's rated)	-	-	-	50	**50**
Total due from other banks, excluding ECL provision	**90,947**	**27,384**	**87,000**	**4,149**	**209,480**

The credit quality of amounts due from other banks as at 31 December 2020:

	Placements with other banks with original maturities of more than three months	Long term loans to other banks	Mandatory reserve with CBU	Restricted cash	Total
Neither past due nor impaired					
- Aa1 (Moody's rated)	-	-	-	3,336	**3,336**
- A1 (Moody's rated)	-	-	-	644	**644**
- BB- (Fitch rated)	53,364	6,684	57,114	526	**117,688**
- B1 (Moody's rated)	13,708	15,142	-	100	**28,950**
- B2 (Moody's rated)	14,943	-	-	-	**14,943**
- B (Fitch rated)	46,850	32,208	-	-	**79,058**
- B3 (Moody's rated)	-	3,336	-	-	**3,336**
Total due from other banks, excluding ECL provision	**128,865**	**57,370**	**57,114**	**4,606**	**247,955**

Amounts due from other banks are not collateralised. Refer to Note 29 for the estimated fair value of each class of amounts due from other banks. Interest rate analysis of due from other banks is disclosed in Note 26. Information on related party balances is disclosed in Note 30.

8. Loans and advances to customers

	31 December 2021	31 December 2020
Corporate loans	25,358,096	18,357,130
Individuals	5,677,326	4,826,626
State and municipal organisations	2,066,010	2,109,975
Total loans and advances to customers, gross	**33,101,432**	**25,293,731**
Less: ECL provision	(1,032,779)	(425,101)
Total loans and advances to customers	**32,068,653**	**24,868,630**

Economic sector risk concentrations within the customer loan portfolio are as follows:

	31 December 2021		31 December 2020	
	amount	%	amount	%
Agriculture	10,074,155	30.4%	7,895,012	31.2%
Manufacturing	10,970,758	33.1%	7,597,313	30.0%
Individuals	5,677,326	17.2%	4,826,626	19.1%
- Micro loans	*5,141,041*		*4,029,121*	
- Consumer	*374,045*		*696,494*	
- Mortgage	*162,240*		*101,011*	
Trade	3,609,835	10.9%	2,868,910	11.4%
Construction	1,149,561	3.5%	759,357	3.0%
Other	1,619,797	4.9%	1,346,513	5.3%
Total loans and advances to customers, gross	**33,101,432**	**100.0%**	**25,293,731**	**100.0%**

At 31 December 2021, the Group had a concentration of loans represented by UZS 5,122,427 million due from ten largest borrowers or 15.5% of gross loans (2020: UZS 4,411,606 million or 17.5%).

Information about collateral as at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Unsecured loans	460,449	510,273
Loans collateralised by:		
- insurance policy	16,457,647	11,338,649
- guarantees	7,492,394	5,902,502
- real estate	4,784,207	4,078,195
- vehicle	2,038,914	2,275,491
- equipment	1,607,383	1,007,355
- cash deposit	66,818	66,397
- government guarantee	39,725	347
- inventory	6,998	25,976
- other	146,897	88,546
Total loans and advances to customers, gross	**33,101,432**	**25,293,731**

The table below shows analysis of the movement in loans and advances to customers:

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January	**22,224,190**	**1,094,265**	**1,975,276**	**25,293,731**
Transfer from Stage 1	(4,039,884)	4,039,884	-	-
Transfer from Stage 2	1,468,532	(3,753,552)	2,285,020	-
Transfer from Stage 3	-	1,348,030	(1,348,030)	-
Changes in EAD*	(1,996,177)	249,971	118,423	(1,627,783)
New financial assets originated or purchased	18,250,741	-	-	18,250,741
Financial assets that have been repaid in full	(8,147,163)	(265,752)	(314,189)	(8,727,104)
Write-off	-	-	(152,439)	(152,439)
Foreign exchange differences	54,018	5,279	4,989	64,286
Gross carrying amount as at 31	**27,814,257**	**2,718,125**	**2,569,050**	**33,101,432**
Loss allowance as at 31 December	**(170,531)**	**(207,816)**	**(654,432)**	**(1,032,779)**
Carrying amount net of allowance as at 31 December	**27,643,726**	**2,510,309**	**1,914,618**	**32,068,653**

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January	**15,046,500**	**474,055**	**478,080**	**15,998,635**
Transfer from Stage 1	(2,098,277)	2,098,277	-	-
Transfer from Stage 2	138,201	(1,226,391)	1,088,190	-
Transfer from Stage 3	-	53,390	(53,390)	-
Changes in EAD*	(914,231)	(21,741)	715,881	(220,091)
New financial assets originated or purchased	17,707,704	-	-	17,707,704
Financial assets that have been repaid in full	(8,177,391)	(309,011)	(269,034)	(8,755,436)
Write-off	-	-	(30,818)	(30,818)
Foreign exchange differences	521,684	25,686	46,367	593,737
Gross carrying amount as at 31	**22,224,190**	**1,094,265**	**1,975,276**	**25,293,731**
Loss allowance as at 31 December	**(85,367)**	**(69,980)**	**(269,754)**	**(425,101)**
Carrying amount net of allowance as at 31 December	**22,138,823**	**1,024,285**	**1,705,522**	**24,868,630**

* The line "Changes in EAD" represents changes in the gross carrying amount of loans, except for loans that were fully repaid during the reporting period. Transfer from stages presented in the table above represent transfers of loans issued during the previous period. Transfers of loans between stages that were issued during the current period are presented in the Changes in EAD line, in the table above.

The decrease in foreign exchange difference is due to the reason that during 2021, the Uzbek Soum devaluated by 3.4% against the US dollar, and appreciated by 4.4% against Euro (2020: the Uzbek Soum devalued by 10.1% and 20.3%, against US dollar and Euro, respectively).

The table below shows an analysis of the movement in ECL provision:

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January	**85,367**	**69,980**	**269,754**	**425,101**
Transfer from Stage 1	(176,310)	176,310	-	-
Transfer from Stage 2	111,421	(230,642)	119,221	-
Transfer from Stage 3	-	131,672	(131,672)	-
Changes in ECL*	(172,564)	71,633	622,828	521,897
New financial assets originated or purchased	359,457	-	-	359,457
Financial assets that have been repaid in full	(36,840)	(11,137)	(73,260)	(121,237)
Write-off	-	-	(152,439)	(152,439)
Balance as at 31 December	**170,531**	**207,816**	**654,432**	**1,032,779**

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January	**17,794**	**3,502**	**93,069**	**114,365**
Transfer from Stage 1	(97,501)	97,501	-	-
Transfer from Stage 2	9,492	(64,866)	55,374	-
Transfer from Stage 3	-	13,073	(13,073)	-
Changes in ECL*	(52,880)	23,381	207,547	**177,347**
New financial assets originated or purchased	216,439	-	-	**216,439**
Financial assets that have been repaid in full	(7,977)	(2,611)	(42,345)	**(52,933)**
Write-off	-	-	(30,818)	**(30,117)**
Balance as at 31 December	**85,367**	**69,980**	**269,754**	**425,101**

*"Changes in ECL" are attributable to changes in parameters (PD, LGD), foreign exchange differences and transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. The information on transfers above reflects the migration of loans issued in previous periods from their initial stage to the stage they were in as at the reporting date.

The following table contains information about the quality of the loan portfolio as at 31 December 2021:

31 December 2021	**State and municipal organisations**	**Corporate loans**	**Loans to individuals**	**Total**
Loans assessed for impairment on a collective basis (gross)				
Not past due	1,953,015	23,057,403	3,986,949	**28,997,367**
Past due loans				
- less than 30 days overdue	11,652	505,958	170,060	**687,670**
- 31 to 90 days overdue	22,046	731,745	363,577	**1,117,368**
- over 90 days overdue	39,698	841,844	1,148,443	**2,029,985**
Total loans assessed for impairment on a collective basis, gross	**2,026,411**	**25,136,950**	**5,669,029**	**32,832,390**
Collectively assessed restructured loans				
Not pust due but impaired	-	61,974	333	**62,307**
Past due loans				
- less than 30 days overdue	-	-	29	**29**
- 31 to 90 days overdue	-	42	443	**485**
- over 90 days overdue	39,599	159,130	7,492	**206,221**
Total loans assessed for impairment on a collective basis, gross	**39,599**	**221,146**	**8,297**	**269,042**
- Impairment provisions for individually impaired loans	-	-	-	**-**
- Impairment provisions assessed on a collective basis	(38,935)	(558,095)	(435,749)	**(1,032,779)**
Less: Allowance for expected credit losses	**(38,935)**	**(558,095)**	**(435,749)**	**(1,032,779)**
Total loans and advances to customers	**2,027,075**	**24,800,001**	**5,241,577**	**32,068,653**

As disclosed in note 4, loans are assessed on an individually basis if they exceed 1% of the Group's loan portfolio as of reporting date. As of 31 December 2021, the Group did not have impaired loans that exceed that limit.

The following table contains information about the quality of the loan portfolio as at 31 December 2020:

31 December 2020	State and municipal organisations	Corporate loans	Loans to individuals	Total
Loans assessed for impairment on a collective basis (gross)				
Not past due	1,730,025	15,661,923	4,131,890	**21,523,838**
Past due loans				
- less than 30 days overdue	61,251	583,598	169,821	**814,670**
- 31 to 90 days overdue	677	150,482	385,673	**536,832**
- over 90 days overdue	27,483	125,084	138,501	**291,068**
Total loans assessed for impairment on a collective basis, gross	**1,819,436**	**16,521,087**	**4,825,885**	**23,166,408**
Collectively assessed restructured loans				
Not past due but impaired	-	1,197,424	741	**1,198,165**
Past due loans				
- less than 30 days overdue	-	8,471	-	**8,471**
- 31 to 90 days overdue	-	750	-	**750**
- over 90 days overdue	-	4,540	-	**4,540**
Total collectively assessed restructured loans, gross	**-**	**1,211,185**	**741**	**1,211,926**
Restructured loans individually determined to be imapired				
Not past due but impaired	-	613,158	-	**613,158**
Past due loans				
- less than 30 days overdue	-	11,700	-	**11,700**
- 31 to 90 days overdue	-	-	-	**-**
- over 90 days overdue	290,539	-	-	**290,539**
Total restructured loans individually determined to be impaired, gross	**290,539**	**624,858**	**-**	**915,397**
- Impairment provisions for individually impaired loans	(22,392)	(53,821)	-	**(76,213)**
- Impairment provisions assessed on a collective basis	(39,728)	(213,133)	(96,027)	**(348,888)**
Less: Allowance for expected credit losses	**(62,120)**	**(266,954)**	**(96,027)**	**(425,101)**
Total loans and advances to customers	**2,047,855**	**18,090,176**	**4,730,599**	**24,868,630**

Refer to Note 29 for the estimated fair value of each class of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 26. Information on related party balances is disclosed in Note 30.

9. Investment securities

Investments in equity and debt securities are presented below:

Name	31 December 2021	31 December 2020
Equity securities measured at fair value through other comprehensive income	22,993	17,509
Debt securities measured at amortized cost	1,955,871	1,409,288
Total investment securities	**1,978,864**	**1,426,797**

	Coupon rate	Maturity	31/Dec/21	31/Dec/20
Bonds of the Central Bank of the Republic of Uzbekistan	Discount	7 Jan 2022 - 7 Apr 2022	1,823,817	-
Government bonds of the Republic of Uzbekistan	15,0% - 16,0%	17 Jan 2022 - 8 July 2022	82,595	1,277,049
Government bonds of the Republic of Uzbekistan	Discount	11-Feb-22	49,459	-
Bonds of the Central Bank of the Republic of Uzbekistan	14,0% - 15,0%	11 Jan 2021 - 12 Aug 2021	-	132,239
Debt securities measured at amortized cost			**1,955,871**	**1,409,288**

Equity securities at FVTOCI as at 31 December 2021 and 2020 include equity securities, registered in Uzbekistan and not actively traded. Due to the nature of the local financial markets, it is not possible to obtain current market value for these investments. Some of the investees have not published recent financial information about their operations, recent trade prices of shares are not publicly accessible.

The fair value of the financial assets at fair value through other comprehensive income were determined as the present value of future dividends by assuming dividend growth rate of zero per annum. The Management built its expectation based on previous experience of dividends received on financial assets at fair value through other comprehensive income over multiple years, and accordingly calculated the value using the average rate of return on investments. The Management believes that this approach accurately reflects the fair value of these securities.

A significant unobservable input used in determining the fair value of financial assets at FVTOCI is discount rate. The higher the discount rate the lower the fair value of the financial assets at FVTOCI.

Changes in investment securities fair value and measurement approaches are stipulated in Note 29.

10. Property, equipment and intangible assets

	Buildings and premises	Office and computer equipment	Construction in progress	Intangible assets	Total property, equipment and intangible assets
Cost					
31 December 2019	**290,096**	**401,696**	**89,995**	**1,583**	**783,370**
Additions	1,130	279,742	324,557	-	**605,429**
Disposals	(4,892)	(18,309)	-	(100)	**(23,301)**
Transfer	155,786	4,941	(160,727)	-	-
31 December 2020	**442,120**	**668,070**	**253,825**	**1,483**	**1,365,498**
Accumulated depreciation					
31 December 2019	**(48,420)**	**(126,537)**	**-**	**(1,565)**	**(176,522)**
Depreciation / amortisation	(11,764)	(84,806)	-	-	**(96,570)**
Disposals	2,526	17,249	-	100	**19,875**
31 December 2020	**(57,658)**	**(194,094)**	**-**	**(1,465)**	**(253,217)**
Cost					
31 December 2020	**442,120**	**668,070**	**253,825**	**1,483**	**1,365,498**
Additions	452	118,503	171,469	-	**290,424**
Disposals	(2,667)	(37,582)	-	(1,480)	**(41,729)**
Transfer	78,291	23,154	(101,445)	-	**-**
31 December 2021	**518,196**	**772,145**	**323,849**	**3**	**1,614,193**
Accumulated depreciation					
31 December 2020	**(57,658)**	**(194,094)**	**-**	**(1,465)**	**(253,217)**
Depreciation / amortisation charge (Note 22)	(15,396)	(106,816)	-	(9)	**(122,221)**
Disposals	1,340	19,735	-	1,471	**22,546**
31 December 2021	**(71,714)**	**(281,175)**	**-**	**(3)**	**(352,892)**
Net book value					
31 December 2020	**384,462**	**473,976**	**253,825**	**18**	**1,112,281**
31 December 2021	**446,482**	**490,970**	**323,849**	**-**	**1,261,301**

In accordance with the Presidential Decree #3620 dated 23 March 2018 about modernization of banks and banking services, during 2021 the Bank has capitalized a building in Tashkent City in amount of 79 billion and has spent about 44 billion on construction of building in Andijan region as well as overhauling the front, middle and back offices of 29 branches throughout the Republic. Furthermore, during 2021, UZS 33 billion and UZS 23 billion were spent on the acquisition of new computers and banknote counter, respectively, for branches.

As at 31 December 2021 and 2020, property and equipment included fully depreciated assets totaling UZS 27 billion and UZS 28 billion, respectively.

The Group leases several assets including buildings. The average lease term is 3 years.

As at 31 December 2021 and 2020, premises and equipment of the Group were not pledged.

11. Other assets

	31 December 2021	31 December 2020
Other financial assets		
Receivable from money transfer organizations	12,174	4,110
Commission receivable	5,540	1,429
Trade receivables	5,528	3,252
Accounts receivable from Paynet service organization	1,321	5,142
Other financial assets	329	1,351
ECL provision	(1,992)	(1,350)
Total other financial assets	**22,900**	**13,934**
Other non-financial assets		
Prepayments for construction of building	135,704	148,048
Greenhouses under development	85,401	39,043
Consumable biological assets	42,975	-
Inventory	21,289	16,446
Prepayments for inventory and services	11,274	7,536
Recoverable assets from court decision	1,519	1,665
Prepayment to fund and credit insurance	1,386	1,588
Other non-financial assets	2,606	13,201
Less allowance for impairment	(2,697)	(12,135)
Total other non-financial assets	**299,456**	**215,392**
Total other assets	**322,356**	**229,326**

As at 31 December 2021, prepayment for the construction of building in the amount of UZS 112,549 million for construction of new head office in Tashkent city (2020: UZS 119,847 million).

As at 31 December 2021, greenhouses under development includes construction of greenhouses that the Group builds with the purpose of further sale or lease and treated as Inventory (IAS 2), during 2021, the Group spent an additional UZS 46 billion on greenhouse construction.

As at 31 December 2021, the Group recognized consumable biological assets (fruit saplings) in the amount of UZS 42,975 million for planting trees with the purpose of further sale or lease once greenhouse construction is completed.

Recoverable assets from court decisions include cases related to operating activities of the Bank. The Bank made 100 percent allowance for these receivables. Refer to Note 29 for disclosure of the fair value of other financial assets.

12. Due to other banks

	31 December 2021	31 December 2020
Long-term placements of other banks	936,321	1,223,097
Short-term placements of other banks	53,315	165,108
Correspondent accounts and overnight placements of other banks	4,497	18,907
Payable to the CBU under repo agreement	-	1,153,730
Total due to other banks	**994,133**	**2,560,842**

The decrease in due to other banks was due to the fact that REPO transactions as an instrument were used as a support measure during COVID-19 pandemic in 2020 by the Central bank of the Republic of Uzbekistan.

As of 31 December 2021, the long-term placements of other banks include funds received for the financing of investment projects in the total amount of UZS 290,597 million (2020: UZS 185,304 million) and are classified as financing activities in the consolidated statement of cash flows (Note 19).

Refer to Note 29 for the disclosure of the fair value of each class of amounts due to other banks. Interest rate analyses of due to other banks are disclosed in Note 26.

13. Customer accounts

	31 December 2021	31 December 2020
State and public organizations		
- Current/settlement accounts	175,832	100,247
- Term deposits	5,971,821	4,996,605
Other legal entities		
- Current/settlement accounts	1,797,583	1,142,497
- Term deposits	518,628	428,666
Individuals		
- Current/settlement accounts	943,899	663,078
- Term deposits	2,850,016	2,113,730
Total customer accounts	**12,257,779**	**9,444,823**

Economic sector concentration within customer accounts are as follows:

	31 December 2021	31 December 2020
State and public organizations	6,147,653	5,096,852
Individuals	3,793,915	2,776,808
Agriculture	669,687	378,802
Service	665,950	595,857
Manufacturing	617,342	353,082
Trade and catering	279,427	158,627
Communication and transport	46,823	43,026
Construction	34,896	38,277
Other	2,086	3,492
Total Customer Accounts	**12,257,779**	**9,444,823**

As at 31 December 2021 and 2020, customer accounts amounting to UZS 338,867 million and UZS 132,140 million respectively, were pledged as collateral for letters of credit and other similar products issued by the Group.

At 31 December 2021 and 2020, customer accounts amounting to UZS 5,679,081 million (46%) and UZS 4,803,378 million (51%), respectively, were due to 10 customers.

As at 31 December 2021 and 2020, the largest term deposits placed by state and public organisations include deposits from the Ministry of Finance of the Republic of Uzbekistan, the Fund guarantee of deposits of citizens in banks of the Republic of Uzbekistan, the Ministry of Defence and the Ministry of Agriculture of the Republic of Uzbekistan.

Refer to Note 29 for the disclosure of the fair value of each class of customer accounts. Interest rate analyses of customer accounts are disclosed in Note 26. Information on related party transactions is disclosed in Note 30.

14. Debt securities issued

	31 December 2021	31 December 2020
Deposit certificates	112,093	88,043
Non-documentary bonds	16	16
Total debt securities in issue	**112,109**	**88,059**

Refer to Note 29 for the disclosure of the fair value of each class of debt securities issued. Interest rate analyses of debt securities issued are disclosed in Note 26. Information on related party transactions is disclosed in Note 30.

15. Other borrowed funds

	31 December 2021	31 December 2020
International Financial Institutions		
"Cargil Financial Services International" (USA)	2,255,695	210,194
"Credit Suisse AG" (London Branch)	1,092,765	1,053,755
"Landesbank Baden-Wurttemberg" (Germany)	772,117	579,100
"Credit Suisse AG" (Switzerland)	633,031	674,554
"Transkapitalbank" (Russia)	496,689	-
"China Development Bank" (China)	440,879	426,570
"Sovcombank" (Russia)	404,528	241,035
JSC "JSCB International Financial Club" (Russia)	310,342	-
"Commerzbank AG" (Germany)	302,406	312,609
"Ziraat" Bank (Turkey)	252,965	405,926
"Credit Bank of Moscow" (Russia)	152,530	83,871
"Helaba bank" (Germany)	151,697	-
Berliner Sparkasse Branch of Laddesbank Berlin AG (Germany)	147,026	-
"Promsvyaz" Bank (Russia)	129,786	567,645
Islamic corporation for the Development of the private sector	105,832	45,830
"Eximbank" (Hungary)	74,892	93,105
"Aktif Bank" (Turkey)	55,743	-
"EMF Microfinance Fund" (Liechtenstein)	54,275	52,628
"Development Bank of the Republic of Belarus" (Belarus)	37,940	-
"VTB BANK (EUROPE) SE" (Germany)	-	251,961
"Raiffesen Bank International" (Austria)	-	109,502
Others	41,674	45,031
Total other borrowerd funds from IFIs	**7,912,812**	**5,153,316**
Uzbekistan Financial Institutions		
Ministry of Finance of the Republic of Uzbekistan	8,083,452	5,821,005
Central Bank of the Republic of Uzbekistan	213,875	315,951
Farmers Support Fund	199,005	188,155
National Bank of Republic of Uzbekistan for Foreign Economic Activity	157,770	215,466
"Youth - Our Future" Fund	113,265	126,103
The Uzbekistan Mortgage Refinancing Company	75,227	33,588
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan	46,879	-
Khokimiyat	23,679	118,821
The Fund for Reconstruction and Development of the Republic of Uzbekistan	20,161	1,478,150
Others	41,223	48,889
Total other borrowerd funds from Uzbekistan Financial Institutions	**8,974,536**	**8,346,128**
Total other borrowed funds	**16,887,348**	**13,499,444**

	Currency	31 December 2021		31 December 2020	
		Interest rate %	Maturity, year	Interest rate %	Maturity, year
International Financial Institutions					
"Cargil Financial Services International" (USA)	USD	6M Libor plus 4.35% - 6M Libor plus 5.15%	2022-2026	6M Libor plus 5.1% - 6M Libor plus 5.15%	2022-2023
"Credit Suisse AG" (London Branch)	USD	6M Libor plus 3.5%	2022	6M Libor plus 1.8%	2021
"Landesbank Baden-Wurttemberg" (Germany)	EUR	6M Euribor plus 1.0% - 4.3%	2022-2030	6M Euribor plus 1.0% - 4.3%	2021-2029
"Credit Suisse AG" (Switzerland)	EUR	6M Euribor plus 1.8%	2029	6M Euribor plus 1.8%	2029
"Transkapitalbank" (Russia)	EUR/USD	3.8% - 4.9%	2023	-	-
"China Development Bank" (China)	USD	6M Libor plus 3.5%	2028	6M Libor plus 3.5%	2028
"Sovcombank" (Russia)	EUR/USD	2.25% - 5.0%	2022-2023	2% - 5%	2021-2022
JSC "JSCB International Financial Club" (Russia)	EUR/USD	3.5% - 4.5%	2023	-	-
"Commerzbank AG" (Germany)	EUR	6M Euribor plus 1.2% - 6M Euribor plus 2.85%	2023-2031	6M Euribor plus 1.5%	2029
"Ziraat" Bank (Turkey)	USD	6M Libor plus 4.75% - 6M Libor plus 6.75%	2023-2025	6M Libor plus 4.75% - 6M Libor plus 6.75%	2023-2025
"Credit Bank of Moscow" (Russia)	USD	2% - 2.4%	2022	3%	2021
"Helaba bank" (Germany)	EUR	6M Euribor plus 0.75% - 6M Euribor plus 3.65%	2022-2023	-	-
Berliner Sparkasse Branch of Laddesbank Berlin AG (Germany)	EUR	6M Euribor plus 1.00% - 6M Euribor plus 1.35%	2024-2029	6M Euribor plus 1%	2029
"Promsvyaz" Bank (Russia)	USD	4.95% - 5.35%	2023	-	-
"Eximbank" (Hungary)	USD	2.5%	2025	2.5%	2025
"Aktif Bank" (Turkey)	USD	5.00%	2022	-	-
"Development Bank of the Republic of Belarus" (Belarus)	EUR	0.46%	2028	-	-
EMF Microfinance Fund (Liechtenstein)	USD	6.25%	2023	6.25%	2023
"VTB BANK (EUROPE) SE" (Germany)	EUR	-	-	3.5% - 3.65%	2021
"Raiffesen Bank International" (Austria)	EUR	-	-	4%	2021
Islamic corporation for the Development of the private sector	UZS	9.00%	2023	9.00%	2023
Others	EUR/USD/UZS	1.3% - 4.8%	2022-2029	2% - 5%	2021-2025
Uzbekistan Financial Institutions					
Ministry of Finance of the Republic of Uzbekistan	USD/UZS	6M Libor - 13%	2022-2035	6M Libor - 13%	2021-2040
Central Bank of the Republic of Uzbekistan	UZS	5% - 10%	2022-2023	5% - 10%	2022-2023
Farmers Support Fund	UZS	5% - 14%	2022-2024	5% - 14%	2021-2026
National Bank of Republic of Uzbekistan	USD	6M LIBOR plus 4%	2024	6M LIBOR plus 4%	2024
"Youth - Our Future" Fund	UZS	11.00%	2025	10%	2025
The Uzbekistan Mortgage Refinancing Company	UZS	13.00%	2038	13.00%	2038
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan	USD	2.00%	2022	-	-
Khokimiyat	UZS	3% - 10%	2022-2025	10% - 13%	2021-2033
The Fund for Reconstruction and Development of the Republic of U	USD	6M Libor plus 2%	2028	6M Libor plus 2% - 10%	2026-2028
Others	UZS	4% - 14%	2022-2031	10% - 14%	2021- 2038

As at 31 December 2021, the Group is technically in the breach of the loan agreement with China Development Bank, the Management of the Group believes that the creditor will not demand repayment of debt prior to maturity. The Group has communicated potential breach in December 2021 to China Development Bank and as result of this communication, CDB informed that for calculation of NPL, CDB takes into account information on the NPL from the reports of Central Bank of Uzbekistan. According to the CBU reports, the Group has not breached the NPL covenant as of 31 December 2021 based on National Accounting Standards, and the CDB will not withdraw funds earlier than the period specified in the agreement. Nevertheless, the Group had classified those loans within Demand less than 1 month profile in Liquidity table (Note 26).

As the mitigation of potential withdrawals, the Group adjusted its liquidity position by reclassifying funds borrowed from eight creditors for the total amount of UZS 5,137,848 million within Demand less than 1 month profile in Liquidity table (Note 26).

As at 31 December 2021, the Group had no exposure to Ukraine and had limited exposure to the Russian Federation and Belarus. Subsequently, the Group has the exposure with the following sanctions counterparties as "Promsvyaz" Bank (Russia), "Transkapitalbank" (Russia), "Credit Bank of Moscow" (Russia), "Development Bank of the Republic of Belarus" (Belarus) and "Sovcombank" (Russia) in the amount of UZS 1,219,921 million. The Risk Management department of the Group performed stress testing for possible immediate withdrawal of funds by sanctions counterparties. As a result of stress tests, the Group believes that it has enough liquid resources to meet possible withdrawals. Also, currently the Group is considering other financing options in event of withdrawal of funds by the above mentioned banks.

As at the date of these financial statements, UZS 405,032 million of these liabilities have been reassigned to non-sanctioned third party institutions within Russia and UZS 814,889 million remain payable to sanctioned financial institutions.

Management of the Group believes that there are no other financial instruments similar to the other borrowed funds received from these institutions and due to specific terms and conditions of lending, these products represent a separate market. As a result, borrowings from government, state and international financial institutions were received in an orderly transaction and as such have been recorded at consideration received, which approximates the fair value at the recognition date.

Refer to Note 29 for the disclosure of the fair value of each class of other borrowed funds. Interest rate analyses of other borrowed funds are disclosed in Note 26. Information on related party transactions is disclosed in Note 30.

16. Other liabilities

	31 December 2021	31 December 2020
Other financial liabilities		
Payable for suppliers	43,261	36,639
Provision for credit related commitments	18,527	14,327
Dividends payable	340	340
Other financial liabilities	12,968	4,059
Total other financial liabilities	**75,096**	**55,365**
Other non-financial liabilities		
Taxes other than income tax payable	127,232	8,750
Advances received	3,697	3,763
Payable to employees	10,975	2,237
Total other non-financial liabilities	**141,904**	**14,750**
Total other liabilities	**217,000**	**70,115**

As at 31 December 2021 and 2020, payable for suppliers includes payables for acquisition of ATMs in the amount of UZS 4,605 million and UZS 15,019 million respectively.

Furthermore, payable for suppliers includes payables for acquisition of Dell Computers in the amount of UZS 17,981 million as at 31 December 2021.

Refer to Note 29 for disclosure of the fair value of other financial liabilities.

17. Subordinated debt

	Interest Rate	31 December 2021	31 December 2020
Ministry of Finance of the Republic of Uzbekistan	5.9%	221,812	214,428
Total subordinated debt		**221,812**	**214,428**

As per the requirements of the CBU, subordinated debts must meet the following criteria:

- In the event of bankruptcy or liquidation of the Bank, repayment of these debts is subordinate to the repayment of the Bank's liabilities to all other creditors;
- These debts should not be secured by a pledge;
- These debts should not be pledged by the Bank or any of its affiliates as collateral for other assets;
- The initial contractual maturity must be more than 5 years;
- Early repayment of subordinated debt is allowed with the permission of the Central Bank of the Republic of Uzbekistan.

18. Share capital

	Number of outstanding shares	Ordinary shares (UZS)	Inflation adjustments (UZS)	Share capital (UZS)	Share premium (UZS)	Treasury shares (UZS)	Total
As at 31 December 2019	**3,760,643**	**4,392,431**	**25,631**	**4,418,062**	**1,412**	**(115)**	**4,419,359**
Issue of new shares	440,725	514,767	-	514,767	-	-	**514,767**
As at 31 December 2020	**4,201,368**	**4,907,198**	**25,631**	**4,932,829**	**1,412**	**(115)**	**4,934,126**
Issue of new shares	599,315	700,000	-	700,000	-	-	**700,000**
As at 31 December 2020	**4,800,683**	**5,607,198**	**25,631**	**5,632,829**	**1,412**	**(115)**	**5,634,126**

As at 31 December 2021, the total authorized number of ordinary shares is 4,800,683 thousand (31 December 2020: 4,201,368 thousand shares) with a par value of UZS 1,168 per share (31 December 2020: UZS 1,168 per share). All issued ordinary shares were fully paid.

As at 31 December 2021, the total authorized number of preference shares is 500 thousand (31 December 2020: 500 thousand) with a par value of UZS 1,168. Minimum preference share dividends are set at 25% p.a. (2020: 25 % p.a.) and preference shares are thus classified as other borrowed funds. Equity component of preference shares was equal to nil as at 31 December 2021 (31 December 2020: nil).

During 2020, in accordance with the Decree of the President of the Republic of Uzbekistan dated 15 September 2020, the Group issued new shares in the amounts of UZS 514,767 million.

During 2021, in accordance with the Decree of the President of the Republic of Uzbekistan dated 27 March 2021, the Group issued new shares in the amount of UZS 700,000 million.

In accordance with the Decree of the President of the Republic of Uzbekistan dated 20 December 2021, in December 2021, the JSCB Agrobank, the Ministry of Finance of the Republic of Uzbekistan and the Fund for Reconstruction and Developments of the Republic of Uzbekistan ("UFRD") concluded an agreement on converting of borrowings from the UFRD received during 2020-2021 in the total amount of UZS 2,946,176 million into shares, assigning the equity ownership to the Ministry of Finance of the Republic of Uzbekistan. On the basis of these, as of 31 December 2021, the Group has transferred borrowings from UFRD in the amount of UZS 2,946,176 million into the share capital as Additional paid-in capital. The Group registered new shares in February 2022 in the amount of UZS 2,946,176 million and recognized it as share capital.

Share premium represents the excess of contributions received over the nominal value of share issued.

Inflation adjustment relates to hyperinflation that had ceased effective in economic environment of Uzbekistan from 1 January 2017.

19. Net debt reconciliation

					Non-cash changes				
	1 January 2021	**Financing cash inflow**	**Financing cash outflow**	**Interest paid**	**Effect of exchange rate changes**	**Interest accrued**	**Conversion into shares Note 18**	**Recognition of guarantees Note 15**	**31 December 2021**
Long-term placements of other banks	**185,304**	106,400	(1,107)	(26,450)	-	26,450	-	-	**290,597**
Other borrowed funds	**13,499,444**	22,841,995	(16,607,832)	(1,145,186)	18,910	1,119,523	(2,946,176)	106,670	**16,887,348**
Subordinated debt	**214,428**	-	-	-	7,216	168	-	-	**221,812**

					Non-cash changes			
	1 January 2020	**Financing cash inflow**	**Financing cash outflow**	**Interest paid**	**Effect of exchange rate changes**	**Interest accrued**	**Accrual of lease liability**	**31 December 2020**
Long-term placements of other banks	**96,353**	100,268	(11,317)	(9,686)	-	9,686	-	**185,304**
Other borrowed funds	**6,949,992**	15,845,766	(9,872,819)	(604,941)	499,800	681,646	-	**13,499,444**
Lease liabilities	**14,899**	-	(9,104)	-	-	4,552	995	**11,342**
Subordinated debt	**194,769**	-	-	-	19,211	448	-	**214,428**

20. Interest income and expense

	2021	2020
Interest income		
Loans and advances to customers	3,996,045	2,795,392
Interest income from investment securities	155,250	110,271
Due from other banks	55,776	4,978
Cash and cash equivalents	895	1,433
Total interest income	**4,207,966**	**2,912,074**
Customer accounts	(1,217,640)	(701,945)
Other borrowed funds	(1,119,523)	(681,646)
Due to other banks	(131,287)	(212,476)
Debt securities issued	(35,608)	(16,438)
Subordinated debt	(12,642)	(12,012)
Other	(6,023)	(17,696)
Total interest expense	**(2,522,723)**	**(1,642,213)**
Net interest income	**1,685,243**	**1,269,861**

21. Commission income and expense

	2021	2020
Fee and commission income		
Settlement transactions	438,867	278,727
International money transfers	61,222	42,816
Currency conversion transactions	830	2,006
Other	8,792	3,474
Total fee and commission income	**509,711**	**327,023**
Fee and commission expense		
Settlement transactions	(171,328)	(106,437)
Cash collection	(11,196)	(16,263)
Other	(7,383)	(7,786)
Total fee and commission expense	**(189,907)**	**(130,486)**

22. Administrative and other operating expenses

	Note	2021	2020
Staff costs		811,683	602,383
Depreciation and amortization		122,221	100,868
Security expenses		103,199	71,664
Taxes other than income taxes		100,293	74,407
Stationery and office supplies		47,592	37,321
Charity		30,350	12,016
Advertising and marketing services		27,447	7,188
Guarantee deposit expense		18,468	7,782
Rent expenses		12,590	3,641
Business trip expenses		11,929	3,517
Cost of maintenance of premises		10,205	15,104
Utilities		9,744	8,027
Postage and telephone expenses		7,561	5,511
Consulting and audit expenses		6,830	14,216
Loss on sale or disposal of assets		4,514	513
Membership fees		1,391	1,432
Other		33,406	28,400
Total administrative and other operating expenses		**1,359,423**	**993,990**

23. Income taxes

Components of income tax expense

Income tax expense comprises the following:

	2021	2020
Current tax charge	57,935	56,057
Deferred tax benefit	(68,763)	(34,447)
Total income tax (benefit)/expense for the year	**(10,828)**	**21,610**

Reconciliation between tax expense and profit or loss multiplied by applicable tax rate

The Bank is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2021 and 2020 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

On 1 January 2020 preferential income tax rates for branches with long-term investment financing in the structure of the loan portfolio which considered taxable ranges from 14% till 20% for each branch as a separate tax payer, has expired and in accordance with the new tax legislation, the Bank pays income tax on a consolidated basis as a single tax payer at a rate of 20%.

Reconciliation between the expected and the actual taxation charge is provided below:

	2021	2020
Loss before tax	**59,782**	**73,778**
Theoretical tax charge at the applicable statutory rate - 20% (2019: 20%)	11,956	14,755
- Non deductible expenses	14,342	7,545
- Adjustment pertaining derecogtion of deferred tax assets on tax loss carryforward	-	-
- Tax exempt income	(33,609)	(937)
- Other	(3,517)	247
Income tax (benefit)/expense for the year	**(10,828)**	**21,610**

Tax exempt income is predominately relates to income on government bonds.

Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements on these temporary differences is detailed below, and is recorded at the rate of 20% (2020: 20%).

Tax effect of deductible/(taxable) temporary differences	**2021**	**(Charged)/ credited to OCI**	**(Charged)/ credited to profit or loss**	**2020**	**(Charged)/ credited to OCI**	**(Charged)/ credited to profit or loss**	**2019**
Cash and cash equivalents	19	-	9	10	-	(6)	16
Due from other banks	122	-	(150)	272	-	(78)	350
Loans and advances to customers	83,337	-	52,830	30,507	-	26,745	3,762
Investment securities	428	-	1,332	(904)	520	(2,295)	871
Investment in associates	6,504	-	-	6,504	-	3,337	3,167
Property, equipment and intangible assets	1,284	-	785	499	-	963	(464)
Right-of-use assets	(1,569)	-	-	(1,569)	-	660	(2,229)
Other assets	3,262	-	(604)	3,866	-	1,773	2,093
Customer accounts	74	-	1,065	(991)	-	(991)	-
Other borrowed funds	157	-	(2,007)	2,164	-	2,164	-
Lease liabilities	2,268	-	-	2,268	-	(712)	2,980
Other liabilities	18,510	-	15,503	3,007	-	2,887	120
Net deferred tax asset	**114,396**	**-**	**68,763**	**45,633**	**520**	**34,447**	**10,666**

24. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The Bank has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share.

	2021		2020	
	Ordinary	**Preference**	**Ordinary**	**Preference**
Weighted average number of shares in issue (thousands)	4,459,155	500	3,843,958	500
Profit for the year	70,464	146	52,025	146
Basic and diluted earnings per share (in UZS)	**16**	**292**	**14**	**292**

25. Segment analysis

The Group's operations are a single reportable segment.

The Group provides mainly banking services in the Republic of Uzbekistan. The Group identifies the segment in accordance with the criteria set in IFRS 8 "Operating Segments" and based on the way the operations of the Group are regularly reviewed by the chief operating decision maker to analyse performance and allocate resources among business units of the Group.

The chief operating decision-maker ("CODM") has been determined as the Bank's Chairman of the Management Board. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The Management has determined a single operating segment being banking services based on these internal reports.

26. Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties giving rise to financial assets.

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

For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated by collateral and other credit enhancements as disclosed in Note 28.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of the Group's internal credit rating system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Clients of the Bank are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Group's internal ratings scale:

Standard	1	Timely repayment of "standard" loans is not in doubt. The borrower is a financially stable company, which has an adequate capital level, high level profitability and sufficient cash flow to meet its all existing obligations, including present debt. When assessing the reputation of the borrower such factors as the history of previous repayments, marketability of collateral (movable and immovable property guarantee) are taken into consideration.
Sub-standard	2	As a whole, the financial position of a borrower is stable, but some unfavorable circumstances or tendencies are present, which, if not disposed of, raise some doubts about the borrower's ability to repay on time. "Standard" loans with insufficient information in the credit file or missing information on collateral could be also classified as "Substandard" loans.
Unsatisfactory	3	The primary source of repayment is not sufficient and the Bank has to seek additional loan repayment sources. The financial position of a borrower or forecasted cash flows is not sufficient to settle obligations. The value of collateral is not exceeding or equal to outstanding loan amount.
Doubtful	4	"Doubtful" are loans which, in addition to having the characteristics of "Unsatisfactory" loans, have additional shortcomings, which make it doubtful that the loan will be repaid in full under the existing circumstances. There is a probability of partial repayment of the loan in the near terms.
Uncollected	5	Loans classified as "uncollected" are considered uncollectible and have such a little value that their continuance as assets of the Bank is not worth. This classification does not mean that the loans have absolutely no likelihood of recovery, but rather means that the Bank should cease recognizing such loans and make every effort to liquidate such debts through selling of collateral or collection of the outstanding loan.

An analysis of the Group's credit risk exposure per class of financial asset, internal rating and "stage" is provided in the following table.

31 December 2021	Stage 1	Stage 2	Stage 3	Total
State and municipal organisations				
Standard	1,897,545	-	-	**1,897,545**
Sub-standard	6,101	-	-	**6,101**
Unsatisfactory	-	414	-	**414**
Doubtful	-	27,980	-	**27,980**
Uncollected	-	-	133,970	**133,970**
Total loans to State and municipal organisations, gross	**1,903,646**	**28,394**	**133,970**	**2,066,010**
Less: Allowance for expected credit losses	(9,377)	(1,746)	(27,811)	(38,935)
Total loans to State and municipal organisations	**1,894,269**	**26,648**	**106,158**	**2,027,075**
Corporate loans				
Standard	21,258,938	-	-	**21,258,938**
Sub-standard	495,433	-	-	**495,433**
Unsatisfactory	-	1,751,702	-	**1,751,702**
Doubtful	-	573,949	-	**573,949**
Uncollected	-	-	1,278,065	**1,278,065**
Total loans to Corporate customers, gross	**21,754,372**	**2,325,651**	**1,278,065**	**25,358,088**
Less: Allowance for expected credit losses	(118,619)	(159,835)	(279,641)	(558,095)
Total loans to State and municipal organisations	**21,635,753**	**2,165,816**	**998,424**	**24,799,993**
Loans to individuals				
Standard	3,986,170	-	-	**3,986,170**
Sub-standard	170,062	-	-	**170,062**
Unsatisfactory	-	178,984	-	**178,984**
Doubtful	-	185,095	-	**185,095**
Uncollected	-	-	1,157,015	**1,157,015**
Total loans to Corporate customers, gross	**4,156,232**	**364,079**	**1,157,015**	**5,677,326**
Less: Allowance for expected credit losses	(42,536)	(46,234)	(346,980)	(435,749)
Total loans to State and municipal organisations	**4,113,697**	**317,845**	**810,035**	**5,241,577**

31 December 2020	Stage 1	Stage 2	Stage 3	Total
State and municipal organisations				
Standard	1,706,093	-	-	**1,706,093**
Sub-standard	28,040	-	-	**28,040**
Unsatisfactory	-	-	-	**-**
Doubtful	-	1,029	-	**1,029**
Uncollected	-	-	374,813	**374,813**
Total loans to State and municipal organisations, gross	1,734,133	1,029	374,813	**2,109,975**
Less: Allowance for expected credit losses	(7,554)	(105)	(54,461)	(62,120)
Total loans to State and municipal organisations	**1,726,579**	**924**	**320,352**	**2,047,855**
Corporate loans				
Standard	15,790,092	-	-	**15,790,092**
Sub-standard	523,258	-	-	**523,258**
Unsatisfactory	-	545,310	-	**545,310**
Doubtful	-	71,233	-	**71,233**
Uncollected	-	-	1,427,237	**1,427,237**
Total loans to Corporate customers, gross	**16,313,350**	**616,543**	**1,427,237**	**18,357,130**
Less: Allowance for expected credit losses	(55,927)	(34,692)	(176,334)	(266,954)
Total loans to State and municipal organisations	**16,257,423**	**581,851**	**1,250,903**	**18,090,176**
Loans to individuals				
Standard	4,011,668	-	-	**4,011,668**
Sub-standard	165,040	-	-	**165,040**
Unsatisfactory	-	254,085	-	**254,085**
Doubtful	-	222,608	-	**222,608**
Uncollected	-	-	173,227	**173,227**
Total loans to Corporate customers, gross	**4,176,708**	**476,693**	**173,227**	**4,826,628**
Less: Allowance for expected credit losses	(21,886)	(35,182)	(38,960)	(96,027)
Total loans to State and municipal organisations	**4,154,822**	**441,511**	**134,267**	**4,730,599**

Risk limits control and mitigation policies. The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by geographic regions are approved annually by the Bank's Council.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Limits. The Group established a number of credit committees which are responsible for approving credit limits for individual borrowers:

- The Credit Committee of Head office reviews and approves limits up to amount equivalent to 10 percent of Bank's tier 1 capital;
- The Bank Council reviews and approves limits above the amount equivalent to 10 percent of Bank's tier 1 capital;

Loan applications, along with financial analysis of loan applicant which includes liquidity, profitability, interest coverage and debt service coverage ratios, originated by the relevant client relationship managers are passed on to the relevant credit committee or Bank Council for approval of credit limit.

(b) Collateral. The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is a common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances and finance leases are:

- guarantee
- real estate
- equipment and motor vehicles used in borrower's business
- Insurance policy
- inventory
- cash deposit

(c) Concentration of risks of financial assets with credit risk exposure. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The Group's management focuses on concentration risk:

In order to avoid excessive concentrations of risks, the Group's Credit policy and procedures include specific CBU guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Group's management focuses on concentration risk as follows:

- The maximum risk to single borrower or group of affiliated borrowers shall not exceed 25% of the Bank's tier 1 capital;
- The maximum risk for unsecured credits shall not exceed 5% of Bank's tier 1 capital;
- Total amount of all large credits cannot exceed bank's tier 1 capital by more than 8 times; and
- Total loan amount to related party shall not exceed Bank's tier 1 capital.

In order to monitor credit risk exposures, weekly reports are produced by the credit department's officers based on a structured analysis focusing on the customer's business and financial performance, which includes overdue balances, disbursements and repayments, outstanding balances and maturity of loan as well as grade of loan and collateral. Any significant exposures against customers with deteriorating creditworthiness are reported to and reviewed by the management daily. Management monitors and follows up past due balances.

Impairment and provisioning policies. The internal rating tool assists the Management to determine whether objective evidence of impairment exists, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings; and
- Deterioration in the value of collateral.

The Group's policy requires the review of individual financial assets that are above certain materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts.

The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available empirical data, experienced judgment and statistical techniques.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Group uses the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

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

The following table presents the maximum exposure to credit risk of balance sheet financial assets. For financial assets in the balance sheet, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral. The Group's maximum exposure to credit risk under contingent liabilities and commitments to extend credit, in the event of non-performance by other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments. The collateral pledged is represented by the carrying amount (not fair value)of a financial instrument for which the collateral was received as security.

Maximum exposure to credit risk as at 31 December 2021 is as follows:

		Related amounts not set off in the statement of financial position		
	Net amounts of financial assets presented in the statement of financial position	**Cash collateral**	**Collateral other than cash pledged**	**Net exposure after offset and collateral**
Cash and cash equivalents	3,411,673	(1,131,844)	-	2,279,829
Due from other banks	208,872	-	-	208,872
Loans and advances to customers	32,068,653	(66,818)	(24,048,992)	7,952,843
Investment securities	1,978,864	-	-	1,978,864
Other financial assets	22,900	-	-	22,900
Off-balance sheet items:				
Letters of credits and guarantees issued	3,086,422	(338,868)	(190,108)	2,557,446

Maximum exposure to credit risk as at 31 December 2020 is as follows:

		Related amounts not set off in the statement of financial position		
	Net amounts of financial assets presented in the statement of financial position	**Cash collateral**	**Collateral other than cash pledged**	**31 December 2019 net exposure after offset and collateral**
Cash and cash equivalents	2,989,229	(1,012,792)	-	1,976,437
Due from other banks	246,594	-	-	246,594
Loans and advances to customers	24,868,630	(66,397)	(18,389,458)	6,412,775
Investment securities	1,426,797	-	-	1,426,797
Other financial assets	13,934	-	-	13,934
Off-balance sheet items:				-
Letters of credits and guarantees issued	1,625,525	(132,140)	(330,319)	1,163,066

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to 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, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The table below summarizes the Group's exposure to foreign currency exchange rate risk at the reporting date:

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
31 December 2021			
USD	8,274,340	(8,063,764)	210,576
EUR	2,731,080	(2,587,514)	143,566
Other	175,574	(9,768)	165,806
Total	**11,180,994**	**(10,661,046)**	**519,948**
31 December 2020			
USD	4,886,655	(5,173,333)	(286,678)
EUR	2,746,914	(2,712,488)	34,426
Other	35,924	(1,724)	34,200
Total	**7,669,493**	**(7,887,545)**	**(218,052)**

The Group takes on exposure to the effect of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. In respect of currency risk, the Bank Council sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Bank's Treasury Department measures its currency risk by matching financial assets and liabilities denominated in same currency and analyses effect of actual annual appreciation/depreciation of that currency against Uzbek Soums to the profit and loss of the Group.

The following table presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the reporting date, with all other variables held constant. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group:

	At 31 December 2021	At 31 December 2020
	Impact on profit or loss	**Impact on profit or loss**
Strengthening of US Dollars by 10% (2020: 10%)	21,058	(28,668)
Weakening of US Dollars by 10% (2020: 10%)	(21,058)	28,668
Strengthening of Euro by 10% (2020: 10%)	14,357	3,443
Weakening of Euro by 10% (2020: 10%)	(14,357)	(3,443)

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 monitors on a daily basis and sets limits on the level of mismatch of interest rate re-pricing that may be undertaken.

The table below summarizes the Group's exposure to interest rate risks. The table represents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual interest repricing or maturity dates:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
31 December 2021					
Cash and Cash Equivalents	250,000	-	-	-	**250,000**
Due from other banks	-	-	-	117,838	**117,838**
Loans and advances to customers	1,568,105	7,866,392	7,050,871	15,073,785	**31,559,153**
Debt securities	601,315	1,313,271	40,707	-	**1,955,293**
Total interest bearing financial assets	2,419,420	9,179,663	7,091,578	15,191,623	**33,882,284**
Due to other banks	52,567	-	-	934,820	**987,387**
Debt securities issued	40,030	60,920	10,000	-	**110,950**
Customer accounts	309,022	3,743,137	2,525,280	2,653,334	**9,230,773**
Subordinated debts	-	-	-	216,753	**216,753**
Other borrowed funds	5,389,582	1,322,304	6,378,839	3,704,642	**16,795,367**
Total interest bearing financial liabilities	5,791,201	5,126,361	8,914,119	7,509,549	**27,341,230**
Net interest sensitivity gap at 31 December 2021	**(3,371,781)**	**4,053,302**	**(1,822,541)**	**7,682,074**	**6,541,054**
31 December 2020					
Cash and Cash Equivalents	-	-	-	-	**-**
Due from other banks	-	-	-	186,213	**186,213**
Loans and advances to customers	2,507,676	5,534,849	4,987,158	11,876,202	**24,905,885**
Debt securities	41,203	1,260,512	10,214	80,000	**1,391,929**
Total interest bearing financial assets	2,548,879	6,795,361	4,997,372	12,142,415	**26,484,027**
Total interest bearing financial liabilities	6,365,450	4,615,839	5,775,653	6,878,016	**23,634,958**
Net interest sensitivity gap at 31 December 2020	**(3,816,571)**	**2,179,522**	**(778,281)**	**5,264,399**	**2,849,069**

The Group monitors interest rates for its financial instruments. The table below summarizes interest rates at the respective reporting date based on reports reviewed by key management personnel:

	31 December 2021			31 December 2020		
in %p.a	UZS	USD	EUR	UZS	USD	EUR
Assets						
Cash and cash Equivalents	14-16	-	-	-	-	1.4-4
Due from other banks	11	3	-	3-11	3	-
Loans and advances to customers	0-36	0.1-12	3-12	0-44	2-12	3-12
Investment securities	15-16	-	-	14-15	-	-
Liabilities						
Due to other banks	3 - 11	0.5-7.3	3	0-16	0.5-6.5	3.1-5
Debt securities issued	15-19	-	-	13-20	-	-
Customer accounts	-	-	-	-	-	-
- *current/demand accounts*	-	-	-	-	-	-
- *term deposits*	3 -26	2 - 6	-	0-30	3-6	-
Subordinated debts	-	5.9	-	-	5.9	-
Other borrowed funds	-	-	-	-	-	-
- borrowings from International Financial Institutions	-	2 - Libor+6.75	0.46 - Euribor+4.3	-	Libor+1.0 - Libor+6.75	Euribor+1 -5.5
- borrowings from Domestic Financial Institutions	0-14	Libor - Libor+4	-	0-14	2+Libor-6	-

Other price risk. There is no active market for equity instruments in Uzbekistan and therefore it is difficult to assess the Group's exposure to equity price risk.

Geographical risk. The geographical concentration of the Group's financial assets and liabilities at 31 December 2021 is set out below:

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	3,290,493	119,181	1,999	**3,411,673**
Due from other banks	204,878	-	3,994	**208,872**
Loans and advances to customers	32,068,653	-	-	**32,068,653**
Investment securities	1,978,864	-	-	**1,978,864**
Other financial assets	22,900	-	-	**22,900**
Total financial assets	**37,565,788**	**119,181**	**5,993**	**37,690,962**
Financial liabilities				
Due to other banks	812,739	929	180,465	**994,133**
Customer accounts	12,257,779	-	-	**12,257,779**
Debt securities issued	112,109	-	-	**112,109**
Other borrowed funds	9,081,206	5,769,353	2,036,789	**16,887,348**
Lease liabilities	11,342	-	-	**11,342**
Other financial liabilities	75,096	-	-	**75,096**
Subordinated debt	221,812	-	-	**221,812**
Total financial liabilities	**22,572,083**	**5,770,282**	**2,217,254**	**30,559,619**
Net balance sheet position as 31 December 2021	**14,993,705**	**(5,651,101)**	**(2,211,261)**	**7,131,343**
Gross credit related commitments (Note 28)	**3,086,422**			**3,086,422**

The geographical concentration of the Group's financial assets and liabilities at 31 December 2020 is set out below:

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	2,508,990	479,906	333	**2,989,229**
Due from other banks	242,090	644	3,860	**246,594**
Loans and advances to customers	24,868,630	-	-	**24,868,630**
Investment securities	1,426,797	-	-	**1,426,797**
Other financial assets	9,823	-	4,111	**13,934**
Total financial assets	**29,056,330**	**480,550**	**8,304**	**29,545,184**
Financial liabilities				
Due to other banks	2,212,527	17,090	331,225	**2,560,842**
Customer accounts	9,444,823	-	-	**9,444,823**
Debt securities issued	88,059	-	-	**88,059**
Other borrowed funds	8,391,958	3,728,657	1,378,829	**13,499,444**
Lease liabilities	11,342	-	-	**11,342**
Other financial liabilities	55,365	-	-	**55,365**
Subordinated debt	214,428	-	-	**214,428**
Total financial liabilities	**20,418,502**	**3,745,747**	**1,710,054**	**25,874,303**
Net balance sheet position as 31 December 2020	**8,637,828**	**(3,265,197)**	**(1,701,750)**	**3,670,881**
Gross credit related commitments (Note 28)	**1,625,525**	**-**	**-**	**1,625,525**

Assets, liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Cash on hand, due from other banks have been allocated based on the country in which they are physically held.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Treasury Department.

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and debt securities. The group invests the funds in inter-bank placements of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a monthly basis in accordance with the requirement of the Central Bank of Uzbekistan. These ratios are calculated using figures based on National Accounting Standards

The Treasury Department receives information about the liquidity profile of the financial assets and liabilities. The Treasury Department then provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The following tables recognize the structure of assets and liabilities at 31 December 2021 and 2020 in accordance with the contractual maturities, except for funds borrowed from financial institutions whose financial covenants were breached by the Group. Consequently, by virtue of cross-default clauses with five other financial institution, the Group has classified these loans as "Demand and less than 1 month" category.

The Group monitors liquidity based on expected maturities of financial assets and liabilities as follows at 31 December 2021:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	3,411,673	-	-	-	**3,411,673**
Due from other banks	86,885	-	3,994	117,993	**208,872**
Loans and advances to customers	1,888,768	8,054,932	7,051,100	15,073,853	**32,068,653**
Investment securities	624,886	1,313,271	40,707	-	**1,978,864**
Other financial assets	22,900	-	-	-	**22,900**
Total financial assets	**6,035,112**	**9,368,203**	**7,095,801**	**15,191,846**	**37,690,962**
Financial liabilities					
Due to other banks	59,313	-	-	934,820	**994,133**
Customer accounts	3,336,028	3,743,137	2,525,280	2,653,334	**12,257,779**
Debt securities issued	41,189	60,920	10,000	-	**112,109**
Other borrowed funds	5,422,715	1,323,934	6,381,078	3,759,621	**16,887,348**
Lease liabilities	483	2,420	2,818	5,621	**11,342**
Other financial liabilities	75,096	-	-	-	**75,096**
Subordinated debt	5,059	-	-	216,753	**221,812**
Total financial liabilities	**8,939,883**	**5,130,411**	**8,919,176**	**7,570,149**	**30,559,619**
Net liquidity gap based on expected maturities	**(2,904,771)**	**4,237,792**	**(1,823,375)**	**7,621,697**	**7,131,343**
Cumulative liquidity gap at 31 December 2021	**(2,904,771)**	**1,333,021**	**(490,354)**	**7,131,343**	

The analysis of liquidity based on expected maturity analysis of financial assets and liabilities as at 31 December 2020 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	2,989,229	-	-	-	**2,989,229**
Due from other banks	55,775	-	-	190,819	**246,594**
Loans and advances to customers	2,727,160	5,442,390	4,903,985	11,795,095	**24,868,630**
Investment securities	76,072	1,260,512	10,213	80,000	**1,426,797**
Other financial assets	13,934	-	-	-	**13,934**
Total financial assets	**5,862,170**	**6,702,902**	**4,914,198**	**12,065,914**	**29,545,184**
Financial liabilities					
Due to other banks	845,864	872,612	198,452	643,914	**2,560,842**
Customer accounts	3,122,034	1,599,589	2,835,254	1,887,946	**9,444,823**
Debt securities issued	1,329	33,202	53,528	-	**88,059**
Other borrowed funds	4,486,643	2,110,435	2,705,269	4,197,097	**13,499,444**
Lease liabilities	483	2,420	2,818	5,621	**11,342**
Other financial liabilities	55,365	-	-	-	**55,365**
Subordinated debt	4,890	-	-	209,538	**214,428**
Total financial liabilities	**8,516,608**	**4,618,258**	**5,795,321**	**6,944,116**	**25,874,303**
Net liquidity gap based on expected maturities	**(2,654,438)**	**2,084,644**	**(881,123)**	**5,121,798**	**3,670,881**
Cumulative liquidity gap at 31 December 2020	**(2,654,438)**	**(569,794)**	**(1,450,917)**	**3,670,881**	

Management believes that in spite of the fact that a substantial portion of customer accounts is on demand, diversification of these deposits by number and type of depositors, and the past experience of the Group would indicate that these customer accounts provide a long-term and stable source of funding for the Group. Thus, the management believes that significant maturity mismatch between assets and liabilities with maturity up to 12 months does not represent significant risk to the Group's liquidity, as very low proportion of due to other banks, demand deposits and short-term deposits is expected to be withdrawn based on the Group's past years' and current year experience, which is consistent with the general banking practices in the banking sector of Uzbekistan.

The following table shows undiscounted cash flows on financial liabilities and credit-related contingencies by the earliest contractual maturity. Total gross cash flow amounts outflow disclosed in these tables are contractual undiscounted cash flows on financial liabilities and credit-related contingencies. In relation to financial guarantee contracts the maximum guarantee amount falls within the earliest period when the guarantee might be used.

The undiscounted maturity analysis of financial liabilities at 31 December 2021 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	64,743	26,245	31,980	1,124,677	**1,247,645**
Customer accounts	3,424,189	4,026,917	2,688,317	3,389,248	**13,528,671**
Debt securities issued	42,490	65,953	10,005	-	**118,449**
Other borrowed funds	5,510,612	1,719,066	6,649,271	4,758,525	**18,637,474**
Lease liabilities	630	3,045	3,374	6,363	**13,412**
Other financial liabilities	75,096	-	-	-	**75,096**
Subordinated debt	6,140	5,233	6,419	294,659	**312,451**
Total potential future payments for financial obligations	**9,123,900**	**5,846,459**	**9,389,366**	**9,573,472**	**33,933,198**
Gross credit-related commitments	**945,172**	**477,220**	**953,403**	**710,627**	**3,086,422**

The undiscounted maturity analysis of financial liabilities at 31 December 2020 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	862,007	910,014	223,861	786,183	**2,782,065**
Customer accounts	3,200,113	1,915,490	2,991,179	2,442,097	**10,548,879**
Debt securities issued	2,642	38,523	55,995	-	**97,160**
Other borrowed funds	4,553,745	2,379,855	2,938,404	5,561,184	**15,433,188**
Lease liabilities	630	3,045	3,374	6,363	**13,412**
Other financial liabilities	55,365	-	-	-	**55,365**
Subordinated debts	5,935	5,059	6,206	297,161	**314,361**
Total potential future payments for financial obligations	**8,680,437**	**5,251,986**	**6,219,019**	**9,092,988**	**29,244,430**
Gross credit-related commitments	**1,149,699**	**65,824**	**410,002**	**-**	**1,625,525**

Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Uzbekistan Civil Code, individuals have a right to withdraw their deposits prior to maturity if they forfeit their right to accrued interest.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The 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 Group and its exposure to changes in interest and exchange rates.

27. Management of capital

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the CBU and (ii) to safeguard the Group'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 and Chief Accountant.

Under the current capital requirements set by the CBU, banks have to maintain ratios of (actual ratios given below are unaudited):

- Ratio of regulatory capital to risk weighted assets ("Regulatory capital ratio") above a prescribed minimum level of 13% (2020: 13%). Actual ratio as at 31 December 2021: 22% (2020:17%);
- Ratio of Group's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 10% (2020: 10%). Actual ratio as at 31 December 2021: 20% (2020: 16%) and;
- Ratio of Group's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6% (2020: 6%). Actual ratio as at 31 December 2021: 20% (2020:14%).

Total capital is based on the Group's reports prepared under Uzbekistan Accounting Legislation and related instructions and comprises:

	31 December 2021 (unaudited)	31 December 2020 (unaudited)
Tier 1 capital	8,606,337	5,079,656
Tier 2 capital	938,264	480,646
Less: deductions from capital	(156,764)	(279,967)
Total regulatory capital	**9,387,836**	**5,280,335**

Regulatory capital consists of Tier 1 capital, which comprises share capital, additional paid in capital, retained earnings, excluding current year profit, less intangible assets. The other component of regulatory capital is Tier 2 capital, which includes current year profit.

28. Contingencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice Management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these consolidated financial statements.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations can occur frequently. Management's interpretation of legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events within Uzbekistan suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2021 and 31 December 2020 no provision for potential tax liabilities had been recorded. The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital commitments – As at 31 December 2021, the Group had the total capital commitments of UZS 339,302 million (2020: UZS 72,086 million).

Operating lease commitments – The Group had no material operating lease commitments outstanding at 31 December 2021 and 2020.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group 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 undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit.

With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. 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 Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

	31 December 2021	31 December 2020
Financial guarantess issued	623,614	763,825
Letters of credit, post financing with commencement after reporting period end	1,898,747	522,504
Undrawn credit lines	225,848	241,785
Letters of credit, non - post financing	338,213	97,411
Gross credit related commitments	**3,086,422**	**1,625,525**
Less: Commitment collaterised by cash deposits	(338,868)	(132,140)
Less: Provision for expected credit losses	(18,527)	(14,327)
Total credit related commitments	**2,729,027**	**1,479,058**

The total outstanding contractual amount of letters of credit, guarantees issued and undrawn credit lines does not necessarily represent future cash requirements as these financial instruments may expire or terminate without being funded.

Credit related commitments are denominated in currencies as follows:

	31 December 2021	31 December 2020
USD	225,848	968,753
EUR	1,586,934	414,592
UZS	1,273,641	242,180
Gross credit related commitments	**3,086,422**	**1,625,525**

29. Fair value of financial instruments

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 a measurement date.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level 3 measurements are valuations not based on observable market data (that is, unobservable inputs). The Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

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

Fair value of the Bank's financial assets that are measured at fair value on a recurring basis

Fair value of equity securities measured at fair value through other comprehensive income was determined using dividend discount model due to absence of quoted market prices in an active market for similar instruments. The management of the Bank classified these operations as Level 3 fair value hierarchy.

Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

The fair value of financial assets and financial liabilities at 31 December 2021 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	208,872	210,045	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Loans and advances to customers	32,068,653	31,664,307	Level 2	Discounted cash flow model	N/A	The greater discount- the smaller fair value
Due to other banks	994,133	999,167	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Customer accounts	12,257,779	11,626,478	Level 2	Discounted cash flow model	N/A	The greater discount- the smaller fair value
Debt securities issued	112,109	118,152	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Other borrowed funds	16,887,348	16,867,184	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value

As at 31 December 2021, the Group determined fair value for some of its financial assets and liabilities using the discounted cash flow model by applying CBU statistical bulletin which became open to public starting 2019. Such financial instruments were categorised as Level 2.

For those financial instruments where interest rates were not directly available in the CBU statistical bulletin, the Management used discounted cash flow model by applying market interest rates based on the rates of the deals concluded towards the end of the reporting period, thereby, categorizing such instruments as Level 3.

The Fair value of financial assets and financial liabilities at 31 December 2020 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	246,594	238,548	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Loans and advances to customers	24,868,630	23,400,074	Level 2	Discounted cash flow model	N/A	The greater discount- the smaller fair value
Due to other banks	2,560,842	2,551,408	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Customer accounts	9,444,823	9,115,598	Level 2	Discounted cash flow model	N/A	The greater discount- the smaller fair value
Debt securities issued	88,059	94,772	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value
Other borrowed funds	13,499,444	13,137,615	Level 3	Discounted cash flow model	Percentage discount	The greater discount- the smaller fair value

30. Related party transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Group applies a disclosure exemption regarding Government-related entities, where the same Government has control or joint control of, or significant influence over, both the Group and the other entities, disclosed as "entities under common control".

- "Significant shareholders" – legal entities-shareholders which have a significant influence to the Group through Government;
- "Key management personnel" – members of the Management Board and the Council of the Bank;
- "Government related entities" – entities that are controlled, jointly controlled or significantly influenced by the Government.

Key management compensation is presented below:

	2021	2020
Salaries and other short term benefits	6,218	3,419
Social security contribution	746	410
Total	**6,964**	**3,829**

At 31 December 2021, the outstanding balances with related parties were as follows:

	Significant shareholders	Goverenment related parties	Associates	Key management personel	Total
Cash and cash equivalents	-	2,155,635	-	-	**2,155,635**
Due from other banks	-	190,628	-	-	**190,628**
Loans and advances to customer (contractual interest rate 3-26%)	-	1,033,231	31,447	261	**1,064,939**
Investment securirities	131,480	1,829,391	-	-	**1,960,871**
Other assets	-	2,674	200	-	**2,874**
Due to other banks (0%-18%)	-	759,599	-	-	**759,599**
Customer accounts	4,152,640	2,064,087	7	-	**6,216,733**
Other borrowed funds (0%-14%)	8,103,613	870,137	-	-	**8,973,750**
Debt securities issued(16%-19%)	-	487	-	-	**487**
Subordinated debt (5.9%)	221,812	-	-	-	**221,812**

At 31 December 2020, the outstanding balances with related parties were as follows:

	Significant Sharehlders	Government related entities	Associates	Key management personnel	Total
Cash and cash equivalents	-	1,488,764	-	-	**1,488,764**
Due from other banks	-	231,648	-	-	**231,648**
Loans and advances to customer (contractual interest rate 3-26%)	-	1,766,196	42,328	39	**1,808,562**
Investment securirities	1,277,049	132,239	-	-	**1,409,288**
Other assets	-	246	-	-	**246**
Due to other banks (0%-18%)	-	2,135,561	-	-	**2,135,561**
Customer accounts	3,364,185	2,214,269	177	-	**5,578,631**
Other borrowed funds (0%-14%)	7,299,154	1,046,187	-	-	**8,345,341**
Debt securities issued(16%-19%)	5,000	60,900	-	-	**65,900**
Subordinated debt (5.9%)	214,428	-	-	-	**214,428**

The income and expense items with related parties for 2021 were as follows:

	Significant Shareholders	Governement related entities	Associates	Total
Interest income	58,901	191,930	-	**250,831**
Interest expense	(642,395)	(598,757)	-	**(1,241,152)**
Fee and commission income	-	1,676	-	**1,676**

The income and expense items with related parties for 2020 were as follows:

	Significant Shareholders	Governement related entities	Associates	Total
Interest income	19,027	97,595	4,311	**120,933**
Interest expense	(404,732)	(284,010)	-	**(688,742)**
Fee and comission income	15,140	24,675	-	**39,816**

31. Subsequent events

Subsequent to the reporting date, from January to May 2022, the Group received long-term borrowings from an Uzbekistan financial institution and international financial institutions in the total amount of UZS 1,242,620 million with interest rates of 3%-8% per annum.

Additionally, the Group received short-term deposits from the Ministry of Finance and other state funds and institutions, in the total amount of UZS 2,107,800 million with the interest rates 15%-21% per annum.

In March 2022, the exchange rate of Uzbekistan Soum depreciated against the USD amid the external geopolitical situation. To reduce the negative impact of external factors on the economy of Uzbekistan, on 17 March 2022 the Central Bank of the Republic of Uzbekistan raised the base rate from 14% to 17% per annum. Taking into account the fading out of short-term negative waves from external shocks and the stabilization of the domestic foreign exchange market in April-May, on 9 June 2022, the Central bank of the Republic of Uzbekistan decided to cut the base rate by 1% point, to 16% per annum. Moreover, interventions were performed in the foreign exchange market in order to prevent sharp fluctuations in the exchange rate of the Uzbekistan Soum against foreign currencies. However, there is uncertainty related to the future developments of geopolitical risks and their impact on the economy of Uzbekistan.

The management of the Group monitors the current developments in the economic and political environment and takes the measures it deems necessary to maintain the sustainability and development of the Bank's business in the near future. However, the consequences of these events and related future changes may have a significant impact on the Group's operations.