

**Joint Stock Commercial Bank
“UZBEK INDUSTRIAL
AND CONSTRUCTION BANK”**

**Condensed Consolidated
Interim Financial Information
prepared in accordance with
IAS 34, *Interim Financial
Reporting***

30 June 2021

**JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
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Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Supervisory Board of JSCB "Uzbek Industrial and Construction Bank":

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of JSCB "Uzbek Industrial and Construction Bank" and its subsidiaries (together – the "Group") as at 30 June 2021 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Suhrab Azimov
General Director
Certificate of auditor No. 05338
dated 7 November 2015 issued by
the Ministry of Finance of Uzbekistan

Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
30 September 2021

JOINT STOCK COMMERCIAL BANK
 "UZBEK INDUSTRIAL AND CONSTRUCTION BANK"
 CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
 (in millions of Uzbek Soums)

	Notes	30 June 2021 (unaudited)	31 December 2020
ASSETS			
Cash and cash equivalents	7	5,784,508	5,601,186
Due from other banks	8	2,111,517	1,859,192
Loans and advances to customers	9	39,954,029	38,959,958
Investment securities measured at amortised cost	10	1,236,614	540,222
Financial assets at fair value through other comprehensive income		41,709	38,024
Investment in associates		12,026	993
Premises, equipment and intangible assets	11	1,015,789	747,232
Deferred tax asset		103,508	167,619
Insurance assets		10,847	5,544
Other assets		330,559	376,520
Non-current assets held for sale		20,936	27,355
TOTAL ASSETS		50,622,042	48,323,845
LIABILITIES			
Due to other banks	12	942,515	1,496,004
Customer accounts	13	12,318,541	11,616,958
Debt securities in issue		3,264,282	3,273,048
Other borrowed funds	14	26,835,778	25,683,457
Insurance liabilities		70,725	44,887
Other liabilities		202,868	128,627
Subordinated debt	15	101,383	-
TOTAL LIABILITIES		43,736,092	42,242,981
EQUITY			
Share capital		4,640,011	4,640,011
Retained earnings		2,229,361	1,427,469
Revaluation reserve of financial assets at fair value through other comprehensive income		16,578	13,384
Net assets attributable to the Bank's owners		6,885,950	6,080,864
TOTAL EQUITY		6,885,950	6,080,864
TOTAL LIABILITIES AND EQUITY		50,622,042	48,323,845

Approved for issue and signed on behalf of the Management Board on 30 September 2021.

Annaklichev Sakhi
 Chairman of the Management Board



Vokhidov Oybek
 Chief Accountant

JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
(in millions of Uzbek Soums, except for earnings per share which are in Soums)

		Six months ended 30 June 2021	Six months ended 30 June 2020
	Notes	(unaudited)	(unaudited)
Continuing operations			
Interest income calculated using effective interest rate method	16	1,945,310	1,495,954
Interest expense	16	(983,027)	(769,346)
Net interest income before provision on loans and advances to customers		962,283	726,608
Recovery of / (provision) for credit losses on loans and advances to customers		314,451	(434,197)
Net interest income		1,276,734	292,411
Fee and commission income		194,399	157,965
Fee and commission expense		(44,552)	(42,330)
Gain / (loss) on initial recognition on interest bearing assets		3,159	(8,551)
Net gain on foreign exchange translation		(8,136)	38,173
Net gain from trading in foreign currencies		74,248	26,774
Insurance operations income		40,654	15,970
Insurance operations expense		(16,598)	(16,604)
Change in insurance reserves, net		(20,263)	-
Dividend income		4,891	681
Other operating income		23,399	1,840
Provision for impairment of other assets		(52,077)	(11,212)
Impairment of assets held for sale		(3,974)	(11,309)
Administrative and other operating expenses	17	(452,216)	(277,014)
Share of result from associates		(595)	-
Profit before tax		1,019,073	166,794
Income tax expense	18	(212,145)	(31,904)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		806,928	134,890
Discontinued operations			
Loss for the period from discontinued operations		-	(174)
PROFIT FOR THE PERIOD		806,928	134,716
Attributable to:			
- Owners of the Bank		806,928	136,709
- Non-controlling interest		-	(1,993)
PROFIT FOR THE PERIOD		806,928	134,716
Total basic and diluted EPS per ordinary share (expressed in UZS per share)	19	3.31	0.55
PROFIT FOR THE PERIOD		806,928	134,716
Other comprehensive income:			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Fair value gain on equity securities at fair value through other comprehensive income		3,993	9,419
Tax effect		(799)	(1,884)
Other comprehensive income		3,194	7,535
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		810,122	142,251
Attributable to:			
- Owners of the Bank		810,122	144,244
- Non-controlling interest		-	(1,993)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		810,122	142,251

JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(in millions of Uzbek Soums)

	Share capital	Revaluation reserve of financial assets at fair value through other comprehensive income	Retained earnings	Non-controlling interest	Total equity
1 January 2021	4,640,011	13,384	1,427,469	-	6,080,864
Profit for the period	-	-	806,928	-	806,928
Other comprehensive income for the period	-	3,194	-	-	3,194
Total comprehensive income for the period	-	3,194	806,928	-	810,122
Dividends paid	-	-	(5,036)	-	(5,036)
30 June 2021 (unaudited)	4,640,011	16,578	2,229,361	-	6,885,950
	Share capital	Revaluation reserve of financial assets at fair value through other comprehensive income	Retained earnings	Non-controlling interest	Total equity
1 January 2020	4,640,011	6,404	1,669,225	4,928	6,320,568
Profit for the period	-	-	136,709	(1,993)	134,716
Other comprehensive income for the period	-	7,535	-	-	7,535
Total comprehensive income for the period	-	7,535	136,709	(1,993)	142,251
Dividends paid	-	-	(13,500)	-	(13,500)
Non-controlling interest arising on acquisition of subsidiary	-	-	-	32	32
30 June 2020 (unaudited)	4,640,011	13,939	1,792,434	2,967	6,449,351

JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
(In millions of Uzbek Soums, unless otherwise indicated)

	Notes	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Cash flows from operating activities			
Interest received		1,728,078	1,040,584
Interest paid		(940,764)	(647,628)
Fee and commission received		193,332	149,435
Fee and commission paid		(44,552)	(42,330)
Insurance operations income received		40,654	15,970
Insurance operations expense paid		(16,598)	(8,349)
Net gain from trading in foreign currencies		74,248	26,774
Other operating income received		23,399	1,793
Staff costs paid		(281,271)	(173,280)
Administrative and other operating expenses paid		(107,171)	(67,641)
Income tax paid		(82,235)	(130,689)
Cash flows from operating activities before changes in operating		587,120	164,639
<i>Net (increase)/decrease in:</i>			
Due from other banks		(264,643)	139,414
Loans and advances to customers		(285,268)	(4,110,600)
Investments securities measured at amortised costs		(703,350)	(985,777)
Other assets		(17,860)	(10,968)
<i>Net increase/(decrease) in</i>			
Due to other banks		(428,775)	1,274,388
Customer accounts		610,410	979,834
Other liabilities		(4,735)	(2,845)
Net cash used in operating activities		(507,100)	(2,551,915)
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		(33)	(2,081)
Proceeds from disposal of financial assets at fair value through other comprehensive income		341	-
Acquisition of premises, equipment and intangible assets		(287,558)	(253,360)
Proceeds from disposal of premises, equipment and intangible assets		762	5,819
Proceeds from disposal of repossessed assets		2,531	-
Acquisition of subsidiary, net of disposed cash		-	(32,364)
Acquisition of investment in associates		(11,681)	-
Dividend income received		4,891	681
Net cash used in investing activities		(290,747)	(281,305)
Cash flows from financing activities			
Proceeds from borrowings due to other banks		13,950	-
Repayment of borrowings due to other banks		(142,951)	(47,346)
Proceeds from other borrowed funds		15,159,640	7,121,033
Repayment of other borrowed funds		(14,036,145)	(2,121,843)
Proceeds from debt securities in issue		15,200	38,326
Repayment of debt securities in issue		(65,510)	(33,050)
Proceeds from other subordinated debt		100,000	-
Dividends paid		(5,288)	(13,583)
Net cash from financing activities		1,038,896	4,943,537
Effect of exchange rate changes on cash and cash equivalents		(57,727)	120,841
Net increase in cash and cash equivalents		183,322	2,231,158
Cash and cash equivalents at the beginning of the period	7	5,601,186	2,862,574
Cash and cash equivalents at the end of the period	7	5,784,508	5,093,732

The notes set out on pages 6 to 40 form an integral part of condensed consolidated interim financial information

**JOINT STOCK COMMERCIAL BANK
"UZBEK INDUSTRIAL AND CONSTRUCTION BANK"
SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**
(In millions of Uzbek Soums, unless otherwise indicated)

1. INTRODUCTION

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the six months period ended 30 June 2021 for Joint Stock Commercial Bank "Uzbek Industrial and Construction Bank" (the "Bank") and its subsidiaries (together referred to as the "Group").

The Bank was incorporated in 1991 and is domiciled in the Republic of Uzbekistan. It is registered in Uzbekistan to carry out banking and foreign exchange activities and has operated under the banking license #17 issued by the Central Bank of Uzbekistan ("CBU") on 21 October 2017 (succeeded the licenses #17 issued on 25 January 2003 and #25 issued on 29 January 2005 by the CBU for banking operations and general license for foreign currency operations, respectively).

Principal activity. The Bank's principal activity is commercial banking, retail banking, operations with securities, foreign currencies and origination of loans and guarantees. The Bank accepts deposits from legal entities and individuals, extended loans, and transfer payments. The Bank conducts its banking operations from its head office in Tashkent and 44 branches within Uzbekistan as of 30 June 2021 (31 December 2020: 45 branches).

The Bank participates in the state deposit insurance scheme, which was introduced by the Uzbek Law #360-II "Insurance of Individual Bank Deposit" on 5 April 2002. On 28 November 2008, the President of Uzbekistan issued the Decree #PD-4057 stating that 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.

As at 30 June 2021 (unaudited), the number of Bank's employees was 3,885 (31 December 2020: 4,052).

Registered address and place of business. 3, Shakhrisabz Street, Tashkent, 100000, Uzbekistan

At 30 June 2021 (unaudited) and 31 December 2020, the Group consolidated the following companies in these consolidated financial statements:

Name	Country of incorporation	The Group's ownership		Type of operation
		30 June 2021	31 December 2020	
		(unaudited)	2020	
		%	%	
SQB Capital, LLC	Uzbekistan	100	100	Asset management
SQB Insurance, LLC	Uzbekistan	100	100	Insurance
SQB Securities, LLC	Uzbekistan	100	100	Asset management
SQB Construction, LLC	Uzbekistan	100	100	Construction
PSB Industrial Investments, LLC	Uzbekistan	-	100	Asset management

During six months of 2021, the Group liquidated PSB Industrial Investments LLC. There was no impact on the Group's financial results in 2021 since PSB Industrial Investments LLC did not operate since second half of 2020 and there were no balances at the date of its liquidation.

The table below represents the Group's investment in associates at 30 June 2021 (unaudited) and 31 December 2020.

Name	Type of operation	Country	Group's ownership	
			30 June 2021 (unaudited)	31 December 2020
LLC "SQB Consult"	Consulting	Uzbekistan	40%	40%
LLC "Khorezm Invest Project"	Asset management	Uzbekistan	34%	34%

The table below represents the interest of the shareholders in the Bank's share capital as at 30 June 2021 (unaudited) and 31 December 2020:

	30 June 2021 (unaudited)	31 December 2020
<i>Shareholders</i>		
The Fund of Reconstruction and Development of the Republic of Uzbekistan	82.09%	82.09%
The Ministry of Finance of the Republic of Uzbekistan	12.81%	12.77%
Other legal entities and individuals (individually hold less than 5%)	5.10%	5.14%
Total	100%	100%

2. OPERATING ENVIRONMENT OF THE GROUP

Republic of Uzbekistan. 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 the 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.

Uzbekistan experienced the following key economic indicators in 2021:

- Inflation: 11.1% (2020: 11.1%)
- GDP growth 4.8% (2020: 1.6%).
- Official exchange rates: 30 June 2021: USD 1 = UZS 10,605.30 (31 December 2020: USD 1 = UZS 10,476.92).
- Central Bank refinancing rate: 14% (2020: 14%).

In June 2021 Standard & Poor's international rating agency affirmed the Republic of Uzbekistan's long-term foreign and short-term sovereign credit rating for foreign and local currency liabilities at the BB- level. The outlook was updated to Stable. The agency forecasts Uzbekistan's economy to grow by 4.8% in 2021, with the service sector becoming the main driver of the growth.

On 12 March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, in 2020 (in 2021, some restrictions were held, where remained), the Uzbekistan authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Uzbekistan and have negatively impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the Uzbekistan and global economy for an unknown period of time. From the beginning of 2021 Uzbekistan actively supported health care systems related to vaccination and as a result at 20 September 2021 28% of the whole population got vaccinated.

The regulator pursues the inflation targeting policy aimed to reaching 5% by the end of 2023 and averaging around that level for an extended period. This is achieved in large part by imposing tighter requirements on liquidity, which should narrow down monetary base and loan portfolios of banks.

So far, the growth of loan portfolio stock was in line with the expectations of the Central Bank. Currently, it slowed to 8.5% from 15.8% in 2020 on a year-to-date basis. This is despite the fact that loans issued in the first half of this year grew 140% from the same period a year earlier, which is explained by the significantly elevated level of returning loans.

In the first half 2021 inflation rate declined year-on-year to 10.9% against 14.2% over the same period last year.

The rate of depreciation of national currency against US dollar also decreased from 7% to 1.2% in the first half of 2020 and 2021. This is coupled with de-dollarization policy of the government which aims to decrease the foreign currency part of the banks' loan portfolio below 50% by the end of the year.

In 2021 business environment has gradually recovering after pandemic crisis and began actively developing its activities as it was before pandemic.

The future effects of the current economic situation and the above measures are difficult to predict, and management's current expectations and estimates could differ from actual results.

Management is taking necessary measures to ensure sustainability of the Group's operations and support its employees.

3. BASIS OF PRESENTATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this condensed consolidated interim financial information as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2020.

Interim period tax measurement. Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

This condensed consolidated interim financial information is presented in millions of Uzbek Soums ("UZS"), except for earnings per share amounts and unless otherwise indicated.

4. ADOPTION OF NEW AND REVISED STANDARDS

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Group has not early adopted.

- IFRS 17 “Insurance Contracts” (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

The requirements of the amended standards have not been taken into account in the preparation of this condensed consolidated interim financial information. The Group is currently assessing the effect of this amendments on its financial position and results of operations.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing this condensed consolidated interim financial information, the significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2020 prepared in accordance with IFRS. There have been no changes to the basis upon which the significant accounting estimates have been determined compared with 31 December 2020, except for additional modification that the Group applied for measuring ECL as of 31 December 2020 in response to the COVID-19 pandemic:

- During 2020 the Group offered forbearance solutions to customers in the form of reductions to contractual payments including freezes to interest payments for up to six months. The forbearance was provided to all customers notwithstanding their financial difficulties before the COVID-19 pandemic. These measures have not been treated as a trigger for credit impairment or SICR for the restructured loans that had no overdue prior and during the pandemic period and subsequently had no overdue in scheduled payments, since measures were based on legislative moratoria on loan repayments applied in light of the COVID-19 crisis.
- During 2020 the Group has also adjusted the calculation of loss given default rates (LGD) by excluding the loan recovery results of the second and third quarters of 2020, assuming the recovery pattern during the lockdown period does not accurately reflect the financial performance of the borrowers. Cash flows and turnover of customer accounts observed during pre and post quarantine periods suggest that significant slow-down in the recovery of loans were mainly attributable to factors other than the financial standing of the borrowers. This adjustment to LGD has been applied across all portfolios of the Group.

Due to improvement of economic situation, absence of COVID-19 related moratoria on loan repayments in the first half of 2021 and observed curing of borrowers from COVID-19 pandemic the above adjustments and overlays to the risk parameters were not applied to the ECL as of 30 June 2021.

The Group incorporates forward-looking information into a measurement of ECL when there is a statistically proven correlation between the macro-economic variables and defaults. As at the reporting date the Group has obtained quarterly values for macroeconomic variables: export, import, GDP, CPI, current account balances, unemployment rates, aligned them with quarterly default rates across all loan portfolios and performed statistical tests for correlation considering different time lags. The Management analysed forward-looking information and assessed that effect of macro is not significant. The Management updates its statistical tests for correlation as at each reporting date.

If probability of default (PD) increased by 10% for the whole loan portfolio then ECL would have increased by 4% and amounted UZS 1,664,986 million as of 30 June 2021. If LGD increased by 10% for the whole loan portfolio then ECL would have increased by 7% and amounted UZS 1,719,132 million.

6. SEGMENT REPORTING

Operating segments are components of the Group that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision makers (CODM) and for which discrete financial information is available. The CODM of the group is the Management Board. The Management Board regularly uses financial information based on IFRS for operational decision-making and resource allocation.

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

The Group is organized on the basis of two main business segments – corporate banking which represents direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products and retail banking which represents private banking services, private customer current accounts, savings, deposits and debit cards, consumer loans.

(b) Information about reportable segment profit or loss, assets, and liabilities

Segment information for the reportable segments for the period ended 30 June 2021 (unaudited) is set out below:

	30 June 2021 (unaudited)		
	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	5,784,508	-	5,784,508
Loans and advances to customers	36,024,503	3,929,526	39,954,029
Due from other banks	2,111,517	-	2,111,517
Investment securities measured at amortised cost	1,236,614	-	1,236,614
Total reportable segment assets	45,157,142	3,929,526	49,086,668
Liabilities			
Due to other banks	942,515	-	942,515
Customer accounts	9,560,217	2,758,324	12,318,541
Other borrowed funds	26,825,591	10,187	26,835,778
Debt securities in issue	3,264,282	-	3,264,282
Total reportable segment liabilities	40,592,605	2,768,511	43,361,116
Capital expenditure	-	-	816,264

Segment information for the reportable segments for the year ended 31 December 2020 is set out below:

	31 December 2020		
	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	5,601,186	-	5,601,186
Loans and advances to customers	34,821,532	4,138,426	38,959,958
Due from other banks	1,859,192	-	1,859,192
Investment securities measured at amortised cost	540,222	-	540,222
Total reportable segment assets	42,822,132	4,138,426	46,960,558
Liabilities			
Due to other banks	1,496,004	-	1,496,004
Customer accounts	9,475,904	2,141,054	11,616,958
Other borrowed funds	25,673,513	9,944	25,683,457
Debt securities in issue	3,273,048	-	3,273,048
Total reportable segment liabilities	39,918,469	2,150,998	42,069,467
Capital expenditure	-	-	1,033,849

The cash management is performed by Treasury Department to support liquidity of the Bank as a whole.

6. SEGMENT REPORTING (Continued)

	Six months ended 30 June 2021 (unaudited)		
	Corporate	Individuals	Total
Interest on loans and advances to customers	1,508,127	303,522	1,811,649
Interest on investment securities measured at amortised cost	68,533	-	68,533
Interest on balances due from other banks	65,128	-	65,128
Interest on other borrowed funds	(607,659)	-	(607,659)
Interest on customer accounts	(118,832)	(113,017)	(231,849)
Interest on debt securities in issue	(104,164)	-	(104,164)
Interest on balances due to other banks	(36,706)	-	(36,706)
Interest on subordinated debt	(2,649)	-	(2,649)
Segment results	771,778	190,505	962,283

	Six months ended 30 June 2020 (unaudited)		
	Corporate	Individuals	Total
Interest on loans and advances to customers	1,132,429	286,973	1,419,402
Interest on balances due from other banks	67,925	-	67,925
Interest on investment securities measured at amortised cost	8,627	-	8,627
Interest on other borrowed funds	(343,972)	-	(343,972)
Interest on customer accounts	(142,831)	(63,745)	(206,576)
Interest on balances due to other banks	(111,370)	-	(111,370)
Interest on debt securities in issue	(100,094)	-	(100,094)
Interest on subordinated debt	(7,334)	-	(7,334)
Segment results	503,380	223,228	726,608

(c) Reconciliation of income and expenses, assets, and liabilities for reportable segments:

	30 June 2021 (unaudited)	31 December 2020
Total reportable segment assets	49,086,668	46,960,558
Financial assets at fair value through other comprehensive income	41,709	38,024
Investment in associates	12,026	993
Premises, equipment and intangible assets	1,015,789	747,232
Deferred tax asset	103,508	167,619
Insurance assets	10,847	5,544
Other assets	330,559	376,520
Non-current assets held for sale	20,936	27,355
Total assets	50,622,042	48,323,845
Total reportable segment liabilities	43,361,116	42,069,467
Insurance liabilities	70,725	44,887
Other liabilities	202,868	128,627
Subordinated debt	101,383	-
Total liabilities	43,736,092	42,242,981

Due to significant increase of retail transactions and business activities in comparison with the previous year, the management of the Group is currently in the process of development and enhancement of segmentation reporting.

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6. SEGMENT REPORTING (Continued)

	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Segment results	962,283	726,608
Recovery of / (provision) for credit losses on loans and advances to customers	314,451	(434,197)
Gain / (loss) on initial recognition on interest bearing assets	3,159	(8,551)
Fee and commission income	194,399	157,965
Fee and commission expense	(44,552)	(42,330)
Net gain on foreign exchange translation	(8,136)	38,173
Net gain from trading in foreign currencies	74,248	26,774
Insurance operations income	40,654	15,970
Insurance operations expense	(16,598)	(16,604)
Change in insurance reserves, net	(20,263)	-
Dividend income	4,891	681
Other operating income	23,399	1,840
Provision for impairment of other assets	(52,077)	(11,212)
Impairment of assets held for sale	(3,974)	(11,309)
Administrative and other operating expenses	(452,216)	(277,014)
Share of result from associates	(595)	-
Profit before tax	1,019,073	166,794
Income tax expense	(212,145)	(31,904)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	806,928	134,890
Discontinued operations		
Loss for the period from discontinued operations	-	(174)
PROFIT FOR THE PERIOD	806,928	134,716

7. CASH AND CASH EQUIVALENTS

	30 June 2021 (unaudited)	31 December 2020
Cash on hand	872,820	1,022,474
Cash balances with the CBU (other than mandatory reserve deposits)	219,743	2,624,648
Correspondent accounts and placements with other banks with original maturities of less than three months	4,692,284	1,954,225
Less: Allowance for expected credit losses	(339)	(161)
Total cash and cash equivalents	5,784,508	5,601,186

The increase in allowance for expected credit losses was triggered by the increase in correspondent accounts and placements with other banks.

As at 30 June 2021 (unaudited) and 31 December 2020 for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1.

7. CASH AND CASH EQUIVALENTS (Continued)

The credit quality of cash and cash equivalents at 30 June 2021 (unaudited) is as follows:

	Cash balances with the CBU (other than mandatory reserve deposits)	Correspondent accounts and placements with other banks with original maturities of less than three months	Total
<i>Neither past due nor impaired</i>			
- Central Bank of Uzbekistan	219,743	-	219,743
- Rated AA- to A+	-	1,321,985	1,321,985
- Rated Baa	-	596,835	596,835
- Rated Ba	-	2,673,464	2,673,464
- Rated B	-	100,000	100,000
Less: Allowance for expected credit losses	(4)	(335)	(339)
Total cash and cash equivalents, excluding cash on hand	219,739	4,691,949	4,911,688

The credit quality of cash and cash equivalents at 31 December 2020 is as follows:

	Cash balances with the CBU (other than mandatory reserve deposits)	Correspondent accounts and placements with other banks with original maturities of less than three months	Total
<i>Neither past due nor impaired</i>			
- Central bank of Uzbekistan	2,624,648	-	2,624,648
- Rated AA to A-	-	1,666,788	1,666,788
- Rated Baa	-	50,901	50,901
- Rated Ba	-	228,007	228,007
- Rated B	-	8,529	8,529
Less: Allowance for expected credit losses	(69)	(92)	(161)
Total cash and cash equivalents, excluding cash on hand	2,624,579	1,954,133	4,578,712

The credit rating is based on the rating agency Moody's (if available) or the rating agencies Standard & Poor's and Fitch, which are converted to the nearest equivalent value on the Moody's rating scale.

Information on related party balances is disclosed in Note 25. Information on fair value of cash and cash equivalents is disclosed in Note 22.

8. DUE FROM OTHER BANKS

	30 June 2021 (unaudited)	31 December 2020
Mandatory cash balances with CBU	207,557	141,437
Placements with other banks with original maturities of more than three months	1,712,593	1,458,096
Restricted cash	225,658	278,088
Less: Allowance for expected credit losses	(34,291)	(18,429)
Total due from other banks	2,111,517	1,859,192

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 on correspondent accounts with foreign banks placed by the Group on behalf of its customers. The Group does not have the right to use these funds for the purpose of funding its own activities.

The increase in credit loss allowance was triggered by the increase in the Placements with other banks with original maturities of more than three months balances.

8. DUE FROM OTHER BANKS (Continued)

At 30 June 2021 (unaudited) the Group had balances with fourteen counterparty banks (31 December 2020: 6 counterparty banks) with aggregated amounts above UZS 10,000,000 thousand. The total aggregate amount of these deposits was UZS 1,961,543 million (2020: UZS 1,726,208 million) or 91% of the total amount due from other banks (31 December 2020: 91%).

As at 30 June 2021 (unaudited) and 31 December 2020 for the purpose of ECL measurement due from other bank balances are included in Stage 1.

Analysis by credit quality of due from other banks outstanding at 30 June 2021 (unaudited) is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restricted cash	Total
<i>Neither past due nor impaired</i>				
- Central Bank of Uzbekistan	207,557	120,605	-	328,162
- Rated A- to A+	-	-	98,501	98,501
- Rated Baa	-	-	122,332	122,332
- Rated Ba2	-	3,386	-	3,386
- Rated BB-	-	370,436	-	370,436
- Rated B+	-	159,080	-	159,080
- Rated B1	-	768,942	-	768,942
- Rated B2	-	6,801	-	6,801
- Rated B	-	246,227	-	246,227
- Rated CCC+	-	31,816	-	31,816
- Unrated	-	5,300	4,825	10,125
Less: Allowance for expected credit losses	-	(33,648)	(643)	(34,291)
Total due from other banks	207,557	1,678,945	225,015	2,111,517

Analysis by credit quality of due from other banks outstanding at 31 December 2020 is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restricted cash	Total
<i>Neither past due nor impaired</i>				
- Central bank of Uzbekistan	141,437	-	-	141,437
- Rated AA to A-	-	-	5,268	5,268
- Rated Baa	-	3,101	272,820	275,921
- Rated Ba2	-	339,281	-	339,281
- Rated BB-	-	145,701	-	145,701
- Rated B+	-	704,271	-	704,271
- Rated B1	-	6,229	-	6,229
- Rated B2	-	225,518	-	225,518
- Rated B	-	29,140	-	29,140
- Rated CCC+	-	4,854	-	4,854
Less: Allowance for expected credit losses	-	(18,155)	(274)	(18,429)
Total due from other banks	141,437	1,439,941	277,814	1,859,192

The credit rating is based on the rating agency Moody's (if available) or the rating agencies Standard & Poor's and Fitch.

Information on related party balances is disclosed in Note 25. Information on fair value of due from other banks is disclosed in Note 22.

9. LOANS AND ADVANCES TO CUSTOMERS

The Bank uses the following classification of loans:

- Loans to state and municipal organisations - loans issued to clients wholly owned by the Government of the Republic of Uzbekistan and budget organisations;
- Corporate loans - loans issued to clients other than government entities and private entrepreneurs;
- Loans to individuals - loans issued to individuals for consumption purposes, for the purchase of residential houses and flats and loans issued to private entrepreneurs without forming legal entity.

Loans and advances to customers comprise:

	30 June 2021 (unaudited)	31 December 2020
Corporate loans	23,496,965	21,938,171
State and municipal organisations	13,873,581	14,562,532
Loans to individuals	4,184,377	4,361,970
Total loans and advances to customers, gross	41,554,923	40,862,673
Less: Allowance for expected credit losses	(1,600,894)	(1,902,715)
Total loans and advances to customers	39,954,029	38,959,958

The loan allowance reduction is explained by the improvement in the quality of the loan portfolio due to decreased COVID 19 effects on the Group borrowers. During 2020, the Group provided forbearances to customers via restructuring of interest payments by accruing of interest to the loan outstanding principal with final maturities predominantly extended by six months. Such restructuring increased the number of loans being classified in Stage 3 as a result significantly increasing the allowance for expected credit losses. During 2021 no additional major restructuring was made by the Group and prior year restructured amounts were mostly repaid influencing the loan and advances to customers balance staging.

The other major reason of allowance for expected credit losses reduction is improvement of individually significant loans performance on which the ECL is calculated on an individual basis and constituted in current year UZS 351,092 million and UZS 758,997 million as at 31 December 2020

The table below represents loans and advances to customer's classification by stages as at 30 June 2021 (unaudited) and 31 December 2020:

	30 June 2021 (unaudited)	31 December 2020
Originated loans to customers	41,109,472	40,423,399
Overdrafts	445,451	439,274
Total loans and advances to customers, gross	41,554,923	40,862,673
Stage 1	34,788,085	26,201,628
Stage 2	4,199,510	11,970,209
Stage 3	2,567,328	2,690,836
Total loans and advances to customers, gross	41,554,923	40,862,673
Less: Allowance for expected credit losses	(1,600,894)	(1,902,715)
Total loans and advances to customers	39,954,029	38,959,958

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to corporate customers between the beginning and the end of the reporting period:

	Credit Loss Allowance				Gross Carrying Amount			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
State and municipal organisations								
As at 1 January 2021	59,932	59,313	9,713	128,958	8,143,995	6,381,126	37,411	14,562,532
Changes in the gross carrying amount								
- Transfer from stage 1	(924)	920	4	-	(139,137)	136,275	2,862	-
- Transfer from stage 2	52,801	(52,801)	-	-	5,369,641	(5,369,641)	-	-
- Transfer from stage 3	1,309	1,931	(3,240)	-	1,674	3,745	(5,419)	-
- Changes in EAD and risk parameters*	(24,866)	2,193	(1,000)	(23,673)	(541,548)	(3,408)	(7,360)	(552,316)
New assets issued or acquired	3,904	-	-	3,904	1,650,566	-	-	1,650,566
Matured or derecognized assets (except for write off)	(4,211)	(5,728)	(3,182)	(13,121)	(991,824)	(887,386)	(26,722)	(1,905,932)
Foreign exchange differences	572	547	-	1,119	101,672	11,883	5,176	118,731
Loss allowance for ECL and Gross Carrying as at 30 June 2021 (unaudited)	88,517	6,375	2,295	97,187	13,595,039	272,594	5,948	13,873,581
	Credit Loss Allowance				Gross Carrying Amount			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
Corporate loans								
As at 1 January 2021	113,094	134,583	1,302,537	1,550,214	14,751,901	4,950,505	2,235,765	21,938,171
Changes in the gross carrying amount								
- Transfer from stage 1	(13,830)	7,783	6,047	-	(1,925,569)	1,043,532	882,037	-
- Transfer from stage 2	54,732	(75,307)	20,575	-	2,411,856	(3,218,276)	806,420	-
- Transfer from stage 3	114,942	843,899	(958,841)	-	258,352	1,274,670	(1,533,022)	-
- Changes in EAD and risk parameters*	(110,416)	(579,382)	428,648	(261,150)	(1,311,814)	118,594	31,100	(1,162,120)
New assets issued or acquired	59,223	-	-	59,223	4,390,162	-	-	4,390,162
Matured or derecognized assets (except for write off)	(6,821)	(4,353)	(78,200)	(89,374)	(1,066,456)	(447,432)	(190,755)	(1,704,643)
Recovery of assets previously written off	-	-	11,656	11,656	-	-	11,656	11,656
Written off assets	-	-	(27,880)	(27,880)	-	-	(27,880)	(27,880)
Foreign exchange differences	465	4,085	1,616	6,166	44,203	5,166	2,250	51,619
Loss allowance for ECL and Gross Carrying as at 30 June 2021 (unaudited)	211,389	331,308	706,158	1,248,855	17,552,635	3,726,759	2,217,571	23,496,965

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to corporate customers between the beginning and the end of the reporting period:

	Credit Loss Allowance				Gross Carrying Amount			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
Loans to individuals								
As at 1 January 2021	21,253	19,047	183,244	223,544	3,582,749	361,561	417,660	4,361,970
Changes in the gross carrying amount								
- Transfer from stage 1	(1,263)	622	641	-	(211,958)	104,430	107,528	-
- Transfer from stage 2	12,175	(16,070)	3,895	-	231,152	(299,749)	68,597	-
- Transfer from stage 3	56,606	19,966	(76,572)	-	133,321	48,105	(181,426)	-
- Changes in EAD and risk parameters*	(51,755)	(1,091)	95,681	42,835	(426,196)	3,569	(16,273)	(438,900)
New assets issued or acquired	13,692	-	-	13,692	634,861	-	-	634,861
Matured or derecognized assets (except for write off)	(1,810)	(623)	(22,787)	(25,220)	(303,518)	(17,760)	(52,276)	(373,554)
Loss allowance for ECL and Gross Carrying as at 30 June 2021 (unaudited)	48,898	21,851	184,102	254,851	3,640,411	200,156	343,810	4,184,377

*The line “Changes in EAD and risk parameters” under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2021 and transfers of new issued loans between stages.

*The line “Changes in EAD and risk parameters” under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as 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 from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to corporate customers between the 1 January 2020 and 30 June 2020:

	Credit Loss Allowance				Gross Carrying Amount			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
State and municipal organisations								
As at 1 January 2020	50,850	90,841	7,568	149,259	7,316,072	5,499,817	57,264	12,873,153
Changes in the gross carrying amount								
- Transfer from stage 1	(3,914)	3,914	-	-	(1,808,840)	1,808,840	-	-
- Transfer from stage 2	52,929	(52,929)	-	-	2,603,994	(2,603,994)	-	-
- Transfer from stage 3	-	443	(443)	-	-	1,801	(1,801)	-
- Changes in EAD and risk parameters*	(95,805)	30,736	14,300	(50,769)	(235,089)	37,281	12,464	(108,055)
New assets issued or acquired	17,330	-	-	17,330	1,406,907	-	-	1,406,907
Matured or derecognized assets (except for write off)	(4,821)	(1,305)	(7,130)	(13,256)	(434,951)	(43,777)	(55,468)	(534,196)
Foreign exchange differences	2,526	5,624	-	8,150	505,559	159,213	33,809	621,292
Loss allowance for ECL and Gross Carrying as at 30 June 2020 (unaudited)	19,095	77,324	14,295	110,714	9,353,652	4,859,181	46,268	14,259,101
	Credit Loss Allowance				Gross Carrying Amount			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
Corporate loans								
As at 1 January 2020	83,109	85,813	297,872	466,794	11,182,892	2,740,116	765,282	14,688,290
Changes in the gross carrying amount								
- Transfer from stage 1	(1,561)	842	719	-	(231,377)	135,839	95,538	-
- Transfer from stage 2	31,010	(51,319)	20,309	-	780,471	(1,611,650)	831,179	-
- Transfer from stage 3	4,546	67,082	(71,628)	-	37,648	98,162	(135,810)	-
- Changes in EAD and risk parameters*	(643,886)	(47,047)	740,583	49,650	(1,051,527)	118,148	925,851	(7,528)
New assets issued or acquired	610,270	-	-	610,270	5,181,786	-	-	5,181,786
Matured or derecognized assets (except for write off)	(9,302)	(6,050)	(173,712)	(189,064)	(1,496,139)	(202,025)	(433,868)	(2,132,032)
Recovery of assets previously written off	-	-	35,109	35,109	-	-	35,109	35,109
Foreign exchange differences	4,885	4,366	4,955	14,206	662,332	208,585	44,294	915,211
Loss allowance for ECL and Gross Carrying as at 30 June 2020 (unaudited)	79,071	53,687	854,207	986,965	15,066,086	1,487,175	2,127,575	18,680,836

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to corporate customers between the 1 January 2020 and 30 June 2020:

	Credit Loss Allowance				Gross Carrying Amount			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
Loans to individuals								
As at 1 January 2020	3,171	18,246	8,947	30,364	2,675,382	404,965	44,411	3,124,758
Changes in the gross carrying amount								
- Transfer from stage 1	(261)	251	10	-	(199,411)	193,967	5,444	-
- Transfer from stage 2	8,298	(14,679)	6,381	-	177,375	(321,384)	144,009	-
- Transfer from stage 3	1,082	711	(1,793)	-	5,500	3,564	(9,064)	-
- Changes in EAD and risk parameters*	(19,488)	5,954	14,948	1,414	(469,585)	189,451	61,735	(218,399)
New assets issued or acquired	13,656	-	-	13,656	1,916,637	-	-	1,916,637
Matured or derecognized assets (except for write off)	(690)	(1,134)	(3,211)	(5,035)	(688,656)	(26,911)	(9,702)	(725,269)
Loss allowance for ECL and Gross Carrying as at 30 June 2020 (unaudited)	5,768	9,349	25,282	40,399	3,417,242	443,652	236,833	4,097,727

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Economic sector risk concentrations within the loans and advances to customer are as follows:

	30 June 2021 (unaudited)		31 December 2020	
	Amount	%	Amount	%
Manufacturing	12,776,443	31%	12,165,253	30%
Oil and gas & chemicals	10,711,913	26%	9,999,561	25%
Trade and Services	4,464,948	11%	4,338,733	11%
Individuals	4,184,377	10%	4,361,970	11%
Agriculture	3,780,218	9%	3,616,095	9%
Energy	2,631,063	6%	3,396,794	8%
Transport and communication	2,217,205	5%	2,198,157	5%
Construction	788,756	2%	786,110	2%
Total loans and advances to customers, gross	41,554,923	100%	40,862,673	100%
Less: Allowance for expected credit losses	(1,600,894)		(1,902,715)	
Total loans and advances to customers	39,954,029		38,959,958	

As at 30 June 2021(unaudited), the Group granted loans to 13 (31 December 2020: 12) borrowers in the amount of UZS 14,759,440 million (31 December 2020: UZS 12,563,610 million), which individually exceeded 10% of the Group's equity.

Information about loans and advances to individuals as at 30 June 2021 (unaudited) and 31 December 2020 are as follows:

	30 June 2021 (unaudited)	31 December 2020
Mortgage	3,037,262	2,867,127
Microloan	528,643	628,107
Car Loan	394,952	536,708
Consumer Loans	167,580	256,592
Other	55,940	73,436
Total loans and advances to individuals, gross	4,184,377	4,361,970
Less: Allowance for expected credit losses	(254,851)	(223,544)
Total loans and advances to individuals	3,929,526	4,138,426

Information about collateral and other credit enhancement as at 30 June 2021 (unaudited) are as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	30 June 2021 (unaudited)
Loans collateralised by:				
Letter of surety	2,386,592	7,547,780	566,830	10,501,202
Real estate	118,553	7,425,505	2,720,418	10,264,476
State guarantee	7,503,654	259,348	-	7,763,002
Equipment	646,971	4,528,726	-	5,175,697
Insurance policy	11,489	2,482,773	691,823	3,186,085
Inventory and receivables	1,868,972	839,810	1,145	2,709,927
Cash deposits	1,084,973	23,163	3,246	1,111,382
Vehicles	91,727	387,307	178,440	657,474
Equity securities	156,939	-	-	156,939
Not collateralised	3,711	2,553	22,475	28,739
Total loans and advances to customers, gross	13,873,581	23,496,965	4,184,377	41,554,923
Less: Allowance for expected credit losses	(97,187)	(1,248,856)	(254,851)	(1,600,894)
Total loans and advances to customers	13,776,394	22,248,109	3,929,526	39,954,029

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SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
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(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Information about collateral and other credit enhancement as at 31 December 2020 are as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	31 December 2020
Loans collateralised by:				
Letter of surety	2,230,264	7,748,268	804,776	10,783,308
Real estate	137,576	6,980,088	2,544,451	9,662,115
State guarantee	7,871,577	2,179	-	7,873,756
Equipment	957,259	4,231,746	-	5,189,005
Inventory and receivables	2,055,641	717,007	1,151	2,773,799
Insurance policy	15,016	1,912,279	348,154	2,275,449
Cash deposits	1,054,919	52,955	4,623	1,112,497
Vehicles	73,101	290,185	236,322	599,608
Equity securities	164,181	-	-	164,181
Not collateralised	2,998	3,464	422,493	428,955
Total loans and advances to customers, gross	14,562,532	21,938,171	4,361,970	40,862,673
Less: Allowance for expected credit losses	(128,957)	(1,550,214)	(223,544)	(1,902,715)
Total loans and advances to customers	14,433,575	20,387,957	4,138,426	38,959,958

Analysis by credit quality of loans and advances to customers that are collectively and individually assessed for impairment as at 30 June 2021 (unaudited) is as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	Total
<i>Loans assessed for impairment on a collective basis (gross)</i>				
Not past due loans	13,862,472	20,097,491	3,317,338	37,277,301
Past due loans				
- less than 30 days overdue	5,160	1,172,749	385,262	1,563,171
- 31 to 90 days overdue	655	638,357	168,381	807,393
- 91 to 180 days overdue	5,294	611,860	188,799	805,953
- 181 to 360 days overdue	-	181,800	111,884	293,684
- over 360 days overdue	-	28,801	12,713	41,514
Total loans assessed for impairment on a collective basis, gross	13,873,581	22,731,058	4,184,377	40,789,016
<i>Loans individually determined to be impaired (gross):</i>				
Restructured loans	-	765,907	-	765,907
Not past due loans	-	356,435	-	356,435
Past due loans	-	-	-	-
1-30 days	-	30,700	-	30,700
31-90 days	-	27,992	-	27,992
91-180 days	-	257,953	-	257,953
- 181 to 360 days overdue	-	92,827	-	92,827
Total loans individually determined to be impaired, gross	-	765,907	-	765,907
- Impairment provisions for individually impaired loans	-	(212,818)	-	(212,818)
- Impairment provisions assessed on a collective basis	(97,187)	(1,036,038)	(254,851)	(1,388,076)
Less: Allowance for expected credit losses	(97,187)	(1,248,856)	(254,851)	(1,600,894)
Total loans and advances to customers	13,776,394	22,248,109	3,929,526	39,954,029

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Analysis by credit quality of loans and advances to customers that are collectively and individually assessed for impairment as at 31 December 2020 is as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	Total
<i>Loans assessed for impairment on a collective basis (gross)</i>				
Not past due loans	14,228,723	17,897,823	3,826,146	35,952,692
Past due loans				
- less than 30 days overdue	-	593,668	279,244	872,912
- 31 to 90 days overdue	59,829	1,927,487	193,959	2,181,275
- 91 to 180 days overdue	-	81,407	33,325	114,732
- 181 to 360 days overdue	-	93,052	27,906	120,958
- over 360 days overdue	-	31,439	1,390	32,829
Total loans assessed for impairment on a collective basis, gross	14,288,552	20,624,876	4,361,970	39,275,398
<i>Loans individually determined to be impaired (gross):</i>				
Restructured loans	273,980	1,313,295	-	1,587,275
Not past due loans	273,980	1,230,685	-	1,504,665
Past due loans				
31-90 days	-	82,610	-	82,610
Total loans individually determined to be impaired, gross	273,980	1,313,295	-	1,587,275
- Impairment provisions for individually impaired loans	-	(758,997)	-	(758,997)
- Impairment provisions assessed on a collective basis	(128,957)	(791,217)	(223,544)	(1,143,718)
Less: Allowance for expected credit losses	(128,957)	(1,550,214)	(223,544)	(1,902,715)
Total loans and advances to customers	14,433,575	20,387,957	4,138,426	38,959,958

10. INVESTMENT SECURITIES MEASURED AT AMORTISED COST

	Currency	Annual coupon/ interest rate %	EIR %	Maturity date month/year	30 June 2021 (unaudited)	31 December 2020
CBU Bonds	UZS	13 - 14	13 - 14	July 21 - Dec 21	955,352	174,089
Government Bonds	UZS	13 - 16	13 - 16	Oct 21 - Mar 24	282,229	365,319
Corporate bonds	UZS	18	18	29-Jul-26	2,609	2,503
Less: Allowance for expected credit losses					(3,576)	(1,689)
Total investment securities measured at amortised cost					1,236,614	540,222

Analysis by credit quality of investment securities measured at amortised costs at 30 June 2021 (unaudited) is as follows:

	CBU Bonds	Government Bonds	Corporate Bonds	Total
<i>Neither past due nor impaired</i>				
- Rated BB-	955,352	282,229	-	1,237,581
- Rated B2	-	-	2,609	2,609
Less: Allowance for expected credit losses	(2,755)	(814)	(8)	(3,576)
Total investment securities measured at amortised cost	952,597	281,415	2,601	1,236,614

Analysis by credit quality of investment securities measured at amortised costs at and 30 December 2020 is as follows:

	CBU Bonds	Government Bonds	Corporate Bonds	Total
<i>Neither past due nor impaired</i>				
- Rated BB-	174,089	365,319	-	539,408
- Rated B2	-	-	2,503	2,503
Less: Allowance for expected credit losses	(543)	(1,139)	(8)	(1,689)
Total investment securities measured at amortised cost	173,546	364,180	2,495	540,222

During 6 months of 2021, the Group invested UZS 868,166 million into CBU bonds. Overall increase was offset by maturity of previously purchased CBU bonds.

During 6 months of 2021, the Group invested UZS 238,670 million into new bonds of the Ministry of Finance. Overall increase was offset by maturity of previously purchased bonds of the Ministry of Finance.

Refer to Note 22 for the disclosure of the fair value of investment securities measured at amortised cost. Information on related party balances is disclosed in Note 25.

11. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS

In 2019, the Group has arranged a contract with construction company Shanghai Construction Group Co. Ltd on design and construction of the Headquarters for Group in the amount of USD 136.5 million. As at 30 June 2021 (unaudited), in accordance with the contract, the Group invested USD 54.048 million (equivalent to UZS 589 387 million) of which UZS 458,302 million was recorded in CIP.

As at 30 June 2021 (unaudited) and 31 December 2020, premises and equipment of the Group were not pledged.

12. DUE TO OTHER BANKS

	30 June 2021 (unaudited)	31 December 2020
Long term placements of other banks	455,783	584,783
Short term placements of other banks	281,113	279,438
Correspondent accounts and overnight placements of other banks	205,619	372,618
Payable to the CBU under repo agreement	-	259,165
Total due to other banks	942,515	1,496,004

12. DUE TO OTHER BANKS (Continued)

Significant change in long term placements of other banks is due to the repayments made by the Group during 6 months of 2021.

Significant change in payable to the CBU under repo agreement is associated with the maturity of a three-month repo agreement with CBU.

Refer to Note 22 for the disclosure of the fair value of due to other banks. Information on related party balances is disclosed in Note 25.

13. CUSTOMER ACCOUNTS

	30 June 2021 (unaudited)	31 December 2020
State and public organisations		
- Term deposits	2,758,020	2,705,206
- Current/settlement accounts	2,586,605	3,171,211
	5,344,625	5,876,417
Other legal entities		
- Current/settlement accounts	3,144,545	3,360,112
- Term deposits	1,071,047	239,375
	4,215,592	3,599,487
Individuals		
- Term deposits	2,054,982	1,215,455
- Current/demand accounts	703,342	925,599
	2,758,324	2,141,054
Total customer accounts	12,318,541	11,616,958

Economic sector concentrations within customer accounts are as follows:

	30 June 2021 (unaudited)		31 December 2020	
	Amount	%	Amount	%
Public administration	2,879,206	23%	2,744,161	24%
Individuals	2,758,324	22%	2,141,054	18%
Oil and gas	1,701,104	14%	2,348,720	20%
Manufacturing	1,575,441	13%	1,363,581	12%
Energy	1,412,594	11%	1,324,434	11%
Finance	473,060	4%	181,740	2%
Communication	420,577	3%	260,275	2%
Services	311,498	3%	347,780	3%
Trade	294,539	2%	318,599	3%
Construction	217,913	2%	246,051	2%
Engineering	124,347	2%	155,739	2%
Mining	41,629	1%	17,414	0%
Agriculture	39,158	0%	57,036	0%
Transportation	38,185	0%	87,060	1%
Medicine	24,510	0%	16,015	0%
Other	6,456	0%	7,299	0%
Total customer accounts	12,318,541	100%	11,616,958	100%

As at 30 June 2021 (unaudited), the Group had three (31 December 2020: two) customers with a total balance UZS 4,568,145 million (31 December 2020: UZS 4,291,575 million), which individually exceeded 10% of the Group's equity.

Significant change in balances of State and public organizations is associated with payments made by two large state-owned enterprises operating in Oil and gas sector to their counterparties.

Significant change in Other legal entities is associated with increase in balances of the Group's clients operating in Oil and gas sector within their normal course of the business activities.

Significant change in balances of Individuals is associated with implementation of new mobile application “Joyida”, which allows the Group's clients to place or withdraw their funds online. Such mobile application is getting popular and the Group's number of clients is significantly increasing.

Refer to Note 22 for the disclosure of the fair value of customer accounts. Information on related party balances is disclosed in Note 25.

**JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR
THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)**
(In millions of Uzbek Soums, unless otherwise indicated)

14. OTHER BORROWED FUNDS

	30 June 2021 (unaudited)	31 December 2020
International financial institutions		
China EXIMBANK	5,100,090	5,167,808
CREDIT Suisse	2,114,039	2,122,431
Commerzbank AG	1,525,238	1,632,046
International Bank of Reconstruction and Development	1,345,008	1,298,161
Russia EXIMBANK	995,699	995,354
Daryo Finance B.V.	973,906	770,900
ICBC (London) plc	937,924	671,172
Landesbank Baden-Wuerttemberg	879,409	967,246
European Bank for Reconstruction and Development	868,272	517,297
China Development Bank	804,831	886,739
VTB BANK EUROPE	698,280	436,654
Raiffeisen Bank International AG	616,150	819,035
International Development Association of World Bank	597,577	602,590
Asian Development Bank	577,306	584,938
Gazprombank	565,870	789,796
Credit Bank of Moscow	457,377	263,233
Citibank N.A. ADGM	425,530	-
Japan International Cooperation Agency (JICA)	327,813	323,180
Turk EXIMBANK	236,775	216,946
AKA Ausfuhrkredit-Gesellschaft mbH	201,516	13,811
OJSB Transcapitalbank	188,228	187,908
UniCredit	186,531	-
OPEC Fund for International Development	170,631	208,719
Halyk Savings Bank of Kazakhstan JSC	158,770	179,788
Promsvyazbank PJSC	125,533	540,737
Korea EXIMBANK	121,068	141,464
Baobab Securities Limited	107,333	162,180
KfW IPEX-Bank	51,630	57,417
Others	209,089	358,902
Total international financial institutions	21,567,423	20,916,452
Financial institutions of Uzbekistan		
Long term borrowings from Ministry of Finance	3,213,735	3,233,042
Fund for Reconstruction and Development of Uzbekistan	1,579,880	1,384,626
Export Promotion Agency under MIFT	265,575	-
Uzbekistan Mortgage Refinancing Company (UzMRC)	98,592	61,213
Long term borrowings from CBU	64,560	68,358
KDB Bank Uzbekistan	24,463	-
Preference Shares	10,187	9,944
Khokimiyat of Tashkent Region	6,060	5,927
Other	5,303	3,895
Total financial institutions of Uzbekistan	5,268,355	4,767,005
Total other borrowed funds	26,835,778	25,683,457

On 17 March 2021 the Group and the European Bank for Reconstruction and Development signed an Agreement on attracting a synthetic credit line in the amount of USD 25 million. These loan funds are denominated in the national currency equivalent and are aimed at financing projects and supporting business initiatives implemented by small and medium-sized businesses (SMEs) of the country, thereby providing access to financing and stimulating sustainable growth in the development of the SME segment, in particular, modernizing the business infrastructure, especially during a pandemic caused by the spread of coronavirus infection.

14. OTHER BORROWED FUNDS (Continued)

On 19 March 2021 the Group and JSC "KDB Bank Uzbekistan" signed a General Agreement for provision of long-term credit lines to the Group" for the subsequent financing of projects of small and medium-sized businesses in Uzbekistan.

On 24 March 2021 the Group and AKA Ausfuhrkredit-Gesellschaft mbH signed an Agreement in the amount of EUR 15 million to finance investment projects of small and medium-sized businesses (SME) of Uzbekistan.

On 19 March 2021 the Group and Citibank N.A. ADGM signed an Agreement in the amount of USD 40 million to finance purchase of busses from China, equipment for textile manufacturing.

On 18 May 2021 the Group and UniCredit signed an Agreement in the amount of EUR 14 million to finance purchase of equipment from Italy for package manufacturing.

On 3 December 2020 the Group and Export Promotion Agency under MIFT signed an Agreement in the amount of USD 25 million to support export-oriented entities in Uzbekistan.

The Group has to comply with specific financial and non-financial covenants on obtained funds.

As of 31 December 2020, the Group was not in compliance with the following covenants:

- In 2017 and 2018, the ADB advanced two loans to the Republic of Uzbekistan (the "Republic") in connection with the financing of horticulture projects in Uzbekistan (the "Project"). The Republic on-lent a portion of these loans to the Bank under tripartite subsidiary loan agreements No. 3471-UZB dated April 2017 and No. 3673-UZB dated November 2018 between the Republic, the Rural Restructuring Agency and the Bank (the "Subsidiary Loan Agreements"). In November 2019, the ADB advanced another Subsidiary Loan Agreement to the Republic of Uzbekistan in connection with the financing of livestock value chain development projects in Uzbekistan (the "Project"). The Republic on-lent a portion of this loan to the Bank under subsidiary loan agreements No. L3823 (COL)-UZB dated 10 February 2020 between the Republic, the Agro Industries and Food Security Agency and the Bank. As at 31 December 2020, the Bank was not in compliance with return on average assets ratio stipulated in the Subsidiary Loan Agreements. The Management has received a letter from the Ministry of Finance dated 31 December 2020 confirming that this breach of the covenant is not considered to be an event of default.
- As at 31 December 2020, the Bank was not in compliance with following covenants stipulated in Master Trade Finance Loan Agreement (the 'Master Agreement') dated 15 October 2019 between the Bank and VTB Bank Europe: the percentage of problem loans (Stage 3 loans) in relation to loans and advances to customers (gross), loan loss reserves to problem loans (Stage 3 loans). On 24 March 2021, the Bank received a letter from VTB Bank Europe giving their consent to waive above mentioned financial covenant as of the end of the financial year 2020 with the decision to grant the waiver reached during December 2020. Hence, liquidity has not been adjusted.

As of 30 June 2021 (unaudited) the Group was in compliance with all covenants.

The maturity analysis is disclosed in Note 24. Refer to Note 22 for disclosure of the fair value of other borrowed funds and Note 25 for information on related party balances.

15. SUBORDINATED DEBT

Subordinated debt issued by Fund for Reconstruction and Development of Uzbekistan of UZS 100,000 million on 9 April 2021 carries a fixed interest rate of 9.22 % and matures on 15 April 2041. The debt ranks after all other creditors' claims are fully settled in the case of liquidation.

Refer to Note 22 for the disclosure of the fair value of subordinated debt and Note 25 for information on related party balances.

16. INTEREST INCOME AND EXPENSE

	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Interest income calculated using the effective interest method		
Interest on loans and advances to customers	1,811,649	1,419,402
Interest on investment securities measured at amortised cost	68,533	8,627
Interest on balances due from other banks	65,128	67,925
Total interest income calculated using the effective interest method	1,945,310	1,495,954
Interest expense		
Interest on other borrowed funds	(607,659)	(343,972)
Interest on customer accounts	(231,849)	(206,576)
Interest on debt securities in issue	(104,164)	(100,094)
Interest on balances due to other banks	(36,706)	(111,370)
Interest on subordinated debt	(2,649)	(7,334)
Total interest expense	(983,027)	(769,346)
Net interest income before provision on loans and advances to customers	962,283	726,608

Significant change in interest income on loan and advances to customers is associated with the increase in the Group's loan portfolio during 6 months of 2021, which in its turn is associated with the gradual improvements of the economic situation and business activity in Uzbekistan caused by COVID-19.

Significant change in interest income on investment securities measured at amortised cost is associated with the significant investments made by the Group in bonds of CBU and Ministry of Finance during 6 months of 2021.

Significant change in interest income on other borrowed funds is associated with the attraction of additional funds from local and international financial institutions.

Significant change in interest income on balances due to other banks is associated with repayments made by the Group to local banks towards borrowings received.

17. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Staff costs	282,526	171,296
Depreciation and amortisation	34,012	25,500
Charity expenses	27,150	2,783
Taxes other than income tax	18,698	10,737
Security services	17,593	14,368
Stationery and other low value items	11,585	7,569
Membership fees	8,542	10,463
Communication expenses	5,410	2,870
Rent expenses	5,195	1,733
Repair and maintenance of buildings	3,986	2,847
Legal and audit fees	3,854	1,972
Consultancy fee	3,202	6,942
Travel expenses	3,012	1,416
Utilities expenses	3,000	2,519
Advertising expenses	2,992	2,641
Fuel	968	804
Representation and entertainment	558	910
Medical, Dental and Hospitalization	230	-
Other operating expenses	19,703	9,644
Total administrative and other operating expenses	452,216	277,014

Significant change in staff costs is associated with the overall increase of salary rates as well as due to increase in bonuses and other stimulation payments.

18. INCOME TAXES

	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Current income tax expense	148,834	98,993
Deferred tax (benefit)/expense:		
- <i>Deferred tax (benefit)/expense</i>	63,311	(67,089)
- <i>Deferred tax expense relating to the components of other comprehensive income</i>	799	1,884
- <i>Deferred tax benefit relating to discontinued operation</i>	-	(165)
Total income tax expense through profit or loss and other comprehensive income	212,944	33,623

Interim period income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate applied for the six months ended 30 June 2021(unaudited) is 20.0 % (the estimated tax rate for the six months ended 30 June 2021 (unaudited) was 20%).

Significant change in the balance of deferred tax asset is associated with the recovery of credit losses on loans and advances to customers.

19. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shares by the weighted average number of ordinary shares.

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

According to the charter of the Group, dividend payments per ordinary share cannot exceed the dividends per share on preferred shares for the same period and the minimum dividends payable to the owners of preference shares comprise not less than 20%. Therefore, net profit for the period is allocated to the ordinary shares and the preferred shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings.

	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Profit for the year attributable to ordinary shareholders	806,928	134,716
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in million of shares)	243,922	243,922
Total basic and diluted earnings per ordinary share (expressed in UZS per share)	3.31	0.55

20. COMMITMENTS AND CONTINGENCIES

Operating lease commitments. As at 30 June 2021 (unaudited) and 31 December 2020, the Group had no material operating lease commitments outstanding

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 the 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. Uzbek tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. The Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and state authorities. Recent events within Uzbekistan suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and 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.

The Management believes that its interpretation of the relevant legislation is appropriate and the Bank's tax, currency legislation and customs positions will be sustained. Accordingly, as at 30 June 2021 (unaudited), no provision for potential tax liabilities had been recorded (2020: Nil). The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital expenditure commitments. As at 30 June 2021 (unaudited) and 31 December 2020, the Group had contractual capital expenditure commitments for the total amount of UZS 816,264 million and UZS 1,033,849 million in respect of premises and equipment, respectively.

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 authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised 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 authorisations 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. 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.

20. COMMITMENTS AND CONTINGENCIES (Continued)

The credit related commitments are comprised of the following:

	30 June 2021 (unaudited)	31 December 2020
Guarantees issued	2,430,619	2,424,042
Letters of credits, post-financing with commencement after reporting period end	852,329	457,743
Letters of credit, non post-financing	518,015	336,446
Undrawn credit lines	461,177	518,506
Total gross credit related commitments	4,262,140	3,736,737
Less - Cash held as security against letters of credit and guarantees	(224,444)	(155,267)
Less – Provision for expected credit losses	(59,630)	(22,845)
Total credit related commitments	3,978,066	3,558,625

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.

21. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below sets out movement in the Group's liabilities from financing activities for each of periods presented. The items of these liabilities are those that are reported as financing activities in the condensed consolidated interim statement of cash flows.

	Liabilities from financing activities			Total
	Other borrowed funds	Debt securities in issue	Subordinated debt	
Net debt at 1 January 2020	16,803,214	2,920,894	83,332	19,807,440
Proceeds from the issue	13,094,718	168,310	-	13,263,028
Redemption	(6,488,852)	(94,400)	(80,000)	(6,663,252)
Foreign currency translation	2,199,354	278,819	-	2,478,173
Other non-cash movements	75,023	(575)	(3,332)	71,116
Net debt at 31 December 2020	25,683,457	3,273,048	-	28,956,505
Proceeds from the issue	15,159,640	15,200	100,000	15,274,840
Redemption	(14,036,145)	(65,510)	-	(14,101,655)
Foreign currency translation	21,752	41,556	-	63,308
Other non-cash movements	7,074	(12)	1,383	8,445
Net debt at 30 June 2021 (unaudited)	26,835,778	3,264,282	101,383	30,201,443

22. FAIR VALUE

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 one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two 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 three 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.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting year. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Management's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

22. FAIR VALUE (Continued)

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.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting year. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation model(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2021 (unaudited)	31 December 2020				
Equity securities at FVTOCI						
- Visa Inc.	14,454	13,203	Level 1	Quoted bid prices in an active market.	N/A	N/A
- Other	27,255	24,821	Level 3	Discounted cash flows. Discount rate estimated based on WACC	Discount rate	The greater discount- the smaller fair value

The fair value of the equity instruments 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 of using the average rate of return on investments. A significant unobservable input used in determining the fair value of equity securities at FVTOCI is the Group's WACC. The higher the WACC the lower the fair value of the equity securities at FVTOCI. The Management believes that this approach accurately reflects the fair value of these securities, given they are not traded. Such financial instruments were categorised as Level 3.

Investments to which the dividends valuation approach is not applicable, i.e. dividends were not paid during the period, Management may use the Assets based valuation approach focused on the investment company's net assets value (NAV), or fair market value of its total assets minus its total liabilities, to determine what would cost to recreate the business. The Management believes that such approach accurately reflects the fair value of these securities.

22. FAIR VALUE (Continued)

Below is presented the 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 consolidated financial statements approximate their fair values.

	30 June 2021 (unaudited)		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
Loans and advances to customers	39,954,029	39,773,366	38,959,958	34,401,244
Due from other banks	2,111,517	2,085,983	1,859,192	1,739,931
Debt securities in issue				
- Eurobonds	3,160,498	3,367,713	3,118,189	3,312,173
Other borrowed funds	26,835,778	31,751,605	25,683,457	26,703,457

	30 June 2021 (unaudited)			
	Level 1	Level 2	Level 3	Total
Loans and advances to customers	-	39,773,366	-	39,773,366
Due from other banks	-	1,014,023	1,071,960	2,085,983
Debt securities in issue				
- Eurobonds	3,367,713	-	-	3,367,713
Other borrowed funds	-	-	31,751,605	31,751,605

	31 December 2020			
	Level 1	Level 2	Level 3	Total
Loans and advances to customers		34,401,244	-	34,401,244
Due from other banks		-	1,739,931	1,739,931
Debt securities in issue				
- Eurobonds	3,312,173	-	-	3,312,173
Other borrowed funds		-	26,703,457	26,703,457

23. CAPITAL RISK MANAGEMENT

The Group manages regulatory capital as Group's capital. The Group's objectives when managing capital are to comply with the capital requirements set by the CBU, and 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 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% (31 December 2020: 13%). Actual ratio as at 30 June 2021: 17% (31 December 2020: 17%);
- Ratio of Group's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 10% (31 December 2020: 10%). Actual ratio as at 30 June 2021: 13.8% (31 December 2020: 13%); and
- Ratio of Group's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6% (31 December 2020: 6%). Actual ratio as at 30 June 2021: 11.4% (31 December 2020: 10.3%).

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

	30 June 2021 (unaudited)	31 December 2020 (unaudited)
Tier 1 capital	6,342,662	5,543,925
Less: Deductions from capital	(74,725)	(46,485)
Tier 1 capital adjusted	6,267,937	5,497,440
Tier 2 capital	1,470,733	1,619,786
Total regulatory Capital	7,738,670	7,117,226

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, preference shares, retained earnings excluding current year profit and less intangible assets. The other component of regulatory capital is Tier 2 capital, which includes current year profit.

24. RISK MANAGEMENT POLICIES

The Group manages the following risk: credit risk, off-balance sheet risk, market risk, currency risk, interest rate risk, liquidity risk, operational risk, compliance risk and other type of risks.

Risk management system is the part of the overall management system of the Group which aims to provide sustainable development of the Bank and the Group members in line with the approved Development Strategy.

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2020.

Currency risk. 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 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 Group'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 Uzbekistan Soum to the profit and loss of the Group. The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of reporting period:

	USD	EUR	Other currencies	UZS	Total
30 June 2021 (unaudited)					
Cash and cash equivalents	3,284,659	372,535	146,889	1,980,425	5,784,508
Due from other banks	960,681	7,217	78,113	1,065,506	2,111,517
Loans and advances to customers	21,055,134	6,206,371	-	12,692,524	39,954,029
Investment securities measured at amortised cost	-	-	-	1,236,614	1,236,614
Other financial assets	16,076	4,575	146	6,306	27,103
Total monetary assets	25,316,550	6,590,698	225,148	16,981,375	49,113,771
Due to other banks	601,256	38,177	-	303,082	942,515
Customer accounts	6,152,564	610,708	133,480	5,421,789	12,318,541
Debt securities in issue	3,160,498	-	-	103,784	3,264,282
Other borrowed funds	15,095,163	6,029,972	3,294	5,707,349	26,835,778
Other financial liabilities	47,390	-	28	75,225	122,643
Subordinated debt	-	-	-	101,383	101,383
Total monetary liabilities	25,056,871	6,678,857	136,802	11,712,612	43,585,142
Net Balance sheet position	259,679	(88,159)	88,346	5,268,763	5,528,629
	USD	EUR	Other currencies	UZS	Total
31 December 2020					
Cash and cash equivalents	3,768,254	138,176	138,499	1,556,257	5,601,186
Due from other banks	944,034	61,634	149,885	703,639	1,859,192
Loans and advances to customers	20,391,586	6,290,620	-	12,277,752	38,959,958
Investment securities measured at amortised cost	-	-	-	540,222	540,222
Other financial assets	646	5,058	-	10,504	16,208
Total monetary assets	25,104,520	6,495,488	288,384	15,088,374	46,976,766
Due to other banks	857,428	180	-	638,396	1,496,004
Customer accounts	6,991,777	237,180	198,854	4,189,147	11,616,958
Debt securities in issue	3,118,189	-	-	154,859	3,273,048
Other borrowed funds	14,643,855	6,147,006	-	4,892,596	25,683,457
Other financial liabilities	21,430	-	29	39,527	60,986
Total monetary liabilities	25,632,679	6,384,366	198,883	9,914,525	42,130,453
Net Balance sheet position	(528,159)	111,122	89,501	5,173,849	4,846,313

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24. RISK MANAGEMENT POLICIES (Continued)

Geographical risk concentration. The geographical concentration of the Group's financial assets and liabilities at 30 June 2021 (unaudited) is set out below:

	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	3,116,114	2,630,993	37,401	5,784,508
Due from other banks	1,890,585	220,764	168	2,111,517
Loans and advances to customers	39,954,029	-	-	39,954,029
Investment securities measured at amortised cost	1,236,614	-	-	1,236,614
Financial assets at fair value through other comprehensive income	27,255	14,454	-	41,709
Other financial assets	12,437	14,666	-	27,103
Total financial assets	46,237,034	2,880,877	37,569	49,155,480
Liabilities				
Due to other banks	628,239	265,809	48,467	942,515
Customer accounts	12,318,541	-	-	12,318,541
Debt securities in issue	103,784	3,160,498	-	3,264,282
Other borrowed funds	5,268,356	12,110,053	9,457,369	26,835,778
Other financial liabilities	75,253	-	47,390	122,643
Subordinated debt	101,383	-	-	101,383
Total financial liabilities	18,495,556	15,536,360	9,553,226	43,585,142
Net balance sheet position	27,741,478	(12,655,483)	(9,515,657)	5,570,338
Credit related commitments	3,978,066	-	-	3,978,066

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

	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	3,658,933	1,875,324	66,929	5,601,186
Due from other banks	1,581,319	272,594	5,279	1,859,192
Loans and advances to customers	38,959,958	-	-	38,959,958
Investment securities measured at amortised cost	540,222	-	-	540,222
Financial assets at fair value through other comprehensive income	24,821	13,203	-	38,024
Other financial assets	16,130	-	78	16,208
Total financial assets	44,781,383	2,161,121	72,286	47,014,790
Liabilities				
Due to other banks	1,221,829	262,437	11,738	1,496,004
Customer accounts	11,616,958	-	-	11,616,958
Debt securities in issue	154,859	3,118,189	-	3,273,048
Other borrowed funds	4,767,006	11,146,580	9,769,871	25,683,457
Other financial liabilities	39,556	-	21,430	60,986
Total financial liabilities	17,800,208	14,527,206	9,803,039	42,130,453
Net balance sheet position	26,981,175	(12,366,085)	(9,730,753)	4,884,337
Credit related commitments	3,558,625	-	-	3,558,625

24. RISK MANAGEMENT POLICIES (Continued)

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group 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 Resources Management Committee of the Group.

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and invest 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.

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 statement of financial position date.

The undiscounted maturity analysis of financial instruments at 30 June 2021 (unaudited) is as follows:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Liabilities							
Due to other banks	226,945	289,776	31,057	140,546	432,324	25,807	1,146,455
Customer accounts	6,732,128	821,210	2,186,417	1,477,059	1,375,370	920,404	13,512,588
Debt securities in issue	24,839	124,778	109,938	463,409	3,225,340	-	3,948,304
Other borrowed funds	220,346	3,510,292	5,275,421	12,780,947	3,742,323	7,435,148	32,964,477
Other financial liabilities	122,643	-	-	-	-	-	122,643
Subordinated debt	-	-	-	18,025	21,472	164,089	203,586
Undrawn credit lines	103	20,025	35,867	271,072	91,444	42,667	461,177
Guarantees issued	32,884	666,517	92,640	106,000	46,140	1,299,189	2,243,370
Letters of credit	70,105	534,154	669,260	-	-	-	1,273,519
Total potential future payments for financial obligations	7,429,993	5,966,753	8,400,600	15,257,057	8,934,413	9,887,303	55,876,119

24. RISK MANAGEMENT POLICIES (Continued)

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

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Liabilities							
Due to other banks	653,958	397,187	27,093	124,181	524,047	10,924	1,737,390
Customer accounts	5,925,986	689,463	418,200	2,727,185	1,933,544	819,946	12,514,324
Debt securities in issue	48,120	149,083	116,301	463,862	3,272,377	-	4,049,743
Other borrowed funds	1,153,167	4,202,521	4,788,640	10,750,559	2,490,447	5,607,441	28,992,775
Other financial liabilities	60,986	-	-	-	-	-	60,986
Undrawn credit lines	48,534	108,872	51,981	164,553	136,384	8,182	518,506
Guarantees issued	48,230	729,985	55,229	-	246,240	1,319,511	2,399,195
Letters of credit	9,946	619,743	11,235	-	-	-	640,924
Total potential future payments for financial obligations	7,948,927	6,896,854	5,468,679	14,230,340	8,603,039	7,766,004	50,913,843

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment disclosed in the above maturity analysis, because the Group does not generally expect the third party to draw funds under the agreement.

The total outstanding contractual amount of commitments to extend credit as included in the above maturity table does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities, except for assets that are readily saleable if it should be necessary to meet cash outflows on financial liabilities. Such financial assets are included in the maturity analysis based on their expected date of disposal. Impaired loans are included at their carrying amounts net of impairment provisions, and based on the expected timing of cash inflows.

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24. RISK MANAGEMENT POLICIES (Continued)

The Group does not use the above undiscounted maturity analysis to manage liquidity. Instead, the Group monitors expected maturities which may be summarised as follows at 30 June 2021 (unaudited) is set out below.

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	5,784,508	-	-	-	-	-	5,784,508
Due from other banks	520,434	449,434	39,281	720,648	283,383	98,337	2,111,517
Loans and advances to customers	2,142,692	6,611,672	4,968,169	10,998,235	7,460,234	7,773,027	39,954,029
Investment securities measured at amortised cost	172,761	801,157	139,095	121,163	-	2,438	1,236,614
Financial assets at fair value through other comprehensive income	-	-	-	41,709	-	-	41,709
Other financial assets	27,103	-	-	-	-	-	27,103
Total financial assets	8,647,498	7,862,263	5,146,545	11,881,755	7,743,617	7,873,802	49,155,480
Liabilities							
Due to other banks	221,629	265,133	5,964	44,714	381,591	23,484	942,515
Customer accounts	6,682,774	602,559	1,965,473	1,194,038	1,227,538	646,159	12,318,541
Debt securities in issue	7,052	39,460	5,600	70,000	3,142,170	-	3,264,282
Other borrowed funds	112,044	2,969,121	4,720,768	10,527,037	2,893,915	5,612,893	26,835,778
Other financial liabilities	122,643	-	-	-	-	-	122,643
Subordinated debt	-	1,383	-	-	3,226	96,774	101,383
Undrawn credit lines	103	20,025	35,867	271,072	91,444	42,667	461,178
Guarantees issued	32,884	666,517	92,640	106,000	46,140	1,299,189	2,243,370
Letters of credit	70,105	534,154	669,260	-	-	-	1,273,519
Total financial liabilities	7,249,234	5,098,352	7,495,572	12,212,861	7,786,024	7,721,166	47,563,209
Net liquidity gap	1,398,264	2,763,911	(2,349,027)	(331,106)	(42,407)	152,636	1,592,271
Cumulative liquidity gap	1,398,264	4,162,175	1,813,148	1,482,042	1,439,635	1,592,271	

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24. RISK MANAGEMENT POLICIES (Continued)

The analysis of liquidity of the Group's assets and liabilities as at 31 December 2020 is set out below.

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	5,601,186	-	-	-	-	-	5,601,186
Due from other banks	148,127	324,311	372,726	621,215	-	392,813	1,859,192
Loans and advances to customers	2,147,523	6,647,182	4,350,766	9,953,937	7,766,068	8,094,482	38,959,958
Investment securities measured at amortised cost	14,897	405,524	69,561	47,800	-	2,440	540,222
Financial assets at fair value through other comprehensive income	-	-	-	38,024	-	-	38,024
Other financial assets	16,208	-	-	-	-	-	16,208
Total financial assets	7,927,941	7,377,017	4,793,053	10,660,976	7,766,068	8,489,735	47,014,790
Liabilities							
Due to other banks	646,684	370,728	14	19,898	449,146	9,534	1,496,004
Customer accounts	5,900,846	585,060	299,983	2,443,524	1,787,025	600,520	11,616,958
Debt securities in issue	30,095	63,471	13,500	70,600	3,095,382	-	3,273,048
Other borrowed funds	1,066,290	3,798,602	4,386,007	9,392,454	2,164,228	4,875,876	25,683,457
Other financial liabilities	60,986	-	-	-	-	-	60,986
Undrawn credit lines	48,534	108,872	51,981	164,553	136,384	8,182	518,506
Guarantees issued	48,230	754,832	55,229	-	246,240	1,319,511	2,424,042
Letters of credit	9,946	594,896	11,235	-	-	-	616,077
Total financial liabilities	7,811,611	6,276,461	4,817,949	12,091,029	7,878,405	6,813,623	45,689,078
Net liquidity gap	116,330	1,100,556	(24,896)	(1,430,053)	(112,337)	1,676,112	1,325,712
Cumulative liquidity gap	116,330	1,216,886	1,191,990	(238,063)	(350,400)	1,325,712	

The above analysis is based on remaining contractual maturities.

Although the Group does not have the right to use the mandatory deposits held in Central bank of Uzbekistan for the purposes of funding its operating activities, the Management classifies them as demand deposits in the liquidity gap analysis on the basis that their nature is inherently to fund sudden withdrawal of customer accounts.

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.

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.

25. 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;
- “Entities under common control” – entities that are controlled, jointly controlled or significantly influenced by the Government.

Details of transactions between the Group and related parties are disclosed below:

	30 June 2021 (unaudited)		31 December 2020	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Cash and cash equivalents				
- entities under common control	1,477,030	26%	2,636,460	47%
Due from other banks				
- entities under common control	1,316,921	62%	1,327,746	71%
Loans and advances to customers				
- key management personnel	115	0%	269	0%
- significant shareholders	4,991,019	12%	6,011,991	15%
- entities under common control	4,798,381	12%	8,550,541	22%
Investment securities measured at amortised cost				
- significant shareholders	280,590	23%	364,378	67%
- entities under common control	-	0%	173,401	32%
Financial assets at fair value through other comprehensive income				
- entities under common control	-	0.00%	10,788	28%
Other Assets				
- significant shareholders	13,347	4%	9,814	3%
Due to other banks				
- entities under common control	549,974	58%	1,194,253	80%
Customer accounts				
- key management personnel	372	0%	1,204	0%
- significant shareholders	4,308,779	35%	4,698,047	40%
- entities under common control	746,014	6%	1,178,370	10%
Debt securities in issue				
- entities under common control	12,588	0%	21,180	1%
- significant shareholders	-	0%	-	0%
Other borrowed funds				
- significant shareholders	4,793,615	18%	4,617,668	18%
- entities under common control	6,060	0%	145,443	1%
Other liabilities				
- significant shareholders	163	0%	71	0%
- entities under common control	-	0%	22,128	17%
Subordinated debt				
- entities under common control	101,383	100%	-	0%

25. RELATED PARTY TRANSACTIONS (Continued)

	30 June 2021 (unaudited)		31 December 2020	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Interest income				
- key management personnel	26	0%	9	0%
- significant shareholders	156,882	8%	125,212	8%
- entities under common control	73,991	4%	208,791	14%
Interest expense				
- key management personnel	(10)	0%	(24)	0%
- significant shareholders	(178,251)	18%	(128,251)	17%
- entities under common control	(113)	0%	(135,667)	18%
Provision for/(recovery of) credit losses on loans and advances to customers				
- significant shareholders	(37,486)	-12%	(14,116)	3%
Fee and commission income				
- significant shareholders	4,343	2%	17,083	11%
- entities under common control	5,375	3%	24,430	15%
Net gain from trading in foreign currencies				
- significant shareholders	-	0%	17	0%
- entities under common control	-	0%	2,035	8%
Other operating income				
- significant shareholders	202	1%	-	0%
- entities under common control	36	0%	75	4%
Administrative and other operating expenses				
- key management personnel	(2,603)	1%	(1,540)	1%
- entities under common control	(30,240)	7%	(38,142)	14%

Key management compensation is presented below:

	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Salaries and other benefits	1,706	1,222
Social security contributions	534	317
Bonuses	362	-
Total	2,603	1,539

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

In accordance with the Decree of the President of 2 August 2018 No. PP-3895 "On measures to create modern business centers" Business city "in the territories of the republic", the head office of Uzpromstroybank is being built on the territory of the Tashkent City International Business Center. To finance this project, in June 2021, Group signed a loan agreement with a consortium of foreign banks including Credit Suisse, Citibank, Eximbank of China and Raiffeisenbank for a total amount of 122.3 million US dollars. The deal was facilitated by Credit Suisse, which acted as a structuring bank, arranger and agent, Citibank, China Eximbank and Raiffeisenbank were involved as arrangers, and an insurance guarantee was provided by China Export Credit Insurance Corporation Sinosure.

On 14 September of this year, the signing ceremony of the Agreement on the allocation of a loan to Group in the amount of 75 million US dollars by the International Finance Corporation (IFC) took place. An IFC loan aimed at climate finance and increased lending to small and medium-sized enterprises (SMEs) in Uzbekistan will support the bank's further privatization process. IFC financing, denominated in Uzbek soums, will provide the bank with access to long-term financing in local currency, limited in the market due to the COVID-19 pandemic, and will help transform the bank with the possibility of further converting the IFC loan into bank shares.

On September 14 this year, an additional agreement was signed with the investment company "Frontera Capital" (Great Britain) to raise funds in national currency to finance projects of small and medium-sized businesses in the amount of equivalent to USD 10 million.