

**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 2022

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 2022 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".

Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
10 October 2022

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

	Notes	30 June 2022 (unaudited)	31 December 2021
ASSETS			
Cash and cash equivalents	7	7,142,522	8,196,652
Due from other banks	8	2,790,842	1,956,303
Loans and advances to customers	9	42,645,889	42,537,051
Investment securities measured at amortised cost	10	1,323,824	1,067,512
Financial assets at fair value through other comprehensive income		40,755	48,136
Investment in associates		32,494	29,726
Premises, equipment and intangible assets	11	1,582,575	1,276,363
Deferred tax asset		254,219	202,125
Insurance assets		16,990	12,964
Other assets		515,537	356,482
Non-current assets held for sale		46,324	48,602
TOTAL ASSETS		56,391,971	55,731,916
LIABILITIES			
Due to other banks	12	3,539,170	1,392,977
Customer accounts	13	13,185,558	13,561,540
Debt securities in issue		3,317,253	3,317,817
Other borrowed funds	14	28,464,761	30,130,776
Insurance liabilities		100,887	84,813
Other liabilities		315,177	197,421
Subordinated debt	15	327,641	101,771
TOTAL LIABILITIES		49,250,447	48,787,115
EQUITY			
Share capital		4,640,011	4,640,011
Retained earnings		2,480,967	2,284,458
Revaluation reserve of financial assets at fair value through other comprehensive income		14,346	14,132
Net assets attributable to the Bank's owners		7,135,324	6,938,601
Non-controlling interest		6,200	6,200
TOTAL EQUITY		7,141,524	6,944,801
TOTAL LIABILITIES AND EQUITY		56,391,971	55,731,916

Approved for issue and signed on behalf of the Management Board on 10 October 2022.

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)

	Notes	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Interest income calculated using the effective interest method	16	2,311,709	1,927,987
Other similar income	16	16,657	17,323
Interest expense	16	(1,193,930)	(983,027)
Net interest income before provision on loans and advances to customers		1,134,436	962,283
(Provision) / recovery of credit losses on loans and advances to customers	9	(457,076)	314,451
Net interest income		677,360	1,276,734
Fee and commission income		191,316	194,399
Fee and commission expense		(62,729)	(44,552)
Gain / (loss) on initial recognition on interest bearing assets		(61,903)	3,159
Net gain / (loss) on foreign exchange translation		46,788	(8,136)
Net gain from trading in foreign currencies		136,570	74,248
Insurance operations income		41,666	40,654
Insurance operations expense		(23,939)	(16,598)
Change in insurance reserves, net		(12,047)	(20,263)
Dividend income		2,298	4,891
Other operating income		35,841	23,399
Provision for credit losses on other assets and contingent liabilities		(48,560)	(52,077)
Impairment of assets held for sale		(3,968)	(3,974)
Administrative and other operating expenses	17	(566,971)	(452,216)
Share of result from associates		(1,004)	(595)
Profit before tax		350,718	1,019,073
Income tax expense	18	(154,210)	(212,145)
PROFIT FOR THE PERIOD		196,508	806,928
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		267	3,993
Tax effect		(53)	(799)
Other comprehensive income		214	3,194
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		196,722	810,122
Attributable to:			
- Owners of the Bank		196,508	806,928
- Non-controlling interest		-	-
PROFIT FOR THE PERIOD		196,508	806,928
Attributable to:			
- Owners of the Bank		196,722	810,122
- Non-controlling interest		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		196,722	810,122
Total basic and diluted EPS per ordinary share (expressed in UZS per share)	19	0.81	3.31

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 declared	-	-	(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 2022	4,640,011	14,132	2,284,459	6,200	6,944,802
Profit for the period	-	-	196,508	-	196,508
Other comprehensive income for the period	-	214	-	-	214
Total comprehensive income for the period	-	214	196,508	-	196,722
30 June 2022 (unaudited)	4,640,011	14,346	2,480,967	6,200	7,141,524

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 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Cash flows from operating activities			
Interest received		2,071,873	1,728,078
Interest paid		(1,212,889)	(940,764)
Fee and commission received		188,486	193,332
Fee and commission paid		(62,729)	(44,552)
Insurance operations income received		41,666	40,654
Insurance operations expense paid		(23,939)	(16,598)
Net gain from trading in foreign currencies		136,570	74,248
Other operating income received		35,301	23,399
Staff costs paid		(245,534)	(281,271)
Administrative and other operating expenses paid		(119,223)	(107,171)
Income tax paid		(181,007)	(82,235)
Cash flows from operating activities before changes in operating assets and liabilities		628,575	587,120
<i>Net (increase)/decrease in:</i>			
- due from other banks		(832,347)	(264,643)
- loans and advances to customers		(865,306)	(285,268)
- investment securities measured at amortised cost		(257,740)	(703,350)
- other assets		(191,326)	(17,859)
<i>Net increase/(decrease) in:</i>			
- due to other banks		111,412	(428,775)
- customer accounts		(358,654)	610,410
- other liabilities		(8,705)	(4,735)
Net cash used in operating activities		(1,774,091)	(507,100)
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		-	(33)
Proceeds from disposal of financial assets at fair value through other comprehensive income		5,111	341
Acquisition of premises equipment and intangible assets		(413,907)	(287,558)
Proceeds from disposal of premises equipment and intangible assets		4,784	762
Proceeds from disposal of repossessed assets		1,874	2,531
Acquisition of investment in associates		(5,458)	(11,681)
Dividend income received		2,298	4,891
Net cash used in investing activities		(405,298)	(290,747)
Cash flows from financing activities			
Proceeds from borrowings due to other banks		2,447,336	13,950
Repayment of borrowings due to other banks		(334,155)	(142,951)
Proceeds from other borrowed funds		1,369,964	15,159,640
Repayment of other borrowed funds		(2,915,691)	(14,036,145)
Proceeds from debt securities in issue		28,000	15,200
Repayment of debt securities in issue		(39,602)	(65,510)
Proceeds from other subordinated debt		235,851	100,000
Dividends paid		(1,726)	(5,288)
Net cash from financing activities		789,977	1,038,896
Effect of exchange rate changes on cash and cash equivalents		335,282	(57,727)
Net (decrease)/increase in cash and cash equivalents		(1,054,130)	183,322
Cash and cash equivalents at the beginning of the period	7	8,196,652	5,601,186
Cash and cash equivalents at the end of the period	7	7,142,522	5,784,508

**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 2022 (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 2022 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 25 December 2021 (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 2022 (31 December 2021: 44 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 2022 (unaudited), the number of Bank’s employees was 3,680 (31 December 2021: 3,841).

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

At 30 June 2022 (unaudited) and 31 December 2021, the Group consolidated the following companies in these consolidated financial statements:

Name	Country of incorporation	The Bank's ownership		Type of operation
		30 June 2022 (unaudited)	31 December 2021	
		%	%	
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
SQB Consulting, LLC	Uzbekistan	100	100	Consulting

In addition to the above consolidation disclosure table, in 2021, in accordance with Presidential decree-6244 “On additional measures to increase industrial power of the regions”, seven companies were established with ownership structure of more than 50% held by the Group in each company. All these seven companies are also consolidated in the Group’s financial statements. These companies will serve the purpose of regions industrial power improvement. During the first six months of 2022, the total additional capital investment in existing wholly owned subsidiaries amounted to 54 902 million UZS.

The table below represents the Group’s investment in associates at 30 June 2022 (unaudited) and 31 December 2021.

Name	Principal activity	Country	Group's ownership	
			30 June 2022 (unaudited)	31 December 2021
"Kattaqurgon Business Services" LLC	Real state management	Uzbekistan	33%	0%
LLC "Khorezm Invest Project"	Asset management	Uzbekistan	34%	34%

During the first half of 2022 the Group invested to "Kattaqurgon Business Services" LLC in partnership with Asakabank and NBU for developing Business environment in Samarkand region in accordance with the government order.

The table below represents the interest of the shareholders in the Bank’s share capital as at 30 June 2022 (unaudited) and 31 December 2021:

Shareholders	30 June 2022 (unaudited)	31 December 2021
The Fund of Reconstruction and Development of the Republic of Uzbekistan	82,09%	82,09%
The Ministry of Finance of the Republic of Uzbekistan	13,06%	13,06%
Other legal entities and individuals (individually hold less than 5%)	4,85%	4,85%
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 2022:

- Inflation: 12.2% (2021: 10.7%)
- GDP growth 5.4% (2021: 7.4%).
- Official exchange rates: 30 June 2022: USD 1 = UZS 10,860.25 (31 December 2021: USD 1 = UZS 10,837.66).
- Central Bank refinancing rate: 14-16% (2021: 14%).

In June 2022 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 Stable. The agency expects that the sanctions imposed on Russia will put pressure on Uzbekistan's economic growth and slow down the pace of fiscal consolidation this year, as Russia is Uzbekistan's largest trading partner. The agency predicts that real GDP growth will average around 5% per year starting in 2023.

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.

In the first half 2022 inflation rate increased year-on-year to 12.2% against 10.9% over the same period last year.

Influence of geopolitical events in the world

In February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions were announced against the Russian Federation by many countries. These sanctions are intended to have a negative economic impact on the Russian Federation. Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the currency markets, as well as a volatility of UZS against the US dollar and euro.

On 18 March 2022, due to geopolitical events around Ukraine and Russia, the exchange rate of the US dollar against the UZS weakened to 11,571.99 or the exchange rate of the USD dollar against the UZS increased by 7% since 31 December 2021 (2021: 3.4% annual).

In order to reduce the impact of the external environment on the economy of the Republic of Uzbekistan, on March 17, 2022, the Board of the Central Bank of the Republic of Uzbekistan increased the CBU refinancing rate by 3% to 17%. In June 2022 and then in July 2022, after some decrease in the degree of influence of the external environment on the economy, the Board of the Central Bank of Uzbekistan decreased the CBU refinancing rate to 16% and 15% respectively.

For the purpose of managing the country risk, the Bank controls transactions with counterparties within the limits set by the Bank's collegial body, which are reviewed regularly. The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position and financial performance.

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

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 2021, 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 2021.

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. In addition, the Group's new accounting policy, implemented retrospectively as a result of amendments to IAS 12, Income Taxes, is to recognize tax benefits of distributions to owners in profit or loss when these tax benefits are linked more directly to past transactions or events that generated distributable profits than to the distributions to owners.

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 2023 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, 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). 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).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

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 2021 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 2021.

ECL measurement

Measurement of ECL is a significant estimate that involves determination of methodology, models and data inputs consistent with those at 31 December 2021. The following components have a major impact on credit loss allowance: definition of default, significant increase in credit risk (“SICR”), probability of default (“PD”), exposure at default (“EAD”), and loss given default (“LGD”), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

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 5% and amounted UZS 1,912,914 million as of 30 June 2022. If LGD increased by 10% for the whole loan portfolio then ECL would have increased by 4% and amounted UZS 1,815,321 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 2022 (unaudited) is set out below:

	30 June 2022 (Unaudited)		
	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	7,099,144	43,378	7,142,522
Loans and advances to customers	38,257,017	4,388,872	42,645,889
Due from other banks	2,790,842	-	2,790,842
Investment securities measured at amortised cost	1,323,824	-	1,323,824
Total reportable segment assets	49,470,827	4,432,250	53,903,077
Liabilities			
Due to other banks	3,539,170	-	3,539,170
Customer accounts	11,169,180	2,016,378	13,185,558
Other borrowed funds	28,454,634	10,127	28,464,761
Debt securities in issue	3,317,253	-	3,317,253
Total reportable segment liabilities	46,480,237	2,026,505	48,506,742
Capital expenditure			889,099

Segment information for the reportable segments for the year ended 31 December 2021 is set out below:

	31 December 2021		
	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	8,138,305	58,347	8,196,652
Loans and advances to customers	38,370,977	4,166,074	42,537,051
Due from other banks	1,956,303	-	1,956,303
Investment securities measured at amortised cost	1,067,512	-	1,067,512
Total reportable segment assets	49,533,097	4,224,421	53,757,518
Liabilities			
Due to other banks	1,392,977	-	1,392,977
Customer accounts	10,257,754	3,303,786	13,561,540
Other borrowed funds	30,120,024	10,752	30,130,776
Debt securities in issue	3,317,817	-	3,317,817
Total reportable segment liabilities	45,088,572	3,314,538	48,403,110
Capital expenditure			1,033,849

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

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 2022 (UNAUDITED)
(In millions of Uzbek Soums, unless otherwise indicated)

6. SEGMENT REPORTING (Continued)

	Six months ended 30 June 2022 (unaudited)		
	Corporate	Individuals	Total
Interest income			
Interest on Loans and advances to customers	1,830,940	287,923	2,118,863
Interest on balances Due from other banks	97,896	-	97,896
Interest on investment securities measured at amortised cost	111,607	-	111,607
Interest expense			
Interest on balances Due to other banks	(35,665)	-	(35,665)
Interest on Customer accounts	(166,806)	(192,005)	(358,811)
Interest on Other borrowed funds	(682,141)	-	(682,141)
Interest on Debt securities in issue	(112,989)	-	(112,989)
Interest on subordinated debt	(4,324)	-	(4,324)
Segment results	1,038,518	95,918	1,134,436

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

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

	30 June 2022 (Unaudited)	31 December 2021
Total reportable segment assets	53,903,077	53,757,518
Financial assets at fair value through other comprehensive income	40,755	48,136
Investment in associates	32,494	29,726
Premises, equipment and intangible assets	1,582,575	1,276,363
Deferred tax asset	254,219	202,125
Insurance assets	16,990	12,964
Other assets	515,537	356,482
Non-current assets held for sale	46,324	48,602
Total assets	56,391,971	55,731,916
Total reportable segment liabilities	48,506,742	48,403,110
Insurance liabilities	100,887	84,813
Other liabilities	315,177	197,421
Subordinated debt	327,641	101,771
Total liabilities	49,250,447	48,787,115

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6. SEGMENT REPORTING (Continued)

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Segment results	1,134,436	962,283
Recovery of / (provision) for credit losses on loans and advances to customers	(457,076)	314,451
(Loss) / gain on initial recognition on interest bearing assets	(61,903)	3,159
Fee and commission income	191,316	194,399
Fee and commission expense	(62,729)	(44,552)
Net gain on foreign exchange translation	46,788	(8,136)
Net gain from trading in foreign currencies	136,570	74,248
Insurance operations income	41,666	40,654
Insurance operations expense	(23,939)	(16,598)
Change in insurance reserves, net	(12,047)	(20,263)
Dividend income	2,298	4,891
Other operating income	35,841	23,399
Provision for credit losses on other assets	(48,560)	(52,077)
Impairment of assets held for sale	(3,968)	(3,974)
Administrative and other operating expenses	(566,971)	(452,216)
Share of result from associates	(1,004)	(595)
Profit before tax	350,718	1,019,073
Income tax expense	(154,210)	(212,145)
PROFIT FOR THE PERIOD	196,508	806,928

7. CASH AND CASH EQUIVALENTS

	30 June 2022 (unaudited)	31 December 2021
Correspondent accounts and placements with other banks with original maturities of less than three months	3,480,006	5,154,254
Cash balances with the CBU (other than mandatory reserve deposits)	2,890,594	2,181,792
Cash on hand	773,059	861,313
Less: Allowance for expected credit losses	(1,137)	(707)
Total cash and cash equivalents	7,142,522	8,196,652

As at 30 June 2022 (unaudited) and 31 December 2021 for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1 except for balances with Russian banks. The balances with Russian banks are classified under the category Correspondent accounts and placements with other banks with original maturities of less than three months.

7. CASH AND CASH EQUIVALENTS (Continued)

The credit quality of cash and cash equivalents at 30 June 2022 (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
- Central Bank of Uzbekistan	2,890,594	-	2,890,594
- Rated AA- to A+	-	2,962,579	2,962,579
- Rated Baa	-	461,541	461,541
- Rated Ba	-	40,214	40,214
- Unrated	-	15,672	15,672
Less: Allowance for expected credit losses	(57)	(1,080)	(1,137)
Total cash and cash equivalents, excluding cash on hand	2,890,537	3,478,926	6,369,463

Moody's credit rating for Uzbekistan was set at BB- as at 30 June 2022 and at 31 December 2021 which is used for assessment of cash balances with the CBU.

The credit quality of cash and cash equivalents at 31 December 2021 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
- Central Bank of Uzbekistan	2,181,792	-	2,181,792
- Rated AA- to A+	-	4,022,030	4,022,030
- Rated Baa	-	56,186	56,186
- Rated Ba	-	1,076,038	1,076,038
Less: Allowance for expected credit losses	(50)	(657)	(707)
Total cash and cash equivalents, excluding cash on hand	2,181,742	5,153,597	7,335,339

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 2022 (unaudited)	31 December 2021
Placements with other banks with original maturities of more than three months	2,494,832	1,688,653
Mandatory cash balances with CBU	203,853	184,209
Restricted cash	125,935	118,888
Less: Allowance for expected credit losses	(33,778)	(35,447)
Total due from other banks	2,790,842	1,956,303

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.

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8. DUE FROM OTHER BANKS (Continued)

At 30 June 2022 (unaudited) the Group had balances with eleven counterparty banks (31 December 2021: ten counterparty banks) with aggregated amounts above UZS 20,000 million. The total aggregate amount of these deposits was UZS 2,379,230 million (2021: UZS 1,516,330 million) or 90% of the total amount due from other banks (31 December 2021: 83%).

As at 30 June 2022 (unaudited) and 31 December 2021 for the purpose of ECL measurement due from other bank balances are included in Stage 1 and Stage 3.

Analysis by credit quality of due from other banks outstanding at 30 June 2022 (unaudited) is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restricted cash	Total
- Central Bank of Uzbekistan	203,853	-	-	203,853
- Rated A+	-	233,353	-	233,353
- Rated A-	-	-	5,375	5,375
- Rated B	-	260,199	-	260,199
- Rated B-	-	520	-	520
- Rated B+	-	162,904	-	162,904
- Rated B1	-	1,182,539	-	1,182,539
- Rated B2	-	3,386	-	3,386
- Rated B3	-	1,500	-	1,500
- Rated BB-	-	617,548	-	617,548
- Rated BBB+	-	-	120,560	120,560
- Rated CCC+	-	32,581	-	32,581
- Unrated	-	302	-	302
Less: Allowance for expected credit losses	(123)	(33,593)	(62)	(33,778)
Total due from other banks	203,730	2,461,239	125,873	2,790,842

Per credit quality table above the Turkiston Bank was rated as CCC+ (Rated B- at 31 December 2021) and Hi-Tech Bank was classified as Unrated (Unrated at 31 December 2021) as at 30 June 2022 (unaudited). Both Turkiston and Hi-Tech Banks were classified under Stage 3 for purpose of ECL as at 30 June 2022 and as at 31 December 2021.

Analysis by credit quality of due from other banks outstanding at 31 December 2021 is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restrict ed cash	Total
- Central Bank of Uzbekistan	184,209	-	-	184,209
- Rated A- to A+	-	-	-	-
- Rated BBB+	-	-	117,257	117,257
- Rated Ba2	-	-	-	-
- Rated BB-	-	1,119,053	-	1,119,053
- Rated B+	-	-	-	-
- Rated B1	-	101,141	-	101,141
- Rated B2	-	2,641	-	2,641
- Rated B3	-	2,662	-	2,662
- Rated B	-	418,386	-	418,386
- Rated B-	-	36,419	-	36,419
- Rated C	-	8,351	1,631	9,982
Less: Allowance for expected credit losses	-	(35,406)	(41)	(35,447)
Total due from other banks	184,209	1,653,247	118,847	1,956,303

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.

8. DUE FROM OTHER BANKS (Continued)

The following tables disclose the changes in the credit loss allowance and gross carrying amount for due from banks between the beginning and the end of the reporting periods:

	EAD				ECL			
	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
As at 1 January 2022	1,958,937	-	32,813	1,991,750	(14,779)	-	(20,668)	(35,447)
Changes in the gross carrying amount								
- Transfer from stage 1	-	-	-	-	-	-	-	-
- Transfer from stage 2	-	-	-	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-
- Changes due to modifications that did not result in derecognition*	-	-	-	-	-	-	-	-
New assets issued or acquired	2,408,845	-	2	2,408,847	201	-	1,992	2,193
Matured or derecognized assets (except for write off)	(1,613,334)	-	-	(1,613,334)	(13,961)	-	(1)	(13,962)
Foreign exchange differences	37,289	-	68	37,357	13,440	-	-	13,440
					(2)	-	-	(2)
Loss allowance for ECL and Gross Carrying as at 30 June 2022 (unaudited)	2,791,737	-	32,883	2,824,620	(15,101)	-	(18,677)	(33,778)

	EAD				ECL			
	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
Loss allowance for ECL as at 31 December 2020	1,877,621	-	-	1,877,621	(18,429)	-	-	(18,429)
Changes in the gross carrying amount								
- Transfer from stage 1	(31,731)	-	31,731	-	4,149	-	(4,149)	-
- Transfer from stage 2	-	-	-	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-
- Changes due to modifications that did not result in derecognition*	-	-	-	-	-	-	-	-
New assets issued or acquired	1,023,303	-	-	1,023,303	1,536	-	(16,519)	(14,983)
Matured or derecognized assets (except for write off)	(714,632)	-	-	(714,632)	(7,935)	-	-	(7,935)
Foreign exchange differences	(195,624)	-	1,082	(194,542)	6,854	-	-	6,854
					(954)	-	-	(954)
Loss allowance for ECL as at 31 December 2021	1,958,937	-	32,813	1,991,750	(14,779)	-	(20,668)	(35,447)

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 2022 (unaudited)	31 December 2021
Corporate loans	27,327,735	25,902,022
State and municipal organisations	13,210,498	14,278,451
Loans to individuals	4,469,618	4,349,321
Total loans and advances to customers, gross	45,007,851	44,529,794
Less: Allowance for expected credit losses	(2,361,962)	(1,992,743)
Total loans and advances to customers	42,645,889	42,537,051

The table below represents loans and advances to customer's classification by stages:

	30 June 2022 (unaudited)	31 December 2021
Originated loans to customers	44,838,578	44,273,101
Overdrafts	169,273	256,693
Total loans and advances to customers, gross	45,007,851	44,529,794
Stage 1	33,568,106	32,680,532
Stage 2	7,587,259	9,071,322
Stage 3	3,852,486	2,777,940
Total loans and advances to customers, gross	45,007,851	44,529,794
Less: Allowance for expected credit losses	(2,361,962)	(1,992,743)
Total loans and advances to customers	42,645,889	42,537,051

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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:

State and municipal organisations	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
As at 1 January 2022	111,428	-	5,037	116,465	14,246,280	-	32,171	14,278,451
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(10,543)	10,543	-	-	(1,468,648)	1,468,648	-	-
- Transfer from stage 2	-	-	-	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-
- Changes in EAD and risk parameters *	(10,130)	190,612	9,389	189,871	(1,170,418)	44,325	1,277	(1,124,816)
New assets issued or acquired	5,817	-	-	5,817	1,076,587	-	-	1,076,587
Matured or derecognized assets (except for write off)	(10,489)	-	(1,592)	(12,081)	(1,012,024)	-	(11,847)	(1,023,871)
Total movements with impact on credit loss allowance charge for the period	(25,345)	201,155	7,797	183,607	(2,574,503)	1,512,973	(10,570)	(1,072,100)
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Recovery of assets previously written off	-	-	-	-	-	-	-	-
Written off assets	-	-	-	-	-	-	-	-
Foreign exchange differences	151	-	-	151	3,016	783	348	4,147
Loss allowance for ECL and Gross Carrying as at 30 June 2022 (unaudited)	86,234	201,155	12,834	300,223	11,674,793	1,513,756	21,949	13,210,498

(In millions of Uzbek Soums, unless otherwise indicated)

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:

Corporate loans	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
As at 1 January 2022	193,862	481,544	1,017,625	1,693,031	14,556,470	8,884,835	2,460,717	25,902,022
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(31,253)	16,490	14,763	-	(2,270,307)	1,175,250	1,095,057	-
- Transfer from stage 2	161,490	(261,811)	100,321	-	2,971,680	(4,376,668)	1,404,988	-
- Transfer from stage 3	143,431	151,984	(295,415)	-	488,898	413,686	(902,584)	-
- Changes in EAD and risk parameters *	(320,802)	(86,763)	806,315	398,750	(2,212,331)	507,673	(149,365)	(1,854,023)
New assets issued or acquired	112,087	-	-	112,087	6,218,088	-	-	6,218,088
Matured or derecognized assets (except for write off)	(28,457)	(34,534)	(100,256)	(163,247)	(2,249,670)	(847,494)	(187,526)	(3,284,690)
Total movements with impact on credit loss allowance charge for the period	36,496	(214,634)	525,728	347,590	2,946,358	(3,127,553)	1,260,570	1,079,375
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Recovery of assets previously written off	-	-	-	-	-	-	-	-
Written off assets	-	-	(95,506)	(95,506)	-	-	(95,506)	(95,506)
Foreign exchange differences	4,091	10,162	21,625	35,878	321,385	83,409	37,050	441,844
Loss allowance for ECL and Gross Carrying as at 30 June 2022 (unaudited)	234,449	277,072	1,469,472	1,980,993	17,824,213	5,840,691	3,662,831	27,327,735

(In millions of Uzbek Soums, unless otherwise indicated)

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:

Loans to individuals	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
As at 1 January 2022	34,193	10,554	138,500	183,247	3,877,782	186,487	285,052	4,349,321
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(1,604)	1,202	402	-	(181,981)	136,337	45,644	-
- Transfer from stage 2	5,517	(7,259)	1,742	-	94,520	(125,777)	31,257	-
- Transfer from stage 3	20,442	26,643	(47,085)	-	48,667	61,921	(110,588)	-
- Changes in EAD and risk parameters *	(42,308)	(23,658)	4,528	(61,438)	(285,837)	(11,909)	(27,332)	(325,078)
New assets issued or acquired	3,812			3,812	767,034			767,034
Matured or derecognized assets (except for write off)	(2,214)	(637)	(13,644)	(16,495)	(251,085)	(14,247)	(27,947)	(293,279)
Total movements with impact on credit loss allowance charge for the period	(16,355)	(3,709)	(54,057)	(74,121)	191,318	46,325	(88,966)	148,677
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Recovery of assets previously written off	-	-	-	-	-	-	-	-
Written off assets	-	-	(28,380)	(28,380)	-	-	(28,380)	(28,380)
Foreign exchange differences	-	-	-	-	-	-	-	-
Loss allowance for ECL and Gross Carrying as at 30 June 2022 (unaudited)	17,838	6,845	56,063	80,746	4,069,100	232,812	167,706	4,469,618

*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 the reporting period 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. *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.

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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 2021 and 31 December 2021:

State and municipal organisations	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
As at 1 January 2021	57,409	61,835	9,713	128,957	7,866,977	6,658,143	37,412	14,562,532
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(19)	-	19	-	(25,941)	-	25,941	-
- Transfer from stage 2	51,435	(51,435)	-	-	5,327,666	(5,327,666)	-	-
- Transfer from stage 3	1,309	-	(1,309)	-	1,674	-	(1,674)	-
- Change in EAD and risk parameters*	(22,458)	(1,260)	4,413	(19,305)	(1,104,933)	(73,172)	(14,545)	(1,192,650)
New assets issued or acquired	27,164	-	-	27,164	3,258,046	-	-	3,258,046
Matured or derecognized assets (except for write off)	(4,990)	(10,400)	(7,799)	(23,189)	(1,307,340)	(1,330,477)	(34,563)	(2,672,380)
Total movements with impact on credit loss allowance charge for the period	52,441	(63,095)	(4,676)	(15,330)	6,149,172	(6,731,315)	(24,841)	(606,984)
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Recovery of assets previously written off	-	-	-	-	-	-	-	-
Written off assets	-	-	-	-	-	-	-	-
Foreign exchange differences	1,578	1,260	-	2,838	230,131	73,172	19,600	322,903
Loss allowance for ECL and Gross Carrying amount as at 31 December 2021	111,428	-	5,037	116,465	14,246,280	-	32,171	14,278,451

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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 2021 and 31 December 2021:

Corporate loans	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
As at 1 January 2021	113,170	134,583	1,302,461	1,550,214	14,751,901	4,950,505	2,235,765	21,938,171
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(29,292)	20,152	9,140	-	(3,863,755)	2,686,846	1,176,909	-
- Transfer from stage 2	31,101	(59,515)	28,414	-	934,919	(1,699,391)	764,472	-
- Transfer from stage 3	75,976	761,008	(836,984)	-	112,400	1,230,420	(1,342,820)	-
- Change in EAD and risk parameters*	(252,694)	(377,789)	1,082,857	452,374	(4,168,431)	2,608,458	538,287	(1,021,686)
New assets issued or acquired	273,146	-	-	273,146	9,933,457	-	-	9,933,457
Matured or derecognized assets (except for write off)	(21,367)	(11,064)	(263,708)	(296,139)	(3,218,934)	(915,822)	(577,873)	(4,712,629)
Total movements with impact on credit loss allowance charge for the period	76,870	332,792	19,719	429,381	(270,344)	3,910,511	558,975	4,199,142
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Recovery of assets previously written off	-	-	5,707	5,707	-	-	5,707	5,707
Written off assets	-	-	(346,110)	(346,110)	-	-	(346,110)	(346,110)
Foreign exchange differences	3,822	14,169	35,848	53,839	74,913	23,819	6,380	105,112
Loss allowance for ECL and Gross Carrying as at 31 December 2021	193,862	481,544	1,017,625	1,693,031	14,556,470	8,884,835	2,460,717	25,902,022

(In millions of Uzbek Soums, unless otherwise indicated)

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 2021 and 31 December 2021:

	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	21,179	19,047	183,318	223,544	3,582,749	361,561	417,660	4,361,970
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(1,278)	616	662	-	(215,002)	103,543	111,459	-
- Transfer from stage 2	11,377	(15,290)	3,913	-	217,446	(285,998)	68,552	-
- Transfer from stage 3	53,719	19,413	(73,132)	-	124,708	45,260	(169,968)	-
- Changes in EAD and risk parameters *	(70,210)	(12,026)	138,413	56,177	(374,211)	(8,641)	58,303	(324,549)
New assets issued or acquired	23,930	-	-	23,930	1,303,052	-	-	1,303,052
Matured or derecognized assets (except for write off)	(4,524)	(1,206)	(67,491)	(73,221)	(760,960)	(29,238)	(153,771)	(943,969)
Total movements with impact on credit loss allowance charge for the period	13,014	(8,493)	2,365	6,886	295,033	(175,074)	(85,425)	34,534
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Recovery of assets previously written off	-	-	1,270	1,270	-	-	1,270	1,270
Written off assets	-	-	(48,453)	(48,453)	-	-	(48,453)	(48,453)
Foreign exchange differences	-	-	-	-	-	-	-	-
Loss allowance for ECL and Gross Carrying as at 31 December 2021	34,193	10,554	138,500	183,247	3,877,782	186,487	285,052	4,349,321

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	30 June 2022 (unaudited)		31 December 2021	
	Amount	%	Amount	%
Manufacturing	16,521,074	37%	15,849,755	36%
Oil and gas & chemicals	10,163,500	23%	10,704,331	24%
Trade and Services	4,876,794	11%	4,441,329	10%
Individuals	4,469,618	10%	4,349,321	10%
Agriculture	3,635,655	8%	3,745,481	8%
Energy	1,480,486	3%	2,176,801	5%
Transport and communication	2,595,461	6%	2,367,542	5%
Construction	1,265,263	3%	895,234	2%
Total loans and advances to customers, gross	45,007,851	100%	44,529,794	100%
Less: Allowance for expected credit losses	(2,361,962)		(1,992,743)	
Total loans and advances to customers	42,645,889		42,537,051	

As at 30 June 2022 (unaudited), the Group granted loans to 12 (31 December 2021: 13) borrowers in the amount of UZS 14,666,464 million (31 December 2021: UZS 15,396,167 million), which individually exceeded 10% of the Group's equity.

Information about loans and advances to individuals as at 30 June 2022 (unaudited) and 31 December 2021 are as follows:

	30 June 2022 (unaudited)	31 December 2021
Mortgage	3,304,332	3,314,059
Microloan	591,818	464,727
Car Loan	532,404	448,949
Consumer Loans	23,232	110,161
Other	17,832	11,425
Total loans and advances to individuals, gross	4,469,618	4,349,321
Less: Allowance for expected credit losses	(80,746)	(183,247)
Total loans and advances to individuals	4,388,872	4,166,074

Information about collateral and other credit enhancement as at 30 June 2022 (unaudited) are as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	
Loans guaranteed by letters of surety	2,451,066	9,858,739	914,531	13,224,336
Loans guaranteed by state guarantees	7,141,695	-	-	7,141,695
Not collateralised	206,778	-	167,117	373,895
Loans collateralised by:				
Real estate	146,184	6,835,834	2,747,480	9,729,498
Equipment	519,442	4,436,811	-	4,956,253
Inventory and receivables	1,492,202	2,560,891	39,502	4,092,595
Insurance policy	13,057	3,237,369	453,712	3,704,138
Cash deposits	1,025,796	20,436	2,991	1,049,223
Vehicles	72,472	377,655	144,285	594,412
Equity securities	141,806	-	-	141,806
Total loans and advances to customers, gross	13,210,498	27,327,735	4,469,618	45,007,851
Less: Allowance for expected credit losses	(300,223)	(1,980,993)	(80,746)	(2,361,962)
Total loans and advances to customers	12,910,275	25,346,742	4,388,872	42,645,889

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Information about collateral and other credit enhancement as at 31 December 2021 are as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	
Loans guaranteed by letters of surety	2,504,049	8,983,059	599,579	12,086,687
Loans guaranteed by state guarantees	7,314,269	-	-	7,314,269
Not collateralised	185,749	-	320,336	506,085
Loans collateralised by:				
Real estate	136,130	7,334,729	2,844,909	10,315,768
Equipment	679,990	4,459,284	-	5,139,274
Inventory and receivables	2,213,930	1,657,871	181,650	4,053,451
Insurance policy	11,817	3,040,375	263,634	3,315,826
Cash deposits	993,410	22,440	3,246	1,019,096
Vehicles	88,134	404,264	135,967	628,365
Equity securities	150,973	-	-	150,973
Total loans and advances to customers, gross	14,278,451	25,902,022	4,349,321	44,529,794
Less: Allowance for expected credit losses	(116,465)	(1,693,031)	(183,247)	(1,992,743)
Total loans and advances to customers	14,161,986	24,208,991	4,166,074	42,537,051

Analysis by credit quality of loans and advances to customers that are collectively and individually assessed for impairment as at 30 June 2022 (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	11,674,792	22,786,040	3,824,547	38,285,379
Past due loans	-	-	-	-
- less than 30 days overdue	37,879	1,564,554	490,161	2,092,594
- 31 to 90 days overdue	18,269	885,403	115,360	1,019,032
- 91 to 180 days overdue	1,479,558	442,604	23,896	1,946,058
- 181 to 360 days overdue	-	191,877	10,095	201,972
- over 360 days overdue	-	11,187	5,559	16,746
Total loans assessed for impairment on a collective basis, gross	13,210,498	25,881,665	4,469,618	43,561,781
<i>Loans individually determined to be impaired (gross):</i>				
<i>Restructured loans</i>	-	1,446,070	-	1,446,070
Not past due loans	-	1,029,986	-	1,029,986
Past due loans	-	122,431	-	122,431
1-30 days	-	293,653	-	293,653
Total loans individually determined to be impaired, gross	-	1,446,070	-	1,446,070
- Impairment provisions for individually impaired loans	-	(367,647)	-	(367,647)
- Impairment provisions assessed on a collective basis	(300,223)	(1,613,346)	(80,746)	(1,994,315)
Less: Allowance for expected credit losses	(300,223)	(1,980,993)	(80,746)	(2,361,962)
Total loans and advances to customers	12,910,275	25,346,742	4,388,872	42,645,889

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 2021 is as follows:

31 December 2021	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	14,246,999	23,156,242	3,840,673	41,243,914
Past due loans	-	-	-	-
- less than 30 days overdue	27,616	949,697	185,401	1,162,714
- 31 to 90 days overdue	2,471	539,388	87,801	629,660
- 91 to 180 days overdue	-	271,438	72,755	344,193
- 181 to 360 days overdue	1,365	376,143	128,524	506,032
- over 360 days overdue	-	40,486	34,167	74,653
Total loans assessed for impairment on a collective basis, gross	14,278,451	25,333,394	4,349,321	43,961,166
<i>Loans individually determined to be impaired (gross):</i>				
<i>Restructured loans</i>	-	568,628	-	568,628
Not past due loans	-	422,936	-	422,936
Past due loans	-	-	-	-
1-30 days	-	-	-	-
31-90 days	-	72,759	-	72,759
91-180 days	-	72,933	-	72,933
181-360 days	-	-	-	-
Total loans individually determined to be impaired, gross	-	568,628	-	568,628
- Impairment provisions for individually impaired loans	-	(182,745)	-	(182,745)
- Impairment provisions assessed on a collective basis	(116,465)	(1,510,286)	(183,247)	(1,809,998)
Less: Allowance for expected credit losses	(116,465)	(1,693,031)	(183,247)	(1,992,743)
Total loans and advances to customers	14,161,986	24,208,991	4,166,074	42,537,051

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The credit quality of loans to customers carried at amortised cost is as follows at 30 June 2022:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
30 June 2022 (unaudited)				
Corporate loans				
Standard	17,631,738	3,748,209	19,594	21,399,541
Substandard	167,373	2,089,472	2,039,064	4,295,909
Unsatisfactory	25,104	2,283	1,317,159	1,344,546
Doubtful	-	725	283,788	284,513
Loss	-	-	3,226	3,226
Gross carrying amount	17,824,215	5,840,689	3,662,831	27,327,735
Credit loss allowance	(234,448)	(277,072)	(1,469,473)	(1,980,993)
Carrying amount	17,589,767	5,563,617	2,193,358	25,346,742
State and municipal organisations				
Standard	11,674,791	-	-	11,674,791
Substandard	-	1,513,757	-	1,513,757
Unsatisfactory	-	-	21,950	21,950
Doubtful	-	-	-	-
Loss	-	-	-	-
Gross carrying amount	11,674,791	1,513,757	21,950	13,210,498
Credit loss allowance	(86,234)	(201,155)	(12,834)	(300,223)
Carrying amount	11,588,557	1,312,602	9,116	12,910,275
Loans to individuals				
Standard	3,814,388	220,700	159,162	4,194,250
Substandard	145,731	7,883	5,770	159,384
Unsatisfactory	50,655	1,593	1,428	53,676
Doubtful	34,676	1,065	648	36,389
Loss	23,650	1,572	697	25,919
Gross carrying amount	4,069,100	232,813	167,705	4,469,618
Credit loss allowance	(17,835)	(6,847)	(56,064)	(80,746)
Carrying amount	4,051,265	225,966	111,641	4,388,872

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The credit quality of loans to customers carried at amortised cost is as follows at 31 December 2021:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
31 December 2021				
Corporate loans				
Standard	14,556,470	6,984,900	138,149	21,679,519
Substandard	-	1,899,935	741,772	2,641,707
Unsatisfactory	-	-	890,792	890,792
Doubtful	-	-	187,119	187,119
Loss	-	-	502,885	502,885
Gross carrying amount	14,556,470	8,884,835	2,460,717	25,902,022
Credit loss allowance	(193,862)	(481,544)	(1,017,625)	(1,693,031)
Carrying amount	14,362,608	8,403,291	1,443,092	24,208,991
State and municipal organisations				
Standard	14,246,280	-	4,414	14,250,694
Substandard	-	-	-	-
Unsatisfactory	-	-	22,256	22,256
Doubtful	-	-	4,136	4,136
Loss	-	-	1,365	1,365
Gross carrying amount	14,246,280	-	32,171	14,278,451
Credit loss allowance	(111,428)	-	(5,037)	(116,465)
Carrying amount	14,134,852	-	27,134	14,161,986
Loans to individuals				
Standard	3,877,782	106,616	49,809	4,034,207
Substandard	-	79,871	55,966	135,837
Unsatisfactory	-	-	40,105	40,105
Doubtful	-	-	34,015	34,015
Loss	-	-	105,157	105,157
Gross carrying amount	3,877,782	186,487	285,052	4,349,321
Credit loss allowance	(34,193)	(10,554)	(138,500)	(183,247)
Carrying amount	3,843,589	175,933	146,552	4,166,074

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (“over-collateralised assets”) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset (“under-collateralised assets”). The effect of collateral on credit impaired assets at 30 June 2022 and 31 December 2021 are as follows.

	30 June 2022 (unaudited)			
	Over-collateralised		Under-collateralised	
	Carrying Value of the Assets	Value of Collateral	Carrying Value of the Assets	Value of Collateral
Credit Impaired Assets				
<i>Loans to Corporate and State Companies carried at AC</i>				
Manufacturing	-	-	1 571 958	940 655
Oil and gas & Chemicals	-	-	1 076 410	453 514
Agriculture	-	-	465 964	210 820
Trade and services	-	-	365 151	175 239
Construction	-	-	141 426	61 099
Transport and communication	-	-	63 871	32 906
<i>Loans to Individuals carried at AC</i>				
Mortgage	-	-	128 803	99 578
Microloan	-	-	18 447	5 445
Car Loan	-	-	8 823	4 834
Consumer Loans	-	-	8 199	4 207
Other	-	-	2 335	-
Student Loan	-	-	1 098	799

	31 December 2021			
	Over-collateralised		Under-collateralised	
	Carrying Value of the Assets	Value of Collateral	Carrying Value of the Assets	Value of Collateral
Credit Impaired Assets				
<i>Loans to Corporate and State Companies carried at AC</i>				
Manufacturing	-	-	1,180,611	625,964
Agriculture	-	-	472,300	210,571
Trade	-	-	278,063	187,710
Services	-	-	229,670	81,102
Oil and gas & Chemicals	-	-	142,065	120,948
Construction	-	-	129,769	68,944
Transport and communication	-	-	60,411	44,826
<i>Loans to Individuals carried at AC</i>				
Mortgage	-	-	212,408	165,451
Microloan	-	-	28,729	2
Consumer Loans	-	-	26,616	2,917
Car Loan	-	-	16,346	6,768
Other	-	-	953	348

10. INVESTMENT SECURITIES MEASURED AT AMORTISED COST

	Currency	Annual coupon/ interest rate %	EIR %	Maturity date month/year	30 June 2022 (unaudited)	31 December 2021
CBU Bonds	UZS	19 - 22	19 - 22	July 2022- September 2022	934,559	771,384
Government Bonds	UZS	14 - 14	14 - 15	August 2022- March 2024	383,231	289,361
Corporate bonds	UZS	18 - 22	18 - 22	June 2023- July 2026	8,409	8,400
Less: Allowance for expected credit losses					(2,375)	(1,633)
Total investment securities measured at amortised cost					1,323,824	1,067,512

Analysis by credit quality of investment securities measured at amortised costs at 30 June 2022 (unaudited) is as follows:

	CBU Bonds	Government Bonds	Corporate Bonds	Total
<i>Neither past due nor impaired</i>				
- Rated BB-	934,559	383,231	-	1,317,790
- Rated B2	-	-	2,621	2,621
- Unrated	-	-	5,788	5,788
Less: Allowance for expected credit losses	(513)	(1,757)	(105)	(2,375)
Total investment securities measured at amortised cost	934,046	381,474	8,304	1,323,824

Analysis by credit quality of investment securities measured at amortised costs at and 31 December 2021 is as follows:

31 December 2021	CBU Bonds	Government Bonds	Corporate Bonds	Total
- Rated BB-	289,361	771,384	5,789	1,066,534
- Rated B2	-	-	2,611	2,611
Less: Allowance for expected credit losses	(1,071)	(453)	(109)	(1,633)
Total investment securities measured at amortised cost	288,290	770,931	8,291	1,067,512

At 30 June 2022 (unaudited), the Group holds government bonds of the Ministry of Finance of the Republic of Uzbekistan in the quantity of 338,321 (31 December 2021: 288,970) with nominal value of UZS 1,000,000 and coupon rate of 14-19% p.a. (31 December 2021: 14-16% p.a.).

At 30 June 2022, the Group holds bonds of the CBU in the amount of UZS 934,559 million at 19% p.a. coupon rate.

At 30 June 2022, the Group holds 1 156 bonds of Uzmetkombinat with nominal value of UZS 5,000,000.

At 30 June 2022, the subsidiary PSB Insurance LLC holds corporate bonds of JSCB “Asia Alliance Bank” in quantity 2,500 with nominal value of UZS 1,000,000 and coupon rate of CBU refinancing rate (14%) + 4% p.a.

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 2022 (unaudited), in accordance with the contract, the Group invested USD 83.613 million (equivalent to UZS 894 781 million) of which UZS 889,099 million was recorded in CIP.

11. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS (Continued)

As at 30 June 2022 (unaudited) and 31 December 2021, premises and equipment of the Group were not pledged.

12. DUE TO OTHER BANKS

	30 June 2022 (unaudited)	31 December 2021
Short term placements of other banks	2,489,972	613,405
Long term placements of other banks	499,267	492,583
Correspondent accounts and overnight placements of other banks	549,931	286,989
Total due to other banks	3,539,170	1,392,977

Short term placements of other banks increased due to attracting 200 mln USD (2,172,050 million equivalent UZS) deposit from Gazprombank Russia.

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 2022 (unaudited)	31 December 2021
State and public organisations		
- Current/settlement accounts	3,131,866	4,148,013
- Term deposits	4,343,403	3,019,115
Other legal entities		
- Current/settlement accounts	3,193,578	2,378,852
- Term deposits	500,333	711,774
Individuals		
- Current/demand accounts	277,518	949,191
- Term deposits	1,738,860	2,354,595
Total customer accounts	13,185,558	13,561,540

Economic sector concentrations within customer accounts are as follows:

	30 June 2022 (unaudited)		31 December 2021	
	Amount	%	Amount	%
Public administration	4,158,143	32%	3,120,451	23%
Oil and gas	2,135,559	16%	2,615,793	19%
Manufacturing	2,107,181	16%	1,592,246	12%
Individuals	2,016,378	15%	3,303,786	24%
Energy	896,382	7%	768,794	6%
Trade	642,718	5%	291,532	2%
Finance	587,299	4%	631,942	5%
Services	202,063	2%	336,840	2%
Construction	141,673	2%	299,667	2%
Engineering	127,103	1%	135,083	1%
Agriculture	60,969	0%	79,929	1%
Transportation	51,654	0%	52,233	1%
Medicine	33,200	0%	17,679	0%
Communication	16,298	0%	261,931	2%
Mining	6,867	0%	48,056	0%
Other	2,071	0%	5,578	0%
Total customer accounts	13,185,558	100%	13,561,540	100%

As at 30 June 2022 (unaudited), the Group had two (31 December 2021: two) customers with a total balance UZS 4,593,303 million (31 December 2021: UZS 4,208,043 million), which individually exceeded 10% of the Group's equity.

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13. CUSTOMER ACCOUNTS (Continued)

Significant change in current account 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.

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

14. OTHER BORROWED FUNDS

	30 June 2022 (unaudited)	31 December 2021
International financial institutions		
China EXIMBANK	4,968,867	5,102,508
CREDIT Suisse	3,084,652	2,912,645
International Bank of Reconstruction and Development	1,434,506	1,430,444
Commerzbank AG	1,424,113	1,480,096
Landesbank Baden-Wuerttemberg	1,224,446	833,390
ICBC (London) plc	1,210,859	1,482,801
Daryo Finance B.V.	960,342	965,082
European Bank for Reconstruction and Development	915,022	1,112,670
Russia EXIMBANK	883,663	986,473
Asian Development Bank	789,633	631,199
China Development Bank	615,870	715,507
Promsvyazbank PJSC	608,094	1,122,664
International Development Association of World Bank	578,980	592,900
Raiffeisen Bank International AG	503,979	495,013
Citibank Europe PLC	487,200	-
UniCredit	408,309	216,711
Japan International Cooperation Agency (JICA)	337,706	347,869
VTB BANK EUROPE	312,664	990,079
AK Bars Bank	231,884	291,701
Turk EXIMBANK	177,058	218,224
Gazprombank	173,126	255,774
Credit Bank of Moscow	119,227	472,254
Baobab Securities Limited	117,141	166,135
Halyk Savings Bank of Kazakhstan JSC	118,788	74,637
OJSB Transcapitalbank	110,029	108,402
OPEC Fund for International Development	87,732	131,115
Korea EXIMBANK	77,094	94,936
JPMorgan Chase	60,783	67,802
Bereke Bank Kazakhstan	60,012	7,183
PJSC "Sovcombank"	55,562	44,692
AKA Ausfuhrkredit-Gesellschaft mbH	41,233	195,044
KfW IPEX-Bank	40,270	48,516
ODDO BHF	34,412	28,247
The Export-Import Bank of the Republic of China	31,999	35,699
BANCA POPOLARE DI SONDRIO	28,434	-
John Deere	21,824	29,389
International Finance Corporation	7,944	1,603
International Fund for Agricultural Development	2,022	2,138
Citibank N.A. ADGM	-	442,321
Sberbank Europe AG	-	108,598
European Merchant Bank UAB	-	25,066
Financial institutions of Uzbekistan		
Long term borrowings from Ministry of Finance	3,918,824	3,498,702
Fund for Reconstruction and Development of Uzbekistan	1,486,981	1,778,851
Uzbekistan Mortgage Refinancing Company (UzMRC)	343,229	225,058
Export Promotion Agency under MIFT	218,632	174,623
KDB Bank Uzbekistan	108,764	93,197
Young Entrepreneurs Support Fund under MIFT	12,156	7,538
Long term borrowings from CBU	10,864	63,314
Preference Shares	10,127	10,752
Khokimiyat of Tashkent Region	4,252	5,793
Other	5,453	5,421
Total other borrowed funds	28,464,761	30,130,776

14. OTHER BORROWED FUNDS (Continued)

On 8 June 2022 the Group and Mashreqbank PSC has signed an Agreement on attracting the Credit line facility in the amount of USD 15 million. The facility is to be used to finance the purchase of oil and gas products and spare parts for engine production. The maturity period of the loan is 12 months.

Further on 14 June 2022 the Group and Landesbank Hessen-Thüringen (Helaba) has signed an Agreement on attracting the Credit line facility to be utilized to purchase capital goods from European Union countries. The loan maturity period is defined as 10 years.

On 6 June 2022 the Group has received the Trade finance from Banca Popolare Di Sondrio in the amount of USD 2.7 million with the purpose of the Group client's working capital replenishment.

On 11 May 2022 the Group and Citibank Europe PLC has signed Continuing Agreement for reimbursement of Trade advances. In year 2022 the amount of USD 42,6 million were called by the Group.

As of 30 June 2022 (unaudited) the Group was in compliance with all covenants including the covenants related to issued Eurobonds.

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

	Currency	Maturity date	Nominal interest rate %	Effective interest rate %	30 June 2022 (unaudited)	31 December 2021
Subordinated debt of Fund for Reconstruction and Development of Uzbekistan	USD-UZS	2028-2041	5%-9%	5%-9,21%	327,641	101,771
Total subordinated debt					327,641	101,771

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 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Interest income calculated using the effective interest method		
Interest income on assets recorded at amortised cost comprises:		
Interest on loans and advances to customers	2,102,206	1,794,326
Interest on investment securities measured at amortised cost	111,607	68,533
Interest on balances due from other banks	97,896	65,128
Total interest income calculated using the effective interest method	2,311,709	1,927,987
Other similar income		
Finance lease receivables	16,657	17,323
Total other similar income	16,657	17,323
Interest expense		
Interest expense on liabilities recorded at amortised cost comprises:		
Interest on other borrowed funds	(682,142)	(607,659)
Interest on customer accounts	(358,810)	(231,849)
Interest on debt securities in issue	(112,989)	(104,164)
Interest on balances due to other banks	(35,665)	(36,706)
Interest on subordinated debt	(4,324)	(2,649)
Total interest expense	(1,193,930)	(983,027)
Net interest income before provision on loans and advances to customers	1,117,779	944,960

Significant change in interest income on loan and advances to customers is associated with the increase in the Group's loan portfolio during six months of 2022, which in its turn is associated with the gradual improvements of the economic situation and business activity in Uzbekistan caused by post COVID-19 restrictions release.

16. INTEREST INCOME AND EXPENSE (Continued)

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 six months of 2022.

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

17. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Staff costs	284,119	253,842
Social security costs	32,433	28,684
Total staff costs	316,552	282,526
Loss on Sale or Disposal of Fixed assets	49,490	-
Depreciation and amortisation	43,350	34,012
Charity expenses	25,203	27,150
Security services	24,571	17,593
Taxes other than income tax	27,164	18,698
Membership fees	17,650	8,542
Stationery and other low value items	15,120	11,585
Communication expenses	3,922	5,410
Repair and maintenance of buildings	7,423	3,986
Rent expenses	5,823	5,195
Advertising expenses	3,290	2,992
Legal and audit fees	2,328	3,854
Consultancy fee	4,784	3,202
Travel expenses	4,177	3,012
Utilities expenses	2,707	3,000
Representation and entertainment	1,544	558
Fuel	1,550	968
Medical, Dental and Hospitalization	190	230
Other operating expenses	10,133	19,703
Total administrative and other operating expenses	566,971	452,216

The increase in Loss on Sale or Disposal of Fixed assets is due to the charge made in April 2022, for the amount mln 48 457 UZS. This was the result of the recognized loss on fixed assets given free of charge to "State asset management agency" according to resolution of the Cabinet of Ministers No. 75 of February 17, 2022 and Central Bank No. 296 of April 4, 2022. These properties consisted of non-residential buildings, a park in the Jizzakh region and poultry farms that were repossessed from borrowers due to non-payment of loans.

18. INCOME TAXES

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Current income tax expense	206,357	148,834
Deferred tax (benefit)/expense:	(52,147)	63,311
- <i>Deferred tax (benefit)/expense</i>	53	799
Total income tax expense through profit or loss and other comprehensive income	154,263	212,944

The increase in non-deductible tax expense component led to significant tax charge increase, hence the estimate annual tax rate of 20.0 % is not sustained.

Interim period income tax expense is recognized 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 2022 (unaudited) is 20.0 % (the estimated tax rate for the six months ended 30 June 2021 (unaudited) was 20%).

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 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Profit for the year attributable to ordinary shareholders	196,508	806,928
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (millions)	243,922	243,922
Total basic and diluted earnings per ordinary share (expressed in UZS per share)	0.81	3.31

20. COMMITMENTS AND CONTINGENCIES

Operating lease commitments. As at 30 June 2022 (unaudited) and 31 December 2021, 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 2022 (unaudited), no provision for potential tax liabilities had been recorded (2021: 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 2022 (unaudited) and 31 December 2021, the Group had contractual capital expenditure commitments for the total amount of UZS 889,099 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.

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 2022 (UNAUDITED)
(In millions of Uzbek Soums, unless otherwise indicated)

20. COMMITMENTS AND CONTINGENCIES (Continued)

The credit related commitments are comprised of the following:

	30 June 2022 (unaudited)	31 December 2021
Guarantees issued	1,992,862	1,834,214
Letters of credit, non post-financing	622,626	398,886
Letters of credits, post-financing with commencement after reporting period end	1,247,498	1,508,819
Undrawn credit lines	437,958	831,415
Total gross credit related commitments	4,300,944	4,573,334
Less - Cash held as security against letters of credit and guarantees	(470,952)	(275,863)
Less – Provision for expected credit losses	(40,190)	(43,203)
Total credit related commitments	3,789,802	4,254,268

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 issue	Due to other banks	Subordinated debt	
<i>In million Uzbekistan Soums</i>					
Net debt at 1 January 2021	25,683,457	3,273,048	1,496,004	-	30,452,509
Proceeds from the issue	11,826,214	10,000	411,116	100,000	12,347,330
Redemption	(8,391,815)	(81,310)	(381,937)	-	(8,855,062)
Foreign currency translation	992,957	126,637	22,932	-	1,142,526
Other non-cash movements	19,963	(10,558)	(155,138)	1,771	(143,962)
Net debt at 31 December 2021	30,130,776	3,317,817	1,392,977	101,771	34,943,341
Proceeds from the issue	1,369,964	28,000	2,447,336	235,851	4,081,151
Redemption	(2,915,691)	(39,602)	(334,155)	-	(3,289,448)
Foreign currency translation	(97,134)	(3,214)	(79,056)	(14,131)	(193,535)
Other non-cash movements	(23,154)	14,252	112,068	4,150	107,316
Net debt at 31 December 2022	28,464,761	3,317,253	3,539,170	327,641	35,648,825

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 categorizing 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 recognizing 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/ financial liabilities	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 2022 (unaudited)	31 December 2021				
Equity securities at FVTOCI						
- Visa Inc.	12,208	13,613	Level 1	Quoted bid prices in an active market.	N/A	N/A
- Other	28,547	34,523	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 2022 (unaudited)		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Loans and advances to customers	42,645,889	40,024,782	42,537,051	39,773,366
Due from other banks	2,790,842	2,756,385	1,956,303	1,726,508
Debt securities in issue				
- Eurobonds	3,246,183	2,862,593	3,235,127	3,280,385
Other borrowed funds	28,464,761	29,508,572	30,130,776	31,751,605
Subordinated debt	327,641	324,552	101,771	97,338

	30 June 2022 (unaudited)			Total
	Level 1	Level 2	Level 3	
Loans and advances to customers	-	40,024,782	-	40,024,782
Due from other banks	-	2,756,385	-	2,756,385
Debt securities in issue				
- Eurobonds	2,862,593	-	-	2,862,593
Other borrowed funds	-	-	29,508,572	29,508,572
Subordinated debt	-	324,552	-	324,552

	31 December 2021			Total
	Level 1	Level 2	Level 3	
Loans and advances to customers	-	39,773,366	-	39,773,366
Due from other banks	-	1,726,508	-	1,726,508
Debt securities in issue				
- Eurobonds	3,280,385	-	-	3,280,385
Other borrowed funds	-	-	31,751,605	31,751,605
Subordinated debt	-	-	97,338	97,338

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 2021: 13%). Actual ratio as at 30 June 2022: 15.5% (31 December 2021: 15.8%);
- Ratio of Group's tier 1 capital to risk weighted assets (“Capital adequacy ratio”) above a prescribed minimum level of 10% (31 December 2021: 10%). Actual ratio as at 30 June 2022: 12.5% (31 December 2021: 11.9%); and
- Ratio of Group's tier 1 capital to total assets less intangibles (“Leverage ratio”) above a prescribed minimum level of 6% (31 December 2021: 6%). Actual ratio as at 30 June 2022: 10% (31 December 2021: 10%).

The Group and the Bank have complied with all externally imposed capital requirements throughout the reporting period and 2021.

Total capital is based on the Group's reports prepared under CBU Instructions and related instructions and comprises:

	30 June 2022 (unaudited)	31 December 2021 (unaudited)
Tier 1 capital	7,217,218	6,223,703
Less: Deductions from capital	(203,708)	(149,023)
Tier 1 capital adjusted	7,013,510	6,074,680
Tier 2 capital	1,664,212	2,024,893
Total regulatory Capital	8,677,722	8,099,573

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 2021.

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 Management Board 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:

30 June 2022 (unaudited)	USD	EUR	Other currencies	UZS	Total
Cash and cash equivalents	4,920,340	333,421	137,967	1,750,794	7,142,522
Due from other banks	1,369,086	40,517	311,921	1,069,318	2,790,842
Loans and advances to customers	20,048,087	6,989,964	-	15,607,838	42,645,889
Investment securities measured at amortised cost	-	-	-	1,323,824	1,323,824
Other financial assets	43,769	5,622	125,841	-	175,232
Total monetary assets	26,381,282	7,369,524	575,729	19,751,774	54,078,309
Due to other banks	3,094,375	101,176	-	343,619	3,539,170
Customer accounts	5,943,549	651,675	153,441	6,436,893	13,185,558
Debt securities in issue	3,246,183	-	-	71,070	3,317,253
Other borrowed funds	14,241,488	6,835,567	237,038	7,150,668	28,464,761
Other financial liabilities	41,629	29,364	5,656	155,110	231,759
Subordinated debt	-	-	-	327,641	327,641
Total monetary liabilities	26,567,224	7,617,782	396,135	14,485,001	49,066,142
Net Balance sheet position	(185,942)	(248,258)	179,594	5,266,773	5,012,167

31 December 2021	USD	EUR	Other currencies	UZS	Total
Cash and cash equivalents	5,058,478	480,056	130,815	2,527,303	8,196,652
Due from other banks	843,913	43,387	65,131	1,003,872	1,956,303
Loans and advances to customers	20,739,057	6,883,573	3,305	14,911,116	42,537,051
Investment securities measured at amortised cost	-	-	-	1,067,512	1,067,512
Other financial assets	10,766	6,175	3,308	-	20,249
Total monetary assets	26,652,214	7,413,191	202,559	19,509,803	53,777,767
Due to other banks	1,012,647	44,171	-	336,159	1,392,977
Customer accounts	6,411,546	424,540	114,676	6,610,778	13,561,540
Debt securities in issue	3,235,127	-	-	82,690	3,317,817
Other borrowed funds	16,014,520	7,179,169	3,443	6,933,644	30,130,776
Other financial liabilities	101,305	399	4	54,047	155,755
Subordinated debt	-	-	-	101,771	101,771
Total monetary liabilities	26,775,145	7,648,279	118,123	14,119,089	48,660,636
Net Balance sheet position	(122,931)	(235,088)	84,436	5,390,714	5,117,131

24. RISK MANAGEMENT POLICIES (Continued)

Geographical risk concentration. The geographical concentration of the Group's financial assets and liabilities at 30 June 2022 (unaudited) is set out below:

30 June 2022 (unaudited)	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	3,703,787	3,423,758	267	14,710	7,142,522
Due from other banks	2,431,707	359,135	-	-	2,790,842
Loans and advances to customers	42,645,889	-	-	-	42,645,889
Investment securities measured at amortised cost	1,323,824	-	-	-	1,323,824
Financial assets at fair value through other comprehensive income	28,545	12,210	-	-	40,755
Other financial assets	133,045	42,187	-	-	175,232
Total financial assets	50,266,797	3,837,290	267	14,710	54,119,064
Liabilities					
Due to other banks	972,720	246,626	147,774	2,172,050	3,539,170
Customer accounts	12,797,614	-	387,944	-	13,185,558
Debt securities in issue	71,070	3,246,183	-	-	3,317,253
Other borrowed funds	6,119,259	13,578,726	6,585,199	2,181,577	28,464,761
Other financial liabilities	231,736	-	23	-	231,759
Subordinated debt	327,641	-	-	-	327,641
Total financial liabilities	20,520,040	17,071,535	7,120,940	4,353,627	49,066,142
Net balance sheet position	29,746,757	(13,234,245)	(7,120,673)	(4,338,917)	5,052,922
Credit related commitments (Note 20)	3,789,802	-	-	-	3,789,802

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

31 December 2021	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	4,007,434	4,124,590	-	64,628	8,196,652
Due from other banks	1,837,456	117,215	1,632	-	1,956,303
Loans and advances to customers	42,537,051	-	-	-	42,537,051
Investment securities measured at amortised cost	1,067,512	-	-	-	1,067,512
Financial assets at fair value through other comprehensive income	34,523	13,613	-	-	48,136
Other financial assets	10,270	9,979	-	-	20,249
Total financial assets	49,494,246	4,265,397	1,632	64,628	53,825,903
Liabilities					
Due to other banks	1,050,532	271,622	70,410	413	1,392,977
Customer accounts	13,171,330	-	390,210	-	13,561,540
Debt securities in issue	82,690	3,235,127	-	-	3,317,817
Other borrowed funds	5,863,247	13,976,515	7,009,055	3,281,959	30,130,776
Other financial liabilities	54,452	-	101,303	-	155,755
Subordinated debt	101,771	-	-	-	101,771
Total financial liabilities	20,324,022	17,483,264	7,570,978	3,282,372	48,660,636
Net balance sheet position	29,170,224	(13,217,867)	(7,569,346)	(3,217,744)	5,165,267
Credit related commitments (Note 20)	4,254,268	-	-	-	4,254,268

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 2022 (unaudited) is as follows:

30 June 2022 (unaudited)	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	1,695,440	1,169,035	247,422	173,755	404,888	22,756	3,713,296
Customer accounts	7,082,044	1,826,603	1,536,803	2,298,340	581,001	1,485,056	14,809,847
Debt securities in issue	16,881	163,260	93,657	3,496,285	-	-	3,770,083
Other borrowed funds	224,931	1,525,401	4,031,676	17,790,504	3,489,339	6,625,469	33,687,320
Other financial liabilities	231,759	-	-	-	-	-	231,759
Subordinated debt	-	-	-	18,025	27,248	370,626	415,899
Undrawn credit lines	831,415	-	-	-	-	-	831,415
Guarantees issued	1,788,686	-	-	-	-	-	1,788,686
Letters of credit	83,485	182,609	1,296,813	-	-	-	1,562,907
Total potential future payments for financial obligations	11,954,641	4,866,908	7,206,371	23,776,909	4,502,476	8,503,907	60,811,212

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24. RISK MANAGEMENT POLICIES (Continued)

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

31 December 2021	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	473,736	460,908	28,335	142,257	437,562	48,173	1,590,971
Customer accounts	7,628,416	1,989,658	2,312,751	917,524	219,074	721,434	13,788,857
Debt securities in issue	20,964	120,246	174,614	3,593,482	-	-	3,909,306
Other borrowed funds	664,752	4,185,661	5,449,195	13,934,192	3,305,437	6,493,697	34,032,934
Other financial liabilities	155,755	-	-	-	-	-	155,755
Subordinated debt	-	-	-	18,025	21,472	164,089	203,586
Undrawn credit lines	831,415	-	-	-	-	-	831,415
Guarantees issued	1,676,260	-	-	-	-	-	1,676,260
Letters of credit	35,013	1,622,819	48,777	60,264	-	-	1,766,873
Total potential future payments for financial obligations	11,486,311	8,379,292	8,013,672	18,665,744	3,983,545	7,427,393	57,955,957

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.

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 2022 (unaudited) is set out below.

30 June 2022 (unaudited)	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	7,142,522	-	-	-	-	-	7,142,522
Due from other banks	477,615	602,319	245,831	206,960	915,919	342,198	2,790,842
Loans and advances to customers	2,138,486	7,498,350	5,237,132	11,728,345	6,906,542	9,137,034	42,645,889
Investment securities measured at amortised cost	401,343	636,688	253,410	29,948	2,435	-	1,323,824
Financial assets at fair value through other comprehensive income	-	-	-	40,755	-	-	40,755
Other financial assets	175,232	-	-	-	-	-	175,232
Total financial assets	10,335,198	8,737,357	5,736,373	12,006,008	7,824,896	9,479,232	54,119,064
Liabilities							
Due to other banks	1,690,103	1,144,066	217,205	77,619	389,422	20,755	3,539,170
Customer accounts	7,030,598	1,649,441	1,295,585	1,999,868	319,912	890,154	13,185,558
Debt securities in issue	-	86,161	-	3,231,092	-	-	3,317,253
Other borrowed funds	106,153	958,934	3,422,996	15,640,672	2,828,994	5,507,012	28,464,761
Other financial liabilities	231,759	-	-	-	-	-	231,759
Subordinated debt	-	6,296	-	-	3,226	318,119	327,641
Total financial liabilities	9,058,613	3,844,898	4,935,786	20,949,251	3,541,554	6,736,040	49,066,142
Net liquidity gap	1,276,585	4,892,459	800,587	(8,943,243)	4,283,342	2,743,192	5,052,922
Cumulative liquidity gap	1,276,585	6,169,044	6,969,631	(1,973,612)	2,309,730	5,052,922	

24. RISK MANAGEMENT POLICIES (Continued)

The analysis of liquidity of the Group's assets and liabilities as at 31 December 2021 is set out below.

31 December 2021	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	8,196,652	-	-	-	-	-	8,196,652
Due from other banks	208,322	24,092	877,224	208,950	257,745	379,970	1,956,303
Loans and advances to customers	2,303,397	7,692,692	5,415,340	11,550,168	7,910,452	7,665,002	42,537,051
Investment securities measured at amortised cost	446,005	493,401	-	125,664	2,442	-	1,067,512
Financial assets at fair value through other comprehensive income	-	-	-	48,136	-	-	48,136
Other financial assets	20,249	-	-	-	-	-	20,249
Total financial assets	11,174,625	8,210,185	6,292,564	11,932,918	8,170,639	8,044,972	53,825,903
Liabilities							
Due to other banks	467,396	435,292	2,469	42,430	401,151	44,239	1,392,977
Customer accounts	7,588,430	1,897,559	2,264,066	877,011	216,880	717,594	13,561,540
Debt securities in issue	3,002	33,801	70,000	3,211,014	-	-	3,317,817
Other borrowed funds	560,328	3,670,762	4,931,885	12,437,283	2,875,810	5,654,708	30,130,776
Other financial liabilities	155,755	-	-	-	-	-	155,755
Subordinated debt	-	1,771	-	-	3,226	96,774	101,771
Total financial liabilities	8,774,911	6,039,185	7,268,420	16,567,738	3,497,067	6,513,315	48,660,636
Net liquidity gap	2,399,714	2,171,000	(975,856)	(4,634,820)	4,673,572	1,531,657	5,165,267
Cumulative liquidity gap	2,399,714	4,570,714	3,594,858	(1,039,962)	3,633,610	5,165,267	

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 2022 (unaudited)		31 December 2021	
	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	1,593,008	22%	1,746,320	21%
Due from other banks				
- entities under common control	2,062,056	79%	1,483,268	76%
Loans and advances to customers				
- key management personnel	1,774	0%	1,176	0%
- significant shareholders	2,180,609	5%	3,678,666	9%
- entities under common control	6,331,696	14%	8,157,239	19%
Investment securities measured at amortised cost				
- significant shareholders	381,474	14%	288,290	27%
- entities under common control	934,046	71%	770,932	72%
Financial assets at fair value through other comprehensive income				
- entities under common control	18,136	45%	19,952	42%
Other Assets				
- significant shareholders	10,754	3%	13,270	4%
Due to other banks				
- entities under common control	704,312	20%	963,175	69%
Customer accounts				
- key management personnel	13	0%	63	0%
- significant shareholders	3,746,758	28%	4,258,100	31%
- entities under common control	3,728,511	28%	2,891,164	21%
Debt securities in issue				
- entities under common control	12,315	0%	12,604	0%
- significant shareholders	-	0%	-	0%
Other borrowed funds				
- significant shareholders	5,405,805	14%	5,277,553	18%
- entities under common control	687	2%	476	0%
Other liabilities				
- significant shareholders	30	0%	163	0%
- entities under common control	33,529	13%	26,774	14%
Subordinated debt				
- entities under common control	327,641	100%	101,771	100%

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25. RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)	
	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	18	0%	26	0%
- significant shareholders	153,695	6%	156,882	9%
- entities under common control	107,751	5%	73,991	14%
Interest expense				
- key management personnel	(1)	0%	(10)	0%
- significant shareholders	(2,631)	16%	(178,251)	31%
- entities under common control	(583)	3%	(113)	0%
Provision for/(recovery of) credit losses on loans and advances to customers				
- significant shareholders	(20,042)	2%	(37,486)	12%
Fee and commission income				
- significant shareholders	12,139	6%	4,383	2%
- entities under common control	15,786	8%	5,375	3%
Other operating income				
- significant shareholders	60	0%	202	1%
- entities under common control	-	0%	36	0%
Administrative and other operating expenses				
- key management personnel	(5,825)	12%	(2,603)	1%
- entities under common control	(79,266)	15%	(30,240)	7%

Key management compensation is presented below:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Salaries and other benefits	4,371	1,706
Bonuses	269	534
State pension and social security costs	1,185	362
Total	5,825	2,602

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 25 July 2022 the Group has signed EUR 100 million Trade related loan agreement with Cargill Financial Services International Inc. The Group hereby represents and warrants that the Loan will be solely allocated to finance the exportation and/or importation of various commodities and goods, from/to the Republic of Uzbekistan to/from various countries by the Groups's clients. The maturity of Loan agreement is 5 years.

On 27 July 2022 the Group has signed USD 50 million convertible loan facility with European Bank for Reconstruction and Development (EBRD). The attraction of this loan facility creates additional opportunities to realize the goals set by the Groups's Strategy for the years 2021-2023. The strategy is to strengthen the Groups's position in the market by developing the small and medium business segments, and to further increase its profitability and attractiveness for the Group investors.

On 22 August 2022, IFC has disbursed USD 75 million under the convertible loan agreement, signed on 20 September 2021. Loan has maturity of 5 years with bullet repayment of principal and semi-annual interest repayments.