PRIVATE JOINT STOCK BANK “TRUSTBANK”

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditor’s Report

31 December 2015

CONTENTS

INDEPENDENT AUDITOR'S REPORT

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

Independent Auditor's Report

To the Shareholders and Council of Private Joint Stock Bank "Trustbank":

1 We have audited the accompanying consolidated financial statements of Private Joint Stock Bank "Trustbank" (the "Bank") and its subsidiary (collectively referred as the "Group"), which comprise the statement of financial position as of 31 December 2015 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of consolidated financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinion

6 In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Utkir Muhammadiyev
General Director
Certificate of Auditor No. 9/15
dated 16 August 2013

Grigoriy Asaturov
Auditor
Certificate of Auditor No. 9/18
dated 30 January 2015

Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC
4 May 2016
Tashkent, Uzbekistan

In thousands of Uzbekistan Soums	Notes	31 December 2015	31 December 2014 (Restated)	1 January 2014 (Restated)
ASSETS				
Cash and cash equivalents	7	381,530,125	203,469,653	230,004,981
Due from other banks	8	164,142,096	111,339,344	172,092,694
Loans and advances to customers, including finance lease receivables	9	428,693,846	399,305,793	280,317,756
Investments available for sale	10	67,043	62,207	1,976,437
Investment securities held to maturity	11	32,594,720	24,533,720	24,616,122
Investment in associate	12	5,254,448	5,045,008	-
Current income tax prepayment		932,644	951,706	702,574
Premises and equipment	13	24,567,891	28,736,509	26,902,557
Intangible assets	13	22,843	42,311	66,815
Other assets	14	6,271,967	4,134,116	7,567,526
TOTAL ASSETS		**1,044,077,623**	**777,620,367**	**744,247,462**
LIABILITIES				
Due to other banks	15	18,860,850	8,392,049	23,378,702
Customer accounts	16	882,624,603	649,215,301	627,705,544
Debt securities in issue	17	7,142,612	6,207,823	4,126,652
Deferred income tax liability	24	1,337,531	1,832,241	794,831
Other liabilities	18	2,991,368	3,145,192	1,764,864
TOTAL LIABILITIES		**912,956,964**	**668,792,606**	**657,770,593**
EQUITY				
Share capital	19	41,961,733	33,961,733	27,961,733
Share primium	19	7,097,110	4,873,110	3,433,110
Retained earnings		82,061,816	69,992,918	55,082,026
TOTAL EQUITY		**131,120,659**	**108,827,761**	**86,476,869**
TOTAL LIABILITIES AND EQUITY		**1,044,077,623**	**777,620,367**	**744,247,462**

Approved for issue and signed on behalf of the Management Board of the Bank on 25 April 2016.

Hadjizadayev Sh. R.
Chairman of the Board

RESPUBLIKASI "TRASTBANK" XUSUSIY AKSIYADORLIK BANKI * PRIVATE JOINT-STOCK BANK "TRUSTBANK" *
TRASTBANK

Maisova M.M.
Chief Accountant

In thousands of Uzbekistan Soums	Note	2015	2014 (Restated)
Interest income	20	65,745,948	61,814,751
Interest expense	20	(11,975,210)	(8,666,096)
Net interest income		**53,770,738**	**53,148,655**
Provision for impairment of loans and advances to customers, including finance lease receivables	9	(1,081,525)	(98,814)
Net interest income after provision for impairment of loans and advances to customers, including finance lease receivables		**52,689,213**	**53,049,841**
Fee and commission income	21	46,872,167	40,527,207
Fee and commission expense	21	(7,715,618)	(10,222,379)
Net gain on foreign exchange translation		1,542,846	2,552,424
Net loss from trading in foreign currencies		(64,249)	-
Net gain / (loss) from financial derivatives		294,089	(48,124)
Recovery of impairment of due from other banks and other assets	8,14	-	482,718
Dividend income received		-	5,849
Share of result of associate	12	1,260,179	4,032,979
Other operating income	22	1,887,895	1,445,399
Administrative and other operating expenses	23	(56,033,177)	(50,518,609)
Profit before tax		**40,733,345**	**41,307,305**
Income tax expense	24	(8,905,846)	(8,794,646)
PROFIT FOR THE YEAR		**31,827,499**	**32,512,659**
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss:			
Available for sale investments:			
- Gains less losses arising during the year		-	(225,726)
- Gains less losses reclassified to profit or loss upon disposal or impairment		-	225,726
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**31,827,499**	**32,512,659**
Basis and dilluted earnings per preference share (expressed in UZS per share)	25	**450**	**612**
Basis and dilluted earnings per ordinary share (expressed in UZS per share)	25	**863**	**1,172**

In thousands of Uzbekistan Soums	Share capital	Share premium	Retained earnings	Total
Previously reported balance at 31 December 2013	**27,961,733**	**3,433,110**	**56,822,192**	**88,217,035**
Correction of prior period errors	-	-	(1,740,166)	(1,740,166)
Adjusted balance at 1 January 2014	**27,961,733**	**3,433,110**	**55,082,026**	**86,476,869**
Profit for the year (Restated)	-	-	32,512,659	**32,512,659**
Other comprehensive income	-	-	-	**-**
Total comprehensive income for 2014 (Restated)	**27,961,733**	**3,433,110**	**87,594,685**	**118,989,528**
Dividends paid on ordinary shares	-	-	(10,158,317)	**(10,158,317)**
Dividends paid on preference shares	-	-	(3,450)	**(3,450)**
Shares issued via capitalization of retained earnings	6,000,000	1,440,000	(7,440,000)	**-**
Balance at 31 December 2014 (Restated)	**33,961,733**	**4,873,110**	**69,992,918**	**108,827,761**
Profit for the year	-	-	31,827,499	**31,827,499**
Other comprehensive income	-	-	-	**-**
Total comprehensive income for 2015	**-**	**-**	**31,827,499**	**31,827,499**
Dividends paid on ordinary shares	-	-	(9,925,544)	**(9,925,544)**
Dividends paid on preference shares	-	-	(3,450)	**(3,450)**
Shares issued via capitalization of retained earnings	7,660,683	2,168,924	(9,829,607)	-
Issue of shares	339,317	55,076	-	**394,393**
Balance at 31 December 2015	**41,961,733**	**7,097,110**	**82,061,816**	**131,120,659**

In thousands of Uzbekistan Soums	Note	2015	2014
Cash flows from operating activities			
Interest received		65,297,005	57,995,372
Interest paid		(11,753,847)	(8,642,814)
Fee and commission received		46,291,047	43,792,758
Fee and commission paid		(7,715,618)	(10,222,379)
(Loss)/gain from trading in foreign currencies		(64,249)	279,475
Losses incurred on derivatives		(48,124)	-
Other operating income received		1,887,895	1,445,399
Staff costs paid		(29,600,263)	(28,256,381)
Administrative and other operating expenses paid		(20,178,735)	(20,434,390)
Income tax paid		(9,381,494)	(8,006,368)
Cash flows from operating activities before changes in operating assets and liabilities		**34,733,617**	**27,950,672**
Net (increase) / decrease in:			
- due from other banks		(52,257,000)	76,221,555
- loans and advances to customers, including finance lease receivables		(28,593,725)	(109,813,230)
- other assets		(2,602,165)	923,713
Net increase / (decrease) in:			
- due to other banks		10,430,447	(15,981,923)
- customer accounts		231,469,224	12,432,648
- other liabilities		944,110	926,073
Net cash from / (used in) operating activities		**194,124,508**	**(7,340,492)**
Cash flows from investing activities			
Acquisition of investment securities held to maturity		(18,600,000)	(8,767,817)
Proceeds from redemption of investment securities held to maturity		10,537,000	8,850,219
Income received from associate		945,665	901,744
Net cash (outflow) / inflow from investment securities available for sale		(4,836)	6,306
Acquisition of premises, equipment and intangible assets		(1,671,083)	(7,080,715)
Proceeds from disposal of premises, equipment and intangible assets		-	2,081
Net cash used in investing activities		**(8,793,254)**	**(6,088,182)**
Cash flows from financing activities			
Repayment of debt securities		(3,000,000)	-
Proceeds from issuance of debt securities		3,993,178	2,032,920
Issue of ordinary shares		394,393	-
Dividends paid		(9,928,994)	(10,161,767)
Net cash used in financing activities		**(8,541,423)**	**(8,128,847)**
Effect of exchange rate changes on cash and cash equivalents		1,270,641	4,293,576
Net increase / (decrease) in cash and cash equivalents		**178,060,472**	**(17,263,945)**
Cash and cash equivalents at the beginning of the year	7	203,469,653	220,733,598
Cash and cash equivalents at the end of the year	7	**381,530,125**	**203,469,653**
Non cash financing activities - issue of share capital		9,829,607	7,440,000

1 Introduction

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2015 for Private Joint Stock Bank "TRUSTBANK" (the "Bank") and its subsidiary (the "Group").

The Bank was founded in 1994 in the form of Open Joint Stock Company in accordance with the Decree of the President of Uzbekistan # UP-772.4 dated 28 February 1994 and is domiciled in the Republic of Uzbekistan.

Principal activity. The Bank's principal activity is commercial and retail banking operations within the Republic Uzbekistan.

The Bank is regulated by the Central Bank of the Republic of Uzbekistan (hereinafter – "the CBU") and conducts its business under following licenses:

- License of the CBU for Banking Operations under # 44 dated 21 June 1994 (replaced by the License #44 dated 4 August 2014, renewal was due to new legislation, according to which the Bank had to change legal form from private open joint stock exchange bank to private joint stock bank);
- General License of the CBU for Currency Operations under # 36 granted dated 24 May 1996 (replaced by the License # 62 dated 4 August 2014, renewal was due to new legislation, according to which the Bank had to change legal form from private open joint stock exchange bank to private joint stock bank).

The Bank participates in the state deposit insurance scheme introduced by the Uzbek Law #360-II "Insurance of Individual Bank Deposit" dated 5 April 2002. In case of the withdrawal of a license of a bank, the State Deposit Insurance Fund guarantees repayment of 100% of individual deposits regardless of the deposit amount.

The Bank operates from its Head Office located in Tashkent, Uzbekistan and has nine branches (31 December 2014: nine). The registered address of the Head Office is: 7, Navoi str, Tashkent 100011, Uzbekistan.

The shareholder structure of the Bank was as follows:

in percentage	31 December 2015	31 December 2014
Individuals:		
Sharipov T. M.	23.27	23.27
Mahmudov M.M.	15.03	15.03
Ibragimova D.B.	6.71	6.71
Hodjaev N.B.	6.21	6.14
Jalilov M.A.	3.33	3.27
Kodirov I.H.	2.92	5.47
Kodirova N.D.	2.55	-
Individuals owning less than 1% of the Bank's share capital	0.14	0.16
Subtotal	**60.16**	**60.05**
Legal entities:		
JV "Presystem Universal" LLC	19.13	19.13
JV "Diminur Group" LLC	17.12	17.11
"Anis Biznes Plus" LLC	2.67	2.67
Entities owning less than 1% of the Bank's share capital	0.92	1.04
Subtotal	**39.84**	**39.95**
Total	**100.00**	**100.00**

1 Introduction (Continued)

Subsidiary. These consolidated financial statements include the following subsidiary at 31 December 2015 and 31 December 2014:

Name	Country of operation	Proportion of ownership interest / voting rights (%) 31 December 2015	31 December 2014	Type of operation
"Trast leasing" LLC	Uzbekistan	100	100	Leasing

Subsidiary company "Trast leasing" LLC was formed on 7 February 2011 as Limited Liability Company under the law of the Republic of Uzbekistan and is domiciled in the Republic of Uzbekistan. Its principal business activity is providing finance leases to legal entities in the Republic of Uzbekistan.

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

2 Operating Environment of the Bank

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 Government to develop the country's economy. The Government distributes funds from the country's budget, which flow through the banks to various government agencies, and other state and privately owned entities.

Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government, together with other legal, regulatory and political developments, all of which are beyond the Bank's control.

The Bank's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations which greatly impact Uzbek financial markets and the economy overall. Management is unable to predict all developments which could have an impact on the banking sector generally and on the financial position of the Bank in particular.

Uzbekistan experienced following key economic indicators in 2015:

- Inflation: 5.6% (2014: 6.1%).
- Official exchange rates: 31 December 2015: USD 1 = UZS 2,809.98 (31 December 2014: USD 1 = UZS 2,422.4).
- GDP growth: 8% (2014: 8.1%).
- Central Bank refinancing rate: 9% (2014: 10%).
- Republican Stock Exchange "Toshkent" composite index: TCI Composite 1000.00 points at 31 December 2015 (31 December 2014: 1001.00).

3 Summary of Significant Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 5).

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

3 Summary of Significant Accounting Policies (Continued)

Accounting for the effects of hyperinflation. The Republic of Uzbekistan has previously experienced relatively high levels of inflation and was considered to be hyperinflationary as defined by IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"). IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the statement of financial position date. It states that reporting operating results and financial position in the local currency without restatement is not useful because money loses purchasing power at such a rate that the comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, is misleading.

The characteristics of the economic environment of Uzbekistan indicated that hyperinflation had ceased effective from 1 January 2006. Restatement procedures of IAS 29 are therefore only applied to assets acquired or revalued and liabilities incurred or assumed prior to that date. For these balances, which are effectively share capital and premises and equipment, the amounts expressed in the measuring unit current at as 31 December 2005 are the basis for the carrying amounts in these financial statements. The restatement was calculated using the conversion factors derived from the Uzbekistan Consumer Price Index ("CPI"), provided by the State Committee on Statistics of the Republic of Uzbekistan, and from indices obtained from other sources for years prior to 1994.

Consolidated financial statements. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group, and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date.

Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Bank and its subsidiary use uniform accounting policies consistent with the Group's policies.

Associates. Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost.

3 Summary of Significant Accounting Policies (Continued)

The carrying amount of associates includes goodwill identified on acquisition less accumulated impairment losses, if any. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as share of result of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of result of associates. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

Financial instruments - key measurement terms. Depending on their classification financial instruments are carried at fair value, cost, or amortised cost as described below.

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

The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

A portfolio of financial derivatives or other financial assets and liabilities that are not traded in an active market is measured at the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (ie an asset) for a particular risk exposure or paid to transfer a net short position (ie a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date. This is applicable for assets carried at fair value on a recurring basis if the Group: (a) manages the group of financial assets and financial liabilities on the basis of the entity's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the entity's documented risk management or investment strategy;

(b) it provides information on that basis about the group of assets and liabilities to the entity's key management personnel; and (c) the market risks, including duration of the entity's exposure to a particular market risk (or risks) arising from the financial assets and financial liabilities is substantially the same.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. 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 solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 30.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes *transaction costs*. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity instruments.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place.

3 Summary of Significant Accounting Policies (Continued)

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Initial recognition of financial instruments. All financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price.

A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Cash and cash equivalents. Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include deposits with the the CBU and all interbank placements with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

The payments or receipts presented in the statement of cash flows represent transfers of cash and cash equivalents by the Group, including amounts charged or credited to current accounts of the Group’s counterparties held with the Group, such as loan interest income or principal collected by charging the customer’s current account or interest payments or disbursement of loans credited to the customer’s current account, which represents cash or cash equivalent from the customer’s perspective.

Mandatory cash balances with the CBU. Mandatory cash balances with the CBU are carried at amortised cost and represent non-interest bearing mandatory reserve deposits which are not available to finance the Group’s day to day operations, and hence are not considered as part of cash and cash equivalents for the purposes of the statement of cash flows.

Due from other banks. Amounts due from other banks are recorded when the Group advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Due from the CBU include non-interest bearing mandatory reserve deposit held with the CBU against credit losses and deposits.

3 Summary of Significant Accounting Policies (Continued)

This deposit is not available to finance the Group's day to day operations, and hence is not considered as part of cash and cash equivalents for the purposes of these consolidated financial statements.

This deposit is calculated in accordance with the current regulations of the CBU based on overdue status of the borrowers which is out of Group's control in order to manage the amount of mandatory reserve deposit. Amounts due from other banks are carried at amortised cost.

Loans and advances to customers. Loans and advances to customers are recorded when the Group advances money to purchase or originate an unquoted non-derivative receivable from a customer due on fixed or determinable dates and has no intention of trading the receivable. Loans to customers are carried at amortised cost.

Impairment of financial assets carried at amortised cost. Impairment losses are recognised in profit or loss as a result of one or more events ("loss events") occur after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Group determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The primary factors that the Group considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any.

The following criteria are also used to determine whether there is objective evidence that an impairment loss has occurred:

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and the experience of management in respect of the extent to which amounts will become overdue as a result of past loss events and the success of recovery of overdue amounts.

Past experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect past periods and to remove the effects of past conditions that do not exist currently.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognized and a new asset is recognized at its fair value only if the risks and rewards of the asset substantially changed. This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows. Impairment losses are recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account in the statement of comprehensive income.

3 Summary of Significant Accounting Policies (Continued)

Repossessed collateral. Repossessed collateral represents non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, other financial assets, investment properties or inventories within other assets depending on their nature and the Group's intention in respect of recovery of these assets and are subsequently re-measured and accounted for in accordance with the accounting policies for these categories of assets.

Credit related commitments. The Group issues financial guarantees and commitments to provide loans. Financial guarantees represent irrevocable assurances to make payments in the event that a customer cannot meet its obligations to third parties, and carry the same credit risk as loans. Financial guarantees and commitments to provide a loan are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the commitment at the end of each reporting period.

Investments available for sale. This classification includes investments which the Group intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Investments available for sale include equity investments, registered in Uzbekistan and not publicly traded. Due to the nature of the local financial markets, it is not possible to obtain current market value for these investments. The investees have not published recent financial information about their operations, their shares are not quoted and recent trade prices are not publicly accessible. These investments are carried at a cost.

The investees have not published recent financial information about their operations, their shares are not quoted and recent trade prices are not publicly accessible. These investments are carried at a cost. The Group sells its investment securities available for sale to buyers at agreed prices, previously carried at cost. Upon sale the Group recognises a gain or loss on the sale in profit or loss for the year.
Dividends on available-for-sale equity instruments are recognised in profit or loss for the year when the Group’s right to receive payment is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired, at which time the cumulative gain or loss is reclassified from other comprehensive income to profit or loss for the year. Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events (“loss events”) that occurred after the initial recognition of investment securities available for sale. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to profit or loss for the year. Impairment losses on equity instruments are not reversed and any subsequent gains are recognised in other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss for the year.

Investment securities held to maturity. This classification includes quoted non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has both the intention and ability to hold to maturity. An investment is not classified as a held-to-maturity investment if the Group has the right to require that the issuer repay or redeem the investment before its maturity, because paying for such a feature is inconsistent with expressing an intention to hold the asset until maturity. Management determines the classification of investment securities held to maturity at their initial recognition and reassesses the appropriateness of that classification at the end of each reporting period. Investment securities held to maturity are carried at amortised cost.

Premises and equipment. Premises and equipment are stated at cost, restated to the equivalent purchasing power of the Uzbekistan Soum at 31 December 2005 for assets acquired prior to 1 January 2006, less accumulated depreciation and provision for impairment, where required.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of premises and equipment items are capitalised and the replaced part is retired.

3 Summary of Significant Accounting Policies (Continued)

At the end of each reporting period management assesses whether there is any indication of impairment of premises and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset’s fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset’s value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses).

Depreciation. Construction in progress is not depreciated. Depreciation of premises and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Building and leasehold improvements	20
Office and computer equipment and others	5-10

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.

Intangible assets. The Group’s intangible assets have definite useful lives and primarily comprise capitalised computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Capitalised computer software is amortised on a straight line basis over expected useful lives of five years.

Operating leases. Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

Finance lease receivables. Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease). The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Finance income from leases is recorded within interest income in profit or loss for the year.

Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events (“loss events”) that occurred after the initial recognition of finance lease receivables. The Group uses the same principal criteria to determine whether there is objective evidence that an impairment loss has occurred as for loans carried at amortised cost. Impairment losses are recognised through an allowance account to write down the receivables’ net carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the interest rates implicit in the finance leases. The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

Due to other banks. Amounts due to other banks are recorded when money or other assets are advanced to the Group by counterparty banks. The non-derivative liability is carried at amortised cost.

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

Derivative financial instruments. Derivative financial instruments, including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, and currency and interest rate options are carried at their fair value.

3 Summary of Significant Accounting Policies (Continued)

All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year (gains less losses on derivatives). The Group does not apply hedge accounting. Certain derivative instruments embedded in other financial instruments are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Debt securities in issue. Debt securities in issue include bonds, certificates of deposit issued by the Group.

Debt securities are stated at amortised cost. If the Group purchases its own debt securities in issue, they are removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from early retirement of debt.

Income taxes. Income taxes are provided for in accordance with legislation enacted or substantively enacted by the end of the reporting period.

The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the reporting date, which are expected to apply to the period when the temporary differences will reverse. Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is not recognised on post acquisition retained earnings and other post acquisition movements in reserves of subsidiaries where the Group controls the subsidiary's dividend policy, and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Trade payable and other liabilities. Trade payables and other liabilities are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity. Preference shares are equity instruments that are not redeemable and are considered to be participating shares.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note. The Group distributes dividends based on audited financial statements, prepared in accordance with IFRS, taking into account requirements of the existing legislation of the Republic of Uzbekistan.

Income and expense recognition. Interest income and expense are recorded in the statement of comprehensive income for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

3 Summary of Significant Accounting Policies (Continued)

Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at fair value through profit or loss.

When loans and other debt instruments become doubtful of collection, they are written down to the present value of expected cash inflows and interest income is thereafter recorded for the unwinding of the present value discount based on the asset's effective interest rate which was used to measure the impairment loss.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, and fees for settlement transactions which represent the fee received by the Bank for processing of each transaction over the customer's accounts are earned on execution of the underlying transaction, and are recorded on its completion.

Uncertain tax positions. The Group's uncertain tax positions are reassessed by management at every reporting date. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the balance sheet date and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Offsetting. Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy.

Earnings per share. Preference shares are not redeemable, and are considered to be participating shares. Earnings per share are determined by dividing the profit or loss attributable to owners of the Bank by the weighted average number of participating shares outstanding during the reporting year.

Staff costs and related contributions. Wages, salaries, contributions to Uzbekistan state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

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

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

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

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;

3 Summary of Significant Accounting Policies (Continued)

(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

(iii) components of equity are translated at the historic rate; and

(iv) all resulting exchange differences are recognised in other comprehensive income.

At 31 December 2015 the principle rate of exchange used for translating foreign currency balances was USD 1 = UZS 2,809.98 (2014: 2,422.40) and EUR 1 = UZS 3,074.19 (2014: 2,987.74). Exchange restrictions and controls exist over the conversion of UZS into other currencies. The UZS is not a freely convertible currency outside of Uzbekistan.

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

Amendments of the financial statements after issue. The Group’s shareholders and management have the power to amend the consolidated financial statements after issue.

3 Summary of Significant Accounting Policies (Continued)

Presentation of statement of financial position in order of liquidity. The Group does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 27 for analysis of financial instruments by expected maturity. The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period.

	31 December 2015			31 December 2014		
	Amounts expected to be recovered or settled			Amounts expected to be recovered or settled		
In thousands of Uzbekistan Soums	Within 12 months after the reporting period	Beyond 12 months after the reporting period	Total	Within 12 months after the reporting period	Beyond 12 months after the reporting period	Total
ASSETS						
Cash and cash equivalents	381,530,125	-	381,530,125	203,469,653	-	203,469,653
Due from other banks	154,949,453	9,192,643	164,142,096	101,859,582	9,479,762	111,339,344
Loans and advances to customers	331,017,307	97,676,539	428,693,846	279,035,190	120,270,603	399,305,793
Investment securities available for sale	67,043	-	67,043	62,207	-	62,207
Investments securities held to maturity	6,741,987	25,852,733	32,594,720	10,626,720	13,907,000	24,533,720
Investment in associate	-	5,254,448	5,254,448	-	5,045,008	5,045,008
Current income tax prepayment	932,644	-	932,644	951,706	-	951,706
Premises and equipment	-	24,567,891	24,567,891	28,736,509	-	28,736,509
Intangible assets	-	22,843	22,843	42,311	-	42,311
Other assets	6,271,967	-	6,271,967	4,134,116	-	4,134,116
TOTAL ASSETS	**881,510,526**	**162,567,097**	**1,044,077,623**	**628,917,994**	**148,702,373**	**777,620,367**
LIABILITIES						
Due to other banks	18,688,282	172,568	18,860,850	7,210,856	1,181,193	8,392,049
Customer accounts	857,464,799	25,159,804	882,624,603	630,379,594	18,835,707	649,215,301
Debt securities in issue	4,095,112	3,047,500	7,142,612	3,207,823	3,000,000	6,207,823
Deferred income tax liability	-	1,337,531	1,337,531	-	1,832,241	1,832,241
Other liabilities	2,232,828	758,540	2,991,368	3,145,192	-	3,145,192
TOTAL LIABILITIES	**882,481,021**	**30,475,943**	**912,956,964**	**643,943,465**	**24,849,141**	**668,792,606**

Changes in presentation. Where necessary corresponding figures have been reclassified to conform to the presentation of the current year as follows:

The revised IAS 1, Presentation of Financial Statements, which became effective from 1 January 2009 requires an entity to present a statement of financial position as at the beginning of the earliest comparative period ('opening statement of financial position'), when the Group applies an accounting policy retrospectively or makes a retrospective restatement or when it reclassifies items in its consolidated financial statements.

The opening statement of financial position is presented in these consolidated financial statements as a result of changes in presentation and reclassification further described in this note.

Subsequent to the issuance of the Group's consolidated financial statements for the year ended 31 December 2014 the management noted some errors.

In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" the correction of errors was done retrospectively. As a result, the consolidated financial statements as at 1 January 2014 and for the year ended 31 December 2014 were restated to reflect the effect of errors.

3 Summary of Significant Accounting Policies (Continued)

The effect of adjustments to the Consolidated Statement of Financial Position is as follows as at 1 January 2014:

In thousands of Uzbekistan Soums	**As originally presented**	**Effect of correction of reclassification errors**	**Effect of correction of other errors**	**As adjusted**
Consolidated Statement of Financial Position lines affected				
ASSETS				
Cash and cash equivalents	235,901,039	(5,896,058)	-	230,004,981
Due from other banks	166,196,636	5,896,058	-	172,092,694
Loans and advances to customers including finance lease receivables	278,095,185	2,222,571	-	280,317,756
Deferred income tax assets	945,335	-	(945,335)	-
TOTAL ASSETS	**742,970,226**	**2,222,571**	**(945,335)**	**744,247,462**
LIABILITIES				
Customer accounts	625,482,973	2,222,571	-	627,705,544
Deferred income tax liability	-	-	794,831	794,831
TOTAL LIABILITIES	**654,753,191**	**2,222,571**	**794,831**	**657,770,593**
EQUITY				
Retained earnings	56,822,192	-	(1,740,166)	55,082,026
TOTAL EQUITY	**88,217,035**	**-**	**(1,740,166)**	**86,476,869**

The Consolidated Statement of Financial Position as at 1 January 2014 is presented in these consolidated financial statements resulting from the above described changes in presentation, reclassifications and correction of prior period errors.

The impact of the correction of prior period errors on basic and diluted earnings per share is disclosed on the face of the Consolidated Statement of Statement of Profit or Loss and Other Comprehensive Income.

Effects of correction of reclassification errors. The effects of correction of reclassification errors on the Consolidated Statement of Financial Position as at 1 January 2014 are as follows:

Cash and cash equivalents and due from other banks. The Group incorrectly classified mandatory cash balances with Central Bank of Uzbekistan in the amount of UZS 5,896,058 thousand as cash and cash equivalents, which should have been classified as due from other banks.

Customer accounts and loans and advances to customers. The Group incorrectly offset the balance of customer accounts with prepaid interest on educational loans for UZS 2,222,571 thousand. The above items were not eligible for offsetting under IFRS". These should have been presented on a gross basis in accordance with their nature.

Effects of restatement to correct prior period errors. The effects of restatement to correct prior period errors on the Consolidated Statement of Financial Position as at 1 January 2014 are as follows:

Deferred income tax liability. The Group did not properly recognize deferred income tax liability in the amount of UZS 1,740,166 thousand, of which UZS 945,335 thoisand was offset against Deferred income tax assets.

3 Summary of Significant Accounting Policies (Continued)

The effect of adjustments to the Consolidated Statement of Financial Position is as follows as at 31 December 2014:

In thousands of Uzbekistan Soums	As originally presented	Effect of correction of reclassification errors	Effect of correction of other errors	As adjusted
Consolidated Statement of Financial Position lines affected				
ASSETS				
Cash and cash equivalents	212,949,415	(9,479,762)	-	203,469,653
Due from other banks	101,859,582	9,479,762	-	111,339,344
Loans and advances to customers, including finance lease receivables	391,515,769	5,134,190	2,655,834	399,305,793
Premises and equipment	29,711,509	(975,000)	-	28,736,509
Other assets	3,159,116	975,000	-	4,134,116
TOTAL ASSETS	**769,830,343**	**5,134,190**	**2,655,834**	**777,620,367**
LIABILITIES				
Customer accounts	644,081,111	5,134,190	-	649,215,301
Deferred income tax liability	67,732	-	1,764,509	1,832,241
TOTAL LIABILITIES	**661,893,907**	**5,134,190**	**1,764,509**	**668,792,606**
EQUITY				
Retained earnings	69,101,593	-	891,325	69,992,918
TOTAL EQUITY	**107,936,436**	**-**	**891,325**	**108,827,761**
TOTAL LIABILITIES AND EQUITY	**769,830,343**	**5,134,190**	**2,655,834**	**777,620,367**

Effects of correction of reclassification errors. The effects of correction of reclassification errors on the Consolidated Statement of Financial Position as at 31 December 2014 are as follows:

Cash and cash equivalents and due from other banks. The Group incorrectly classified mandatory cash balances with Central Bank of Uzbekistan in the amount of UZS 9,479,762 thousand as cash and cash equivalents, which should have been classified as due from other banks.

Customer accounts and loans and advances to customers. The Group incorrectly offset the balance of customer accounts with prepaid interest on educational loans for UZS 5,134,190 thousand. The above items were not eligible for offsetting under IFRS". These should have been presented on a gross basis in accordance with their nature.

Premises and equipment and other assets. The Group incorrectly classified repossed collateral in the amount of UZS 975,000 thousand as premises and equipment, which should have been classified as other assets.

Effects of restatement to correct prior period errors. The effects of restatement to correct prior period errors on the Consolidated Statement of Financial Position as at 31 December 2014 are as follows:

Loans and advances to customers. The Group re-evaluated the provision for loan impairment and has assessed that provision should have been lower by UZS 2,655,834 thousand.

Deferred income tax liability. The Group did not properly recognize deferred income tax liability in the amount of UZS 1,764,509 thousand.

3 Summary of Significant Accounting Policies (Continued)

The effect of adjustments on the Consolidated Statement of Profit or Loss and Other Comprehensive Income lines is as follows for the year ended 31 December 2014:

In thousands of Uzbekistan Soums	**As originally presented**	**Effect of correction of reclassification errors**	**Effect of correction of other errors**	**As adjusted**
Consolidated Statement of Profit or Loss and Other Comprehensive Income lines affected				
Interest income	58,493,500	3,321,251	-	61,814,751
Net interest income	**49,827,404**	**3,321,251**	-	**53,148,655**
Provision for impairment of loans and advances to customers, including finance lease receivables	(2,754,648)	-	2,655,834	(98,814)
Net interest income after provision for impairment of loans and advances to customers, including finance lease receivables	**47,072,756**	**3,321,251**	**2,655,834**	**53,049,841**
Fee and commission income	43,848,458	(3,321,251)	-	40,527,207
Profit before tax	**38,651,471**	**-**	**2,655,834**	**41,307,305**
Income tax expense	(8,770,303)	-	(24,343)	(8,794,646)
PROFIT FOR THE YEAR	**29,881,168**	**-**	**2,631,491**	**32,512,659**

Effect of correction of classification error. The effect of correction of classification errors on the Consolidated Statement of Profit or Loss and Other Comprehensive Income as at 31 December 2014 is as follows:

Interest income and fees and commission income. The Group incorrectly classified fees on loan servicing of UZS 3,321,251 thousand as fee and commission income. These fees comprise a part of the effective interest rate and should have been classified as interest income.

Effect of restatement on the Statement of Cash Flows. The net impact of the above corrections and restatements did not have a significant impact on the cash flows from operating, financing and investing activities for the year ended 31 December 2014.

4 Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year.

Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses on loans and advances to customers. The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio.

This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. A 10% increase or decrease in actual loss experience compared to the loss estimates used would result in an increase or decrease in loan impairment losses of UZS 1,187,034 thousand (2014: UZS 434,876 thousand), respectively.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations. Refer to Note 29.

Fair value of financial instruments. The fair values of financial assets and financial liabilities recorded in the statement of financial position, other than investment securities available for sale were derived from active markets. Due to the nature of the local financial markets, it is not possible to obtain current market value for investments available for sale. These investments are carried at cost. Refer to Note 10.

Held-to-maturity financial assets. Management applies judgement in assessing whether financial assets can be categorised as held-to-maturity, in particular (a) its intention and ability to hold the assets to maturity and (b) whether the assets are quoted in an active market. If the Group fails to keep these investments to maturity other than in certain specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would, therefore, be measured at fair value rather than amortised cost.

5 Adoption of New or Revised Standards and Interpretations

The following new standards and interpretations became effective for the Group from 1 January 2015:

Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service.

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to a seven standards. IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

5 Adoption of New or Revised Standards and Interpretations (Continued)

Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2015. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported.

The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.

IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to four standards. The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The above mentioned new or amended standards and interpretations effective for the Group from 1 January 2015 did not have a material impact on the accounting policies, financial position or performance of the Group.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016 or later, and which the Group has not early adopted.

IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

6 New Accounting Pronouncements (Continued)

- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group is currently assessing the impact of the new standard on its financial statements.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

The Group is currently assessing the impact of the amendments on its financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of the new standard on its financial statements.

Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The Group does not expect that it will have any impact on its financial statements.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group is currently assessing the impact of the amendments on its separate financial statements.

6 New Accounting Pronouncements (Continued)

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 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7.

The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise.

IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The Group is currently assessing the impact of the amendments on its financial statements.

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements.

The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

IFRS 16 "Leases" (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates classification of leases as either operating leases or finance leases as is required by IAS17 and instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently assessing the impact of the amendments on its financial statements.

6 New Accounting Pronouncements (Continued)

Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12 (issued in January 2016 and effective for annual periods beginning on or after 1 January 2017). The amendment has clarified the requirements on recognition of deferred tax assets for unrealized losses on debt instruments. The entity will have to recognize deferred tax asset for unrealized losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains. The Group is currently assessing the impact of the amendments on its financial statements.

Disclosure Initiative – Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017) The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Group is currently assessing the impact of the amendments on its financial statements.

7 Cash and Cash Equivalents

In thousands of Uzbekistan Soums	**31 December 2015**	**31 December 2014 (Restated)**
Cash balances with the CBU (other than mandatory reserve deposits)	223,048,353	77,166,446
Correspondent accounts and overnight placements with other banks	59,742,745	25,014,369
Placements with other banks with original maturities of less than three months	56,000,000	56,502,196
Cash on hand	42,739,027	44,786,642
Total cash and cash equivalents	**381,530,125**	**203,469,653**

As at 31 December 2015 cash balances with the CBU (other than mandatory reserve deposits) include an overnight deposit of UZS 218,000,000 thousand (31 December 2014: UZS 66,500,000 thousand) bearing a fixed interest rate of 0.02% per annum (2014: 0.02% per annum). As at 31 December 2015 and 31 December 2014, cash and cash equivalents in the amount of UZS 312,572,375 thousand (82%) and UZS 134,105,673 thousand (85%) were from five banks, respectively.

The credit quality of cash and cash equivalents balances is summarised as follows at 31 December 2015:

In thousands of Uzbekistan Soums	**Cash balances with the CBU**	**Correspondent accounts and overnight placements with other banks**	**Placements with other banks with original maturities of less than three months**	**Total**
Neither past due nor impaired				
- Central Bank of Uzbekistan	223,048,353	-	-	**223,048,353**
- Moody's "A1" rated	-	2,545	-	**2,545**
- Moody's "BAA1" rated	-	369,035	-	**369,035**
- Moody's "BAA3" rated	-	26,479	-	**26,479**
- Moody's "BA2" rated	-	25,151,063	-	**25,151,063**
- Moody's "BA3" rated	-	199,970	-	**199,970**
- Moody's "B2" rated	-	30,608,069	22,000,000	**52,608,069**
- Moody's "CAA1" rated	-	569,351	34,000,000	**34,569,351**
- S&P "B+" rated	-	189,638	-	**189,638**
- Fitch "B" rated	-	2,168,219	-	**2,168,219**
- Unrated	-	458,376	-	**458,376**
Total cash and cash equivalents, excluding cash on hand	**223,048,353**	**59,742,745**	**56,000,000**	**338,791,098**

7 Cash and Cash Equivalents (Continued)

The credit quality of cash and cash equivalents balances is summarised as follows at 31 December 2014:

In thousands of Uzbekistan Soums	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Placements with other banks with original maturities of less than three months	Total
Neither past due nor impaired				
- Central Bank of Uzbekistan	77,166,446	-	-	**77,166,446**
- Moody's "BAA1" rated	-	167,952	-	**167,952**
- Moody's "BAA3" rated	-	2,987	-	**2,987**
- Moody's "BA2" rated	-	1,398,405	-	**1,398,405**
- Moody's "BA3" rated	-	892,870	-	**892,870**
- Moody's "B2" rated	-	9,760,383	27,002,196	**36,762,579**
- Moody's "B3" rated	-	-	7,500,000	**7,500,000**
- Moody's "CAA1" rated	-	5,666	-	**5,666**
- S&P "B+" rated	-	-	15,000,000	**15,000,000**
- S&P "B-" rated	-	-	4,000,000	**4,000,000**
- Fitch "A+" rated	-	6,048,062	-	**6,048,062**
- Fitch "B-" rated	-	2,398,171	3,000,000	**5,398,171**
- Unrated	-	4,339,873	-	**4,339,873**
Total cash and cash equivalents, excluding cash on hand	**77,166,446**	**25,014,369**	**56,502,196**	**158,683,011**

Interest rate analysis of cash and cash equivalents is disclosed in Note 27.

8 Due from Other Banks

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014 (Restated)
Mandatory reserve with the CBU	118,427,735	90,996,327
Placements with other banks with original maturities of more than three months	23,001,292	427,651
Restricted cash	22,713,069	19,915,366
Total due from other banks	**164,142,096**	**111,339,344**

As at 31 December 2015 and 31 December 2014, due from other banks in the amount of UZS 161,139,254 thousand (98%) and UZS 66,457,610 thousand (99%) were from five banks, respectively.

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

As at 31 December 2015 mandatory cash balances with the CBU included mandatory reserve deposit for impaired assets in the amount of UZS 10,547,519 thousand (31 December 2014: UZS 9,479,762 thousand) and mandatory reserve on customer deposits in the amount of UZS 107,880,216 thousand (31 December 2014: UZS 81,516,565 thousand).

8 Due from Other Banks (Continued)

The credit quality of amounts due from other banks as at 31 December 2015 is summarised as follows:

In thousands of Uzbekistan Soums	Mandatory reserve with the CBU	Restricted cash	Placements with other banks with original maturities of more than three months	Total
Neither past due nor impaired				
- Central Bank of Uzbekistan	118,427,735	-	-	**118,427,735**
- Moody's "BAA1" rated	-	21,211,518	-	**21,211,518**
- Moody's "BA2" rated	-	363,336	-	**363,336**
- Moody's "B2" rated	-	-	6,500,000	**6,500,000**
- Moody's "B3" rated	-	-	5,000,000	**5,000,000**
- Moody's "CAA1" rated	-	-	10,000,000	**10,000,000**
- S&P "B+" rated	-	492,635	-	**492,635**
- Fitch "B-" rated	-	-	1,500,000	**1,500,000**
- Unrated	-	645,580	1,292	**646,872**
Total due from other banks	**118,427,735**	**22,713,069**	**23,001,292**	**164,142,096**

The credit quality of amounts due from other banks as at 31 December 2014 is summarised as follows:

In thousands of Uzbekistan Soums	Mandatory reserve with the CBU	Restricted cash	Placements with other banks with original maturities of more than three months	Total
Neither past due nor impaired				
- Central Bank of Uzbekistan	90,996,327	-	-	**90,996,327**
- Moody's "BAA1" rated	-	18,551,553	-	**18,551,553**
- Moody's "BAA3" rated	-	121,120	-	**121,120**
- Moody's "B2" rated	-	26,815	-	**26,815**
- Fitch "B-" rated	-	424,686	-	**424,686**
- Unrated	-	791,192	427,651	**1,218,843**
Total due from other banks	**90,996,327**	**19,915,366**	**427,651**	**111,339,344**

Movements in the provision for impairment of due from other banks are as follows:

In thousands of Uzbekistan Soums	2015	2014
Provision for impairment at 1 January	**-**	**500,000**
Recovery of impairment during the year	-	(500,000)
Provision for impairment at 31 December	**-**	**-**

Refer to Note 30 for the disclosure of the fair value of each class of due from other banks. Interest rate analysis of due from other banks is disclosed in Note 27.

9 Loans and Advances to Customers, including finance lease receivables

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014 (Restated)
Loans to legal entities	341,677,425	333,127,956
Loans to individuals	68,200,769	46,250,739
Finance lease receivables	25,551,074	24,275,861
Gross loans and advances to customers, including finance lease receivables	**435,429,268**	**403,654,556**
Less: Provision for impairment of loans and advances to customers	(6,735,422)	(4,348,763)
Total loans and advances to customers, including finance lease receivables	**428,693,846**	**399,305,793**

Movements in the provision for impairment during 2015 and 2014 are as follows:

In thousands of Uzbekistan Soums	Loans to legal entities	Loans to individuals	Finance lease receivables	Total
Provision for impairment at 1 January 2015	**2,855,562**	**98,771**	**1,394,430**	**4,348,763**
Provision for (recovery of) impairment during the year	1,517,489	516,320	(952,284)	**1,081,525**
Amounts recovered during the year	1,305,134	-	-	**1,305,134**
Provision for impairment at 31 December 2015	**5,678,185**	**615,091**	**442,146**	**6,735,422**

In thousands of Uzbekistan Soums	Loans to legal entities	Loans to individuals	Finance lease receivables	Total
Provision for impairment at 1 January 2014	**3,715,961**	**117,549**	**483,529**	**4,317,039**
Provision for (recovery of) impairment during the year	(793,309)	(18,778)	910,901	**98,814**
Amounts written off during the year	(67,090)	-	-	**(67,090)**
Provision for impairment at 31 December 2014	**2,855,562**	**98,771**	**1,394,430**	**4,348,763**

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

	31 December 2015		31 December 2014	
In thousands of Uzbekistan Soums	amount	%	amount	%
Production	169,259,808	38	196,519,617	49
Trade	108,712,825	25	73,059,587	18
Individuals	68,249,395	16	46,250,739	11
Services	32,033,035	7	19,917,258	5
Agriculture	20,954,631	5	21,281,741	5
Financial services	18,477,845	4	23,320,575	6
Construction	16,522,184	4	20,690,324	5
Other	1,219,545	1	2,614,715	1
Total loans and advances to customers, including finance lease receivables before impairment provision	**435,429,268**	**100**	**403,654,556**	**100**

9 Loans and Advances to Customers, including finance lease receivables (Continued)

At 31 December 2015 and 31 December 2014 the Group had a concentration of loans represented by UZS 105,274,404 thousand due from ten largest third party borrowers or 25% of gross loan portfolio (2014: UZS 130,966,093 thousand or 34%).

Information about collateral at 31 December 2015 is as follows:

In thousands of Uzbekistan Soums	**Loans to legal entities**	**Loans to individuals**	**Finance lease receivables**	**Total**
Loans guaranteed by other parties	53,462,293	263,795	6,399,383	60,125,471
Loans collateralised by:				
- real estate	203,631,460	1,042,606	11,063,399	215,737,465
- cash deposit	19,347,400	31,461,004	-	50,808,404
- insurance policy	3,336,534	34,985,627	1,251	38,323,412
- equipment	26,485,435	-	7,483,516	33,968,951
- motor vehicle	23,504,415	346,635	575,988	24,427,038
- goods in inventory	11,902,125	-	-	11,902,125
- unsecured loans	7,763	101,102	27,537	136,402
Total loans and advances to customers before impairment provision	**341,677,425**	**68,200,769**	**25,551,074**	**435,429,268**

Information about collateral at 31 December 2014 is as follows:

In thousands of Uzbekistan Soums	**Corporate loans**	**Consumer loans**	**Finance lease receivables**	**Total**
Loans guaranteed by other parties	42,782,654	211,099	5,121,041	48,114,794
Loans collateralised by:				
- real estate	205,401,321	1,120,900	12,555,892	219,078,113
- cash deposit	16,336,819	31,343,355	-	47,680,174
- equipment	23,734,447	-	5,955,807	29,690,254
- motor vehicle	26,243,430	387,029	643,109	27,273,568
- goods in inventory	18,597,969	-	-	18,597,969
- insurance policy	31,316	13,188,356	12	13,219,684
Total loans and advances to customers before impairment provision	**333,127,956**	**46,250,739**	**24,275,861**	**403,654,556**

Guarantees by other parties were not considered in assessment of discounted cash flows in calculation of provision for impairment of loans and adances to customers, including finance lease receivables.

9 Loans and Advances to Customers, including finance lease receivables (Continued)

Analysis by credit quality of loans outstanding at 31 December 2015 is as follows:

In thousands of Uzbekistan Soums	Loans to legal entities	Loans to individuals	Finance lease receivables	Total
Neither past due nor impaired	340,580,447	68,200,769	25,551,074	434,332,290
Past due but not impaired				
- 181 to 360 days overdue	1,096,978	-	-	1,096,978
Total past due but not impaired	**1,096,978**	**-**	**-**	**1,096,978**
Less: Provision for impairment of loans and advances to customers, including finance lease receivables	(5,678,185)	(615,091)	(442,146)	(6,735,422)
Total loans and advances to customers, including finance lease receivables	**335,999,240**	**67,585,678**	**25,108,928**	**428,693,846**

Analysis by credit quality of loans outstanding at 31 December 2014 is as follows:

In thousands of Uzbekistan Soums	Loans to legal entities	Loans to individuals	Finance lease receivables	Total
Neither past due nor impaired	326,953,430	46,206,989	22,134,834	395,295,253
Past due but not impaired				
- 30 to 90 days overdue	-	-	409,477	409,477
- 181 to 360 days overdue	2,655,834	-	-	2,655,834
Total past due but not impaired	**2,655,834**	**-**	**409,477**	**3,065,311**
Loans individually determined to be impaired (gross)				
- 30 to 90 days overdue	3,518,692	43,750	1,731,550	5,293,992
Total individually impaired loans (gross)	**3,518,692**	**43,750**	**1,731,550**	**5,293,992**
Less: Provision for impairment of loans and advances to customers, including finance lease receivables	(2,855,562)	(98,771)	(1,394,430)	(4,348,763)
Total loans and advances to customers, including finance lease receivables	**330,272,394**	**46,151,968**	**22,881,431**	**399,305,793**

The Group applied the portfolio provisioning methodology prescribed by IAS 39, Financial Instruments: Recognition and Measurement, and created portfolio provisions for impairment losses that were incurred, but have not been specifically identified with any individual loan, by the end of the reporting period. The Group's policy is to classify each loan as 'neither past due nor impaired' until specific objective evidence of impairment of the loan is identified. The impairment provisions may exceed the total gross amount of individually impaired loans as a result of this policy and the portfolio impairment methodology. The primary factors that the Group considers in determining whether a loan is impaired are its overdue status and realisability of related collateral, if any. Past due but not impaired loans primarily include collateralised loans where the fair value of collateral covers the overdue interest and principal repayments. The amount reported as past due but not impaired is the whole balance of such loans, not only the individual instalments that are past due. The financial effect of collateral 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").

9 Loans and Advances to Customers, including finance lease receivables (Continued)

The effect of collateral at 31 December 2015:

In thousands of Uzbekistan Soums	Over-collateralised assets		Under-collateralised assets	
	Carrying value of assets	Fair value of collateral accepted by the Bank	Carrying value of assets	Fair value of collateral accepted by the Bank
Loans to legal entities	335,991,477	1,086,061,996	7,763	-
Loans to individuals	67,484,579	73,125,402	101,102	-
Finance lease receivables	25,081,388	15,907,349	27,537	-
Total loans and advances to customers, including finance lease receivables	**428,557,444**	**1,175,094,747**	**136,402**	**-**

The effect of collateral at 31 December 2014:

In thousands of Uzbekistan Soums	Over-collateralised assets		Under-collateralised assets	
	Carrying value of assets	Fair value of collateral accepted by the Bank	Carrying value of assets	Fair value of collateral accepted by the Bank
Loans to legal entities	330,272,394	1,067,575,579	-	-
Loans to individuals	46,151,968	50,009,665	-	-
Finance lease receivables	22,881,431	14,512,072	-	-
Total loans and advances to customers, including finance lease receivables	**399,305,793**	**1,132,097,316**	**-**	**-**

The analysis of the gross finance lease receivables and their present value are as follows:

In thousands of Uzbekistan Soums	Due within 1 year	Due between 1 and 5 years	Total
Finance lease receivables at 31 December 2015	14,815,245	21,765,890	**36,581,135**
Unearned finance income	(4,018,565)	(7,011,496)	**(11,030,061)**
Provision for impairment	(186,830)	(255,316)	**(442,146)**
Present value of finance lease receivables at 31 December 2015	**10,609,850**	**14,499,078**	**25,108,928**

In thousands of Uzbekistan Soums	Due within 1 year	Due between 1 and 5 years	Total
Finance lease receivables at 31 December 2014	**15,060,597**	**14,059,961**	**29,120,558**
Unearned finance income	(1,765,061)	(3,079,636)	**(4,844,697)**
Provision for impairment	(508,030)	(886,400)	**(1,394,430)**
Present value of finance lease receivables at 31 December 2014	**12,787,506**	**10,093,925**	**22,881,431**

Refer to Note 30 for the disclosure of the fair value of each class of loans and advances to customers at 31 December 2015 and 31 December 2014. Interest rate analyses of loans and advances to customers are disclosed in Note 27. The information on related party transactions is disclosed in Note 33.

10 Investments Available for Sale

At 31 December, investments available for sale were as follows:

Name	Nature of business	Country of registration	31 December 2015	31 December 2014
"Credit Information Analytics Centre"	Banking	Uzbekistan	40,000	40,000
"Bozor, pul va kredit"	Financial	Uzbekistan	24,176	19,340
Other			2,867	2,867
Total investment securities available for sale			**67,043**	**62,207**

Investments available for sale include equity investments, registered in Uzbekistan and not publicly traded. Due to the nature of the local financial markets, it is not possible to obtain current market value for these investments.

The investees have not published recent financial information about their operations, their shares are not quoted and recent trade prices are not publicly accessible. These investments are carried at a cost. The Group sells its investment securities available for sale to buyers at agreed prices, previously carried at cost. Upon sale the Group recognises a gain or loss on the sale in profit or loss for the year.

11 Investment Securities Held to Maturity

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014
Corporate bonds	18,650,000	21,000,000
Certificates of deposits	13,500,000	3,000,000
Accrued interest	444,720	533,720
Total investment securities held to maturity	**32,594,720**	**24,533,720**

The debt securities are not collaterised. The primary factor the Group considers in determining whether a debt security is impaired is the overdue status of interest payments.

Analysis by credit quality of investment securities classified as held to maturity at 31 December is as follows:

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014
Neither past due nor impaired		
- Moody's "B-2" rated	29,553,222	21,533,720
- Fitch "B-" rated	3,041,498	3,000,000
Total	**32,594,720**	**24,533,720**

Refer to Note 30 for the disclosure of the fair value of each class of investment securities held to maturity. Interest rate analysis of investment securities held to maturity is disclosed in Note 27.

12 Investment in Associate

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014
JSC "UzRTSB"	5,254,448	5,045,008
Total investment in associates	**5,254,448**	**5,045,008**

12 Investment in Associate (Continued)

The table below summarises the movements in the carrying amount of investment in associate.

In thousands of Uzbekistan Soums	2015	2,014
Carrying amount at 1 January	**5,045,008**	**-**
Contribution to increase share capital via capitalization of dividends	1,576,110	-
Share of profit of associate	1,260,179	4,032,979
Dividends from associate	(2,626,849)	(1,050,740)
Fair value of net assets of associate acquired	-	2,062,769
Carrying amount at 31 December	**5,254,448**	**5,045,008**

The Group's interest in its principle associate was as follows:

	31 December 2015		31 December 2014	
Name	**% ownership interest held**	**Place of business**	**% ownership interest held**	**Place of business**
JSC "UzRTSB"	22.13	Uzbekistan	22.13	Uzbekistan

Summarised financial information is as follows at 31 December 2015 and 31 December 2014:

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014
Current assets	336,504,876	304,704,390
Non-current assets	18,771,781	14,587,724
Current liabilities	331,533,107	296,494,970
Revenue	27,232,659	28,700,383
Profit from continuing operations	6,590,994	9,186,531
Total comprehensive income	6,590,994	9,186,531

The Group had no material share of contingent liabilities of the associate as at 31 December 2015 and 31 December 2014.

13 Premises, Equipment and Intangible Assets

In thousands of Uzbekistan Soums	Buildings and premises	Office and computer equipment	Construction in progress	Total premises and equipment	Intangible assets	Total
Cost						
31 December 2013 (Restated)	**17,302,912**	**14,619,218**	**1,906,689**	**33,828,819**	**108,837**	**33,937,656**
Additions	-	5,554,295	1,526,420	7,080,715	-	7,080,715
Transfers	2,728,310	101,659	(2,829,969)	-		
Disposals	-	(125,052)	-	(125,052)	-	(125,052)
31 December 2014 (Restated)	**20,031,222**	**20,150,120**	**603,140**	**40,784,482**	**108,837**	**40,893,319**
Accumulated depreciation						
31 December 2013	**3,104,522**	**4,796,740**	**-**	**7,901,262**	**42,022**	**7,943,284**
Depreciation / amortisation charge (Note 20)	1,130,163	3,097,601	-	4,227,764	24,504	4,252,268
Disposals	-	(81,053)	-	(81,053)	-	(81,053)
31 December 2014	**4,234,685**	**7,813,288**	**-**	**12,047,973**	**66,526**	**12,114,499**
Cost						
31 December 2014	**20,031,222**	**20,150,120**	**603,140**	**40,784,482**	**108,837**	**40,893,319**
Additions	2,738	1,663,065	-	1,665,803	5,280	1,671,083
Disposals	(206,135)	(1,047,359)	-	(1,253,494)	(4,885)	(1,258,379)
31 December 2015	**19,827,825**	**20,765,826**	**603,140**	**41,196,791**	**109,232**	**41,306,023**
Accumulated depreciation						
31 December 2014	**4,234,685**	**7,813,288**	**-**	**12,047,973**	**66,526**	**12,114,499**
Depreciation / amortisation charge (Note 20)	1,439,982	3,972,758	-	5,412,740	24,504	5,437,244
Disposals	(317)	(831,496)	-	(831,813)	(4,641)	(836,454)
31 December 2015	**5,674,350**	**10,954,550**	**-**	**16,628,900**	**86,389**	**16,715,289**
Net book value						
31 December 2014 (Restated)	**15,796,537**	**12,336,832**	**603,140**	**28,736,509**	**42,311**	**28,778,820**
31 December 2015	**14,153,475**	**9,811,276**	**603,140**	**24,567,891**	**22,843**	**24,590,734**

14 Other Assets

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014 (Restated)
Other financial assets		
Receivable from money transfer systems	3,014,992	110,913
Forex swap (Note 31)	326,196	19,098
Commission income receivable	57,118	605,864
Total other financial assets	**3,398,306**	**735,875**
Other non-financial assets		
Repossessed collateral	975,000	975,000
Prepayments to suppliers	825,073	677,373
Prepaid expenses	414,552	1,186,187
Receivables from employees	195,837	162,377
Inventory	81,752	250,273
Other	381,447	147,031
Total other non-financial assets	**2,873,661**	**3,398,241**
Total other assets	**6,271,967**	**4,134,116**

Repossessed collateral represents real estate assets acquired by the Group in settlement of overdue loans. The Group expects to dispose of the assets in the foreseeable future. The assets do not meet the definition of non-current assets held for sale, and are classified as inventories in accordance with IAS 2 "Inventories". The assets were initially recognised at fair value when acquired.

Movements in the provision for impairment of other assets are as follows:

In thousands of Uzbekistan Soums	2015	2014
Provision for impairment at 1 January	**-**	**152,620**
Provision for impairment during the year	-	17,282
Amounts written off during the year	-	(169,902)
Provision for impairment at 31 December	**-**	**-**

At 31 December 2015 and 31 December 2014 all other financial assets are neither past due nor impaired. Refer to Note 30 for disclosure of the fair value of other financial assets.

15 Due to Other Banks

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014
Liabilities under letters of credit	15,874,719	3,658,938
Time deposits	2,986,131	4,733,111
Total due to other banks	**18,860,850**	**8,392,049**

Liabilities under letters of credit represent post-financing received from foreign banks and provided to the Group's clients under import letters of credit.

At 31 December 2015 and 31 December 2014 due to other banks in amount of UZS 21,740,851 thousand (95%) and UZS 6,141,898 thousand (73%), respectively, were provided by five banks.

Refer to Note 30 for the disclosure of the fair value of each class of amounts due to other banks. Interest rate analysis of due to other banks is disclosed in Note 27.

16 Customer Accounts

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014 (Restated)
Private and legal entities:		
- Current/settlement accounts	733,035,082	534,383,947
- Term deposits	49,321,517	45,100,526
Individuals		
- Current/settlement accounts	36,637,641	27,549,215
- Term deposits	63,630,363	42,181,613
Total customer accounts	**882,624,603**	**649,215,301**

Economic sector concentration within customer accounts are as follows:

In thousands of Uzbekistan Soums	31 December 2015 Amount	%	31 December 2014 Amount	%
Trade	453,847,259	51	371,194,237	57
Production	230,722,910	26	167,377,745	25
Individuals	100,268,004	11	69,730,828	11
Services	82,468,516	9	12,858,456	2
Agriculture	5,398,141	1	3,226,379	1
Communication	2,261,954	1	3,936,163	1
Other	7,657,819	1	20,891,493	3
Total customer accounts	**882,624,603**	**100**	**649,215,301**	**100**

At 31 December 2015 and 31 December 2014 customer accounts amounting to UZS 22,570,657 thousand and UZS 11,033,774 thousand, respectively, were used as collateral for letters of credit and other similar products issued by the Group.

At 31 December 2015 and 31 December 2014, customer accounts totaling UZS 319,583,099 thousand (36%) and UZS 286,256,959 thousand (44%), respectively, were due to 1 customer.

Refer to Note 30 for the disclosure of the fair value of each class of customer accounts. Interest rate analyses of customer accounts are disclosed in Note 27. Information on related party transactions is disclosed in Note 33.

17 Debt Securities in Issue

In thousands of Uzbekistan Soums	Maturity date	Annual coupon / interest rate	31 December 2015	31 December 2014
Bonds issued in January 2014	14 August 2018	9%	2,000,000	2,000,000
Bonds issued in October 2012	10 June 2017	10%	1,000,000	1,000,000
Bonds issued in September 2010	29 August, 2015	10%	-	3,000,000
Interest payable			47,500	207,823
Certificates of deposits		9%	4,095,112	-
Total debt securities in issue			**7,142,612**	**6,207,823**

At 31 December 2015, the Group debt securities in issue wered held by two counterparties (2014: three counterparties).

Refer to Note 30 for the disclosure of the fair value of each class of debt securities in issue. Interest rate analyses of debt securities in issue are disclosed in Note 27.

18 Other Liabilities

In thousands of Uzbekistan Soums	31 December 2015	31 December 2014
Other financial liabilities		
Security deposit on money transfer systems	758,540	-
Payable to suppliers	654,601	753,794
Payable to money transfer systems	145,671	-
Forex swap (Note 31)	32,107	67,222
Dividend payable	30,740	39,455
Other	192,597	43,533
Total other financial liabilities	**1,814,256**	**904,004**
Other non-financial liabilities		
Taxes other than on income tax payable	850,293	1,079,675
Deferred income	127,265	708,385
Payable to employees	133,541	385,858
Other	66,013	67,270
Total other non-financial liabilities	**1,177,112**	**2,241,188**
Total other liabilities	**2,991,368**	**3,145,192**

Refer to Note 30 for disclosure of the fair value of other financial liabilities.

19 Share Capital

In thousands of Uzbekistan Soums except for number of shares	Number of outstanding shares	Ordinary shares	Preference shares	Share premium	Total
At 31 December 2013	**26,250,000**	**27,932,523**	**29,210**	**3,433,110**	**31,394,843**
Issue of new shares	6,000,000	6,000,000	-	1,440,000	7,440,000
At 31 December 2014	**32,250,000**	**33,932,523**	**29,210**	**4,873,110**	**38,834,843**
Issue of new shares	8,000,000	7,660,683	-	2,168,924	9,829,607
At 31 December 2015	**40,250,000**	**41,593,206**	**29,210**	**7,042,034**	**48,664,450**

The nominal registered amount of the Group's issued share capital corresponds to the amount reported in these consolidated financial statements as at 31 December 2015, as follows:

In thousands of Uzbekistan Soums	Nominal registered amount	Effect of hyperinflation	Inflated amount
Total share capital, including share premium	46,952,717	1,711,733	48,664,450

At 31 December 2015 the total authorised number of ordinary and preference shares is 32,227 thousand and 23 thousand respectively (31 December 2014: 32,227 thousand shares and 23 thousand) with a par value of UZS 1,000 per share (31 December 2014: UZS 1,000 per share), including 32,227 thousand ordinary shares and 23 thousand preference shares issued and fully paid in UZS (31 December 2013: 32,227 and 23 thousand respectively). Each share carries one vote.

The preference shares are not redeemable and rank ahead of the ordinary shares in the event of the Bank's liquidation. The preference shares give the holders the right to participate in general shareholders' meetings without voting rights, except in instances where decisions are made in relation to reorganisation and liquidation of the Bank, and where changes and amendments to the Bank's charter which restrict the rights of preference shareholders are proposed.

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

19 Share Capital (Continued)

At the shareholders' meeting held on 3 June 2015, shareholders of the Group approved issuance of additional 8,000 shares and declared dividends for UZS 9,442,511 thousand for ordinary shares and UZS 3,450 thousand for preference shares.

At the shareholders' meeting held on 23 November 2015, shareholders of the Group declared dividends for UZS 10,312,640 thousand for ordinary shares. Out of this amount UZS 9,829,607 thousand was capitalized and the remaining amount of UZS 483,033 thousand was paid to shareholder.

20 Interest Income and Expense

In thousands of Uzbekistan Soums	**2015**	**2014 (Restated)**
Interest income		
Loans and advances to customers	58,621,222	49,181,662
Due from other banks	5,043,807	10,275,677
Investment securities held to maturity	2,080,919	2,357,412
Total interest income	**65,745,948**	**61,814,751**
Interest expense		
Amounts due to customers	10,685,690	6,972,004
Amounts due to other banks	721,837	1,110,294
Debt securities in issue	567,683	583,798
Total interest expense	**11,975,210**	**8,666,096**
Net interest income	**53,770,738**	**53,148,655**

21 Fee and Commission Income and Expense

In thousands of Uzbekistan Soums	**2015**	**2014 (Restated)**
Fee and commission income		
Settlement transactions	35,935,675	23,575,832
Commission on foreign currency operations	5,931,749	13,675,625
Guarantees and letters of credit	2,118,108	810,664
Commission on plastic cards	1,849,501	1,215,004
Cash transactions	469,969	784,234
Other	567,165	465,848
Total fee and commission income	**46,872,167**	**40,527,207**
Fee and commission expenses		
Cash collection	3,667,854	3,064,497
Settlement transactions	1,846,494	745,814
Commission on purhase of cash	1,526,064	6,245,936
Other	675,206	166,132
Total fee and commission expense	**7,715,618**	**10,222,379**
Net fee and commission income	**39,156,549**	**30,304,828**

22 Other Operating Income

In thousands of Uzbekistan Soums	**2015**	**2014**
Income from lease of property and equipment	988,709	531,955
Fines and penalties	648,813	393,326
Other	250,373	520,118
Total other operating income	**1,887,895**	**1,445,399**

23 Administrative and Other Operating Expenses

In thousands of Uzbekistan Soums	**2015**	**2014**
Staff costs	29,347,946	28,389,383
Taxes other than on income	6,229,922	4,985,005
Depreciation/amortization of premises, equipment and intangible assets (Note 13)	5,437,244	4,252,268
Security expenses	3,959,025	3,222,102
Membership fees	2,240,427	1,747,817
Stationery and office supplies	1,678,844	1,046,735
Repair and maintenance	1,164,734	1,163,678
Rent expenses	1,101,106	912,813
Postage, telephone and fax expenses	713,160	696,617
Charity	521,052	448,993
Advertising and promotion	457,855	648,513
Fuel expenses	342,395	314,850
Utilities	327,662	284,980
Professional services	324,460	252,509
Representation and entertainment	184,535	23,874
Travel expenses	155,575	387,129
Other	1,847,235	1,741,343
Total administrative and other operating expenses	**56,033,177**	**50,518,609**

Included in staff costs are social payment contributions of UZS 5,298,298 thousand (2014: UZS 3,645,877 thousand).

24 Income Taxes

(a) Components of income tax expense

Income tax expense comprises the following:

In thousands of Uzbekistan Soums	**2015**	**2014 (Restated)**
Current tax	9,400,556	7,757,236
Deferred tax (credit) / charge	(494,710)	1,037,410
Income tax expense for the year	**8,905,846**	**8,794,646**

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

The income tax rate applicable to the majority of the Bank's income is comprised of corporate income tax (15%) and infrastructure development tax (8%) with tax base for infrastructure development tax being accounting profit after corporate income tax charge. Effectively, statutory income tax rate is 21.8%.

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

24 Income Taxes (Continued)

In thousands of Uzbekistan Soums	2015	2014
Profit before tax	**40,733,345**	**41,307,305**
Theoretical tax charge at the applicable statutory rate - 21.8% (2014: 21.8%)	8,879,869	9,004,992
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Non-deductible expenses	1,037,901	1,529,013
- Tax exempt income	(1,011,924)	(1,739,359)
Income tax expense for the year	**8,905,846**	**8,794,646**

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements on these temporary differences is detailed below, and is recorded at the rate of 21.8% (2014: 21.8%).

In thousands of Uzbekistan Soums	2015	(Charged)/ credited to profit or loss	2014	(Charged)/ credited to profit or loss	2013
Tax effect of deductible/(taxable) temporary differences					
Loan impairment provision	(896,927)	252,379	(1,149,306)	(184,935)	(964,371)
Premises, equipment and intangible assets	52,293	53,686	(1,393)	(1,393)	-
Investment in associate	(570,299)	113,585	(683,884)	(709,654)	25,770
Acrual of expenses	270,783	122,976	147,807	4,037	143,770
Deferred income	(193,381)	(47,916)	(145,465)	(145,465)	-
Net deferred tax (liability) / asset (Restated)	**(1,337,531)**	**494,710**	**(1,832,241)**	**(1,037,410)**	**(794,831)**
Recognised deferred tax asset	323,076	542,626	147,807	(141,428)	169,540
Recognised deferred tax liability	(1,660,607)	(47,916)	(1,980,048)	(895,982)	(964,371)
Net deferred tax (liability) / asset (Restated)	**(1,337,531)**	**494,710**	**(1,832,241)**	**(1,037,410)**	**(794,831)**

25 Earnings per Share

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

The Bank has no dilutive potential ordinary and preference shares, therefore, the dilutued earnings per share equal the basic earnings per share. Earnings per share are calculated as follows:

In thousands of Uzbekistan Soums	2015	2014
Profit for the year attributable to preference shareholders	10,347	14,084
Profit for the year attributable to ordinary shareholders	31,817,152	32,498,575
Profit for the year attributable to the owners	**31,827,499**	**32,512,659**
Weighted average number of preference shares in issue	23,000	23,000
Weighted average number of ordinary shares in issue	36,873,575	27,718,803
Basic and diluted earnings per preference share (expressed in UZS per share)	**450**	**612**
Basic and diluted earnings per ordinary share (expressed in UZS per share)	**863**	**1,172**

Profit for the year attributable to ordinary and preference shares is calculated as follows:

In thousands of Uzbekistan Soums	2015	2014
Profit for the year attributable to shareholders	31,827,499	32,512,659
Less:		
Dividends on preference shares	(3,450)	(3,450)
Dividends on ordinary shares	(19,755,151)	(17,598,317)
Undistributed profit for the year	12,068,898	14,910,892
Undistributed profit for the year attributable to preference shareholders based on terms of the shares	6,897	10,634
Undistributed profit or loss for the year attributable to ordinary shareholders based on terms of the shares	12,062,001	14,900,258
Profit for the year allocated to shareholders	**12,068,898**	**14,910,892**

26 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person - or group of persons - who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by Management Board of the Group.

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

The Group is organised on the basis of three main business segments:

- Corporate banking – representing direct debit facilities, current accounts, deposits, loan and other credit facilities, foreign currency and derivative products;
- Retail banking – representing private banking services, private customer current accounts, savings, deposits, international money transfers, custody, debit cards, consumer loans and mortgages;
- Group function – treasury, finance and other central functions.

26 Segment Analysis (Continued)

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

The Group's segments are strategic business units that focus on different customers. They are managed separately because each business unit requires different marketing strategies and service level.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured based on profit or loss in the consolidated financial statements. Income taxes are managed on a Group basis and are not allocated to operating segments.

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

The CODM reviews financial information prepared based on Uzbekistan accounting standards and CBU instructions adjusted to meet the requirements of internal reporting. This financial information differs in certain aspects from International Financial Reporting Standards:

(i) deferred taxes are not calculated and accounted;
(ii) funds are generally reallocated between segments at internal interest rates set by the treasury department, which are determined by reference to market interest rate benchmarks, contractual maturities for loans and observed actual maturities of customer accounts balances;
(iii) income taxes are not allocated to segments;
(iv) loan provisions are recognised based on CBU instructions, management judgement and availability of information, rather than based on the incurred loss model prescribed in IAS 39;
(v) per Uzbekistan accounting legislation, premises and equipment are subject to obligatory revaluation at 1 January each year
(vi) commission income relating to lending is recognised immediately rather than deferred using the effective interest method; and
(vii) there are no national standards specifically dealing with financial instruments in terms of recognition, measurement, presentation and disclosure.

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

Segment information for the reportable segments for the year ended 31 December 2015 is set out below:

	Corporate banking	Retail banking	Group function	Eliminations	Total
Interest income	72,554,359	6,304,836	-	(14,473,018)	64,386,177
Fee and commission income	42,729,356	4,931,992	-	-	47,661,348
Net gain on foreign exchange operations	1,367,575	175,271	-	-	1,542,846
Net gain from financial derivatives	294,089	-	-	-	294,089
Share of result of associate	-	-	2,534,823	-	2,534,823
Other operating income	2,125,953	-	-	-	2,125,953
Total revenues	**119,071,332**	**11,412,099**	**2,534,823**	**(14,473,018)**	**118,545,236**
Interest expense	(15,776,999)	(9,967,863)	-	14,473,018	(11,271,844)
Fee and commission expense	(7,192,620)	(921,817)	-	-	(8,114,437)
Provision for impairment of loans to customers and finance lease receivables	(362,944)	(46,515)	-	-	(409,459)
Net loss from trading in foreign currencies	(64,249)	-	-	-	(64,249)
Administrative and other operating expenses	(50,085,192)	(6,341,982)	-	-	(56,427,174)
Segment profit before income tax	**45,589,328**	**(5,866,078)**	**2,534,823**	**-**	**42,258,073**

26 Segment Analysis (Continued)

	Corporate banking	Retail banking	Group function	Eliminations	Total
Cash and cash equivalents	37,881,836	295,578,878	-	-	333,460,714
Due from other banks	23,816,413	185,831,244	-	-	209,647,657
Loans and advances to customers, including finance lease receivables	68,200,771	332,745,555	-	-	400,946,326
Investments available for sale	-	-	67,043	-	67,043
Investment securities held to maturity	-	-	32,594,720	-	32,594,720
Investment in associate	-	-	3,484,034	-	3,484,034
Investment in subsidiary	-	-	3,240,000	(3,600,000)	(360,000)
Current income tax prepayment	-	-	963,155	-	963,155
Premises and equipment	3,807,976	29,763,654	-	-	33,571,630
Intangible assets	2,595	20,248	-	-	22,843
Other assets	-	16,247,708	-	-	16,247,708
Interbranch receivable	65,232,561	508,987,146	-	(574,219,707)	-
Total reportable segment assets	**198,942,152**	**1,369,174,433**	**40,348,952**	**(577,819,707)**	**1,030,645,830**
Due to other banks	3,090,581	-	-	-	3,090,581
Customer accounts	780,371,240	100,268,004	-	-	880,639,244
Debt securities in issue	-	-	7,142,612	-	7,142,612
Other liabilities	-	3,799,731	-	-	3,799,731
Interbranch payable	508,987,146	65,232,561	-	(574,219,707)	-
Total reportable segment liabilities	**1,292,448,967**	**169,300,296**	**7,142,612**	**(574,219,707)**	**894,672,168**
Capital expenditure	**-**	**-**	**-**	**-**	**-**

(e) Reconciliation of reportable profit or loss, assets and liabilities

Reconciliation of revenues and profit or loss for the year ended 31 December as follows:

	Period ended 31 December 2015
Profit before income tax	**42,258,073**
Provision for impairment of loans and advances to customers, including finance lease receivables	(312,066)
Share of result of associate	(1,366,670)
Cutoff of expenses and deferral of revenue	154,008
Profit before income tax	**40,733,345**

26 Segment Analysis (Continued)

	31 December 2015	
	Total assets	**Total liabilities**
Reportable assets / liabilities	**1,030,645,830**	**894,672,168**
Provision for impairment of loans and advances to customers, including finance lease receivables	4,959,979	-
Receivables / payables under letters of credit	15,874,719	15,874,719
Deferred income tax liability	-	1,337,531
Reversal of revaluation of premises and equipment	(8,763,861)	-
Investment in associate	1,770,414	-
Cutoff of expenses and deferral of revenue	(1,230,053)	251,951
Reclassification and netting	820,595	820,595
Reportable assets / liabilities	**1,044,077,623**	**912,956,964**

The reconciling items are attributable to the following:

- Impairment - This adjustment represents additional charge on impairment provision on loans to customers;
- Deferred tax - This adjustment relates to recognition of deferred tax assets and liabilities in accordance with IAS 12;
- Cutoff of expenses and deferral of revenue- This adjustment relates to recognition of cut off of expenses and deferral of revenue of income based on useful life of financial assets;
- Reversal of revaluation - This relates to reversal of revaluation of fixed assets performed in accordance with statutory accounting requirements;
- Reclassifications and netting - These adjustments relate to netting of assets and liabilities and income and expense that are allowable under IFRS and reclassification between groups under IFRS.

(f) Analysis of revenues by products and services

The Group's revenues are analysed by products and services in Notes 20 (Net interest income), Note 21 (Fee and commission income and expense) and in Note 22 (Other operating income).

(g) Geographical information

The Group conducts its operations in Uzbekistan and operations of the Group with their foreign counterparts are disclosed in Note 27. Significant part of revenue of the Group is generated within Uzbekistan, since most of financial assets outside Uzbekistan are noninterest bearing.

(h) Major customers

The Group does not have customers with the revenues exceeding 10% of the total revenue of the Group.

27 Financial Risk Management

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

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

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

27 Financial Risk Management (Continued)

For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. Refer to Note 29. The credit risk is mitigated by collateral and other credit enhancements as disclosed in Note 29.

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

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of the Group's internal credit rating system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.Clients of the Bank are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Group's internal ratings scale:

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

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

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.Some other specific control and mitigation measures are outlined below.

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

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

27 Financial Risk Management (Continued)

- The Council of the Bank reviews and approves limits above the amount equivalent of 10 percent of Bank's tier 1 capital.

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

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

- letter of surety
- real estate
- equipment and motor vehicles used in borrower's business
- insurance policy
- goods in inventory
- cash deposit

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

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

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

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

Impairment and provisioning policies. The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:

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

The Group's policy requires the review of individual financial assets that are above certain materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

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

27 Financial Risk Management (Continued)

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

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Group’s exposure to foreign currency exchange rate risk at the balance sheet date:

In thousands of Uzbekistan Soums	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**
2015			
UZS	869,898,151	(776,155,707)	93,742,444
US Dollars	137,933,150	(127,077,560)	10,855,590
Euros	7,261,496	(6,924,146)	337,350
Other	520,744	(284,908)	235,836
Total	**1,015,613,541**	**(910,442,321)**	**105,171,220**
2014			
UZS	636,506,413	(580,670,274)	55,836,139
US Dollars	87,014,673	(76,221,422)	10,793,251
Euros	19,270,034	(7,827,481)	11,442,553
Other	1,700,480	-	1,700,480
Total	**744,491,600**	**(664,719,177)**	**79,772,423**

The Group takes on exposure to the effect of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. In respect of currency risk, the Council sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Bank’s Treasury Department measures its currency risk by matching financial assets and liabilities denominated in same currency and analyses effect of actual annual appreciation/depreciation of that currency against Uzbekistan Soums to the profit and loss of the Group.

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

In thousands of Uzbekistan Soums	**At 31 December 2015 Impact on profit or loss**	**At 31 December 2014 Impact on profit or loss**
US Dollars strengthening by 20% (2014: 20%)	2,171,118	2,158,650
US Dollars weakening by 20% (2014: 20%)	(2,171,118)	(2,158,650)
EUR strengthening by 20% (2014: 20%)	67,470	2,288,511
EUR weakening by 20% (2014: 20%)	(67,470)	(2,288,511)

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

27 Financial Risk Management (Continued)

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

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

In thousands of Uzbekistan Soums	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 1 year	Non-monetary	Total
31 December 2015						
Total financial assets	525,761,254	240,486,882	111,389,042	137,976,363	-	**1,015,613,541**
Total financial liabilities	(798,590,199)	(57,519,912)	(25,193,798)	(29,138,412)	-	**(910,442,321)**
Net interest sensitivity gap at 31 December 2015	**(272,828,945)**	**182,966,970**	**86,195,244**	**108,837,951**	**-**	**105,171,220**
31 December 2014						
Total financial assets	313,893,609	71,072,698	210,822,920	143,657,365	5,045,008	**744,491,600**
Total financial liabilities	565,980,397	13,841,159	61,880,721	23,016,900	-	**664,719,177**
Net interest sensitivity gap at 31 December 2015	**879,874,006**	**84,913,857**	**272,703,641**	**166,674,265**	**5,045,008**	**1,409,210,777**

The Group has no significant exposure to interest rate risk, since all financial assets and liabilities are at fixed interest rates.

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

	2015			2014		
In % p.a.	**UZS**	**USD**	**EUR**	**UZS**	**USD**	**EUR**
Assets						
Cash and cash equivalents	0.02% - 11%	-	4%	0.02% - 11%	-	4%
Due from other banks	7%-11%	-	3.5%	7%-11%	-	3.5%
Loans and advances to customers, including finance lease receivables	4.5%-23%	10% - 23%	19% - 20%	4.5%-23%	10% - 23%	19% - 20%
Investment securities held to maturity	3% - 12%	-	-	3% - 12%	-	-
Liabilities						
Due to other banks	0% - 9%	0.5% - 10%	10%	0% - 9%	0.5% - 10%	10%
Customer accounts	0% - 21%	0% - 7%	-	0% - 21%	0% - 7%	-
Debt securities in issue	9%-10%	-	-	9%-10%	-	-

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

Other price risk. There is no active market for equity instruments in Uzbekistan and therefore it is difficult to assess the Group's exposure to equity price risk. The majority of equity investments held by the Group are measured at cost and regularly evaluated for impairment; accordingly, the Group's exposure to equity risk is not considered to be significant.

27 Financial Risk Management (Continued)

Geographical risk. The geographical concentration of the Group's financial assets and liabilities at 31 December 2015 is set out below:

In thousands of Uzbekistan Soums	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	354,338,128	18,698,349	8,493,648	381,530,125
Due from other banks	141,921,662	21,211,518	1,008,916	164,142,096
Loans and advances to customers, including lease receivables	428,693,846	-	-	428,693,846
Investments available for sale	67,043	-	-	67,043
Investment securities held to maturity	32,594,720	-	-	32,594,720
Investment in associate	5,254,448	-	-	5,254,448
Other financial assets	383,314	2,095,322	919,670	3,398,306
Total financial assets	**963,253,161**	**42,005,189**	**10,422,234**	**1,015,680,584**
Liabilities				
Due to other banks	2,986,131	5,919,447	9,955,272	18,860,850
Customer accounts	882,624,603	-	-	882,624,603
Debt securities in issue	7,142,612	-	-	7,142,612
Other financial liabilities	910,045	336,908	567,303	1,814,256
Total financial liabilities	**893,663,391**	**6,256,355**	**10,522,575**	**910,442,321**
Net balance sheet position as 31 December 2015	**69,589,770**	**35,748,834**	**(100,341)**	**105,238,263**
Credit related commitments (Note 29)	**79,662,741**	**-**	**-**	**79,662,741**

Cash and cash equivalents, due from other banks and due to other banks in OECD countries include accounts in German and Austrian banks.

Cash and cash equivalents, due from other banks and due to other banks in Non-OECD countries include accounts in banks of Kazakhstan and Russia.

27 Financial Risk Management (Continued)

The geographical concentration of the Group's financial assets and liabilities at 31 December 2014 is set out below:

In thousands of Uzbekistan Soums	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	203,469,653	-	-	203,469,653
Due from other banks	80,899,992	5,490,473	24,948,879	111,339,344
Loans and advances to customers	399,305,793	-	-	399,305,793
Investment securities available for sale	62,207	-	-	62,207
Investment securities held to maturity	24,533,720	-	-	24,533,720
Investment in associate	5,045,008	-	-	5,045,008
Other financial assets	735,875	-	-	735,875
Total financial assets	**714,052,248**	**5,490,473**	**24,948,879**	**744,491,600**
Liabilities				
Due to other banks	3,655,392	60,560	4,676,097	8,392,049
Customer accounts	649,215,301	-	-	649,215,301
Debt securities in issue	6,207,823	-	-	6,207,823
Other financial liabilities	904,004	-	-	904,004
Total financial liabilities	**659,982,520**	**60,560**	**4,676,097**	**664,719,177**
Net balance sheet position as 31 December 2014	**54,069,728**	**5,429,913**	**20,272,782**	**79,772,423**
Credit related commitments (Note 29)	**53,530,879**	**-**	**-**	**53,530,879**

27 Financial Risk Management (Continued)

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

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

- Current ratio (not to be less than 0.30), which is calculated as the ratio of liquid assets to liabilities payable on demand; the ratio was 0.62 at 31 December 2015 (31 December 2014: 0.52).

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

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

The table below shows liabilities at 31 December 2015 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows.

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.

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

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.

27 Financial Risk Management (Continued)

The undiscounted maturity analysis of financial liabilities at 31 December 2015 is as follows:

In thousands of Uzbekistan Soums	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**Over 12 months**	**Total**
Due to other banks	3,387,149	15,746,202	-	172,569	**19,305,920**
Customer accounts	794,978,999	41,494,945	27,567,692	26,259,011	**890,300,647**
Debt securities in issue	-	4,095,112	-	3,191,610	**7,286,722**
Other financial liabilities	1,055,716	-	-	758,540	**1,814,256**
Guarantees issued	3,196,800	6,728,113	7,710,086	10,624,704	**28,259,703**
Import letter of credit	11,448,490	12,362,970	12,131,089	4,046,371	**39,988,920**
Undrawn credit lines	33,984,775	-	-	-	**33,984,775**
Swaps	1,148,757	4,356,305	-	-	**5,505,062**
Total potential future payments for financial obligations	**849,200,686**	**84,783,647**	**47,408,867**	**45,052,805**	**1,026,446,005**

The undiscounted maturity analysis of financial liabilities at 31 December 2014 is as follows:

In thousands of Uzbekistan Soums	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**Over 12 months**	**Total**
Due to other banks	7,233,159	52,797	392,596	1,000,722	**8,679,274**
Customer accounts	568,525,096	63,110,387	19,766,481	-	**651,401,964**
Debt securities in issue	350,836	3,334,247	3,615,562	-	**7,300,645**
Other financial liabilities	904,004	-	-	-	**904,004**
Import letter of credit	7,732,157	21,539,876	-	3,488,256	**32,760,289**
Guarantees issued	980,816	5,262,508	8,476,332	2,564,100	**17,283,756**
Undrawn credit lines	14,520,608	-	-	-	**14,520,608**
Swaps	6,906,744	-	-	-	**6,906,744**
Total potential future payments for financial obligations	**600,246,676**	**93,299,815**	**32,250,971**	**7,053,078**	**732,850,540**

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

27 Financial Risk Management (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 31 December 2015:

In thousands of Uzbekistan Soums	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**Over 12 months**	**Total**
Assets					
Cash and cash equivalents	335,530,125	46,000,000	-	-	381,530,125
Due from other banks	126,632,417	23,688,782	4,628,254	9,192,643	164,142,096
Loans and advances to customers, including finance lease receivables	60,200,406	170,798,100	100,018,801	97,676,539	428,693,846
Investment securities held to maturity	-	-	6,741,987	25,852,733	32,594,720
Investment in associate	-	-	-	5,254,448	5,254,448
Other financial assets	3,398,306	-	-	-	3,398,306
Total financial assets	**525,761,254**	**240,486,882**	**111,389,042**	**137,976,363**	**1,015,613,541**
Liabilities					
Due to other Banks	3,381,394	15,306,888	-	172,568	18,860,850
Customer accounts	794,153,089	38,117,912	25,193,798	25,159,804	882,624,603
Debt securities in issue	-	4,095,112	-	3,047,500	7,142,612
Other financial liabilities	1,055,716	-	-	758,540	1,814,256
Total financial liabilities	**798,590,199**	**57,519,912**	**25,193,798**	**29,138,412**	**910,442,321**
Net liquidity gap	**(272,828,945)**	**182,966,970**	**86,195,244**	**108,837,951**	**105,171,220**
Cumulative liquidity gap at 31 December 2015	**(272,828,945)**	**(89,861,975)**	**(3,666,731)**	**105,171,220**	

The above analysis is based on remaining contractual maturities. The entire portfolio of investment securities available for sale is classified within demand and less than one month based on management’s assessment of the portfolio’s realisability.

27 Financial Risk Management (Continued)

The analysis by remaining contractual maturities may be summarized as follows at 31 December 2014:

In thousands of Uzbekistan Soums	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**Over 12 months**	**Total**
Assets					
Cash and cash equivalents	203,469,653	-	-	-	203,469,653
Due from other banks	74,557,218	11,993,803	15,308,561	9,479,762	111,339,344
Loans and advances to customers, including finance lease receivables	34,621,936	58,498,895	185,914,359	120,270,603	399,305,793
Investment securities available for sale	62,207	-	-	-	62,207
Investment securities held to maturity	446,720	580,000	9,600,000	13,907,000	24,533,720
Investment in associate	-	-	-	5,045,008	5,045,008
Other financial assets	735,875	-	-	-	735,875
Total financial assets	**313,893,609**	**71,072,698**	**210,822,920**	**148,702,373**	**744,491,600**
Liabilities					
Due to other Banks	4,788,456	2,422,400	-	1,181,193	8,392,049
Customer accounts	560,080,114	11,418,759	58,880,721	18,835,707	649,215,301
Debt securities in issue	207,823	-	3,000,000	3,000,000	6,207,823
Other financial liabilities	904,004	-	-	-	904,004
Total financial liabilities	**565,980,397**	**13,841,159**	**61,880,721**	**23,016,900**	**664,719,177**
Net liquidity gap	**(252,086,788)**	**57,231,539**	**148,942,199**	**125,685,473**	**79,772,423**
Cumulative liquidity gap at 31 December 2014	**(252,086,788)**	**(194,855,249)**	**(45,913,050)**	**79,772,423**	

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.

A substantial portion of customer accounts are repayable on demand. A significant portion of these deposits are restricted of use by customers with no interest attached and there is diversification of these deposits by number and type of depositors. Group management therefore believe that these customer accounts provide a long-term and stable source of funding for the Group.

28 Management of Capital

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

Under the current capital requirements set by the CBU, banks have to maintain ratios of:

- Ratio of regulatory capital to risk weighted assets ("Regulatory capital ratio") above a prescribed minimum level of 10% (31 December 2014: 10%);
- Ratio of Group's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 7.5% (31 December 2014: 5%); and
- Ratio of Group's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6% (31 December 2014: 6%).

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

In thousands of Uzbekistan Soums	**31 December 2015 (unaudited)**	**31 December 2014 (unaudited)**
Tier 1 capital	99,153,139	95,404,556
Tier 2 capital	13,662,279	9,465,958
Total regulatory capital	**112,815,418**	**104,870,514**
Risk - weighted assets	**576,901,643**	**493,955,499**

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

29 Contingencies and Commitments

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

Tax legislation. Uzbek tax, currency and customs legislation is subject to varying interpretations can occur frequently. Management's interpretation of legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events within the 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.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2015 and 31 December 2014 no provision for potential tax liabilities had been recorded. The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital commitments – The Group had no material capital commitments outstanding at 31 December 2015 and 31 December 2014

Operating lease commitments – The Group had no material operating lease commitments outstanding at 31 December 2015 and 31 December 2014.

29 Contingencies and Commitments (Continued)

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, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

In thousands of Uzbekistan Soums	**31 December 2015**	**31 December 2014**
Import Letter of credits	39,988,920	32,760,289
Undrawn credit lines	33,984,775	14,520,608
Guarantees issued	28,259,703	17,283,756
SWAPs	5,505,062	6,906,744
Total credit related commitments	**107,738,460**	**71,471,397**
Less: Commitment collaterised by cash deposits	(28,075,719)	(17,940,518)
Total credit related commitments	**79,662,741**	**53,530,879**

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. Fair value of credit related commitments was UZS 2,245,373 thousand at 31 December 2015 (2014: UZS 1,519,049 thousand). Credit related commitments are denominated in currencies as follows:

In thousands of Uzbekistan Soums	**31 December 2015**	**31 December 2014**
Uzbekistan Soums	57,342,581	39,278,901
US Dollars	46,318,478	29,587,884
EUR	4,003,261	2,557,252
Other	74,140	47,360
Total credit related commitments	**107,738,460**	**71,471,397**

30 Fair Value of Financial Instruments

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).

30 Fair Value Disclosures (Continued)

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

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

Fair values analysed by level in the fair value hierarchy and carrying value of financial assets and liabilities not measured at fair value at 31 December 2015 are as follows:

	Level 1	Level 2	Level 3	Carrying value
Cash and cash equivalents				
Cash on hand	42,739,027	-	-	42,739,027
Cash balances with the CBU (other than mandatory reserve deposits)	-	223,048,353	-	223,048,353
Correspondent accounts and overnight placements with other banks	-	115,742,745	-	115,742,745
Due from other banks				
Mandatory cash balances with the CBU	-	118,427,735	-	118,427,735
Restricted cash	-	22,713,069	-	22,713,069
Placements with other banks with original maturities of more than three months	-	23,001,292	-	23,001,292
Loans and advances to customers, including finance lease receivables				
Loans to legal entities	-	-	335,999,240	335,999,240
Loans to individuals	-	-	67,585,678	67,585,678
Finance lease receivables	-	-	25,108,928	25,108,928
Investments available for sale	-	-	67,043	67,043
Investment securities held to maturity	-	32,594,720	-	32,594,720
Investment in associate	-	-	5,254,448	5,254,448
Other financial assets				
Receivable on money transfer systems	-	-	3,014,992	3,014,992
Forex swap	-	-	326,196	326,196
Others	-	-	57,118	57,118
TOTAL	**42,739,027**	**535,527,914**	**437,413,643**	**1,015,680,584**

	Level 2	Level 3	Carrying value
Due to other banks			
Time deposits	18,860,850	-	18,860,850
Customer accounts			
Current/settlement accounts	769,672,723	-	769,672,723
Term deposits	-	112,951,880	112,951,880
Debt securities in issue	7,142,612	-	7,142,612
Other financial liabilities			
Security deposit on money transfer systems	-	758,540	758,540
Payable to suppliers	-	654,601	654,601
Others	-	401,115	401,115
TOTAL	**795,676,185**	**114,766,136**	**910,442,321**

30 Fair Value Disclosures (Continued)

Fair values analysed by level in the fair value hierarchy and carrying value of financial assets and liabilities not measured at fair value at 31 December 2014 are as follows:

	Level 1	Level 2	Level 3	Carrying value
Cash and cash equivalents				
Cash on hand	44,786,642	-	-	44,786,642
Cash balances with the CBU (other than mandatory reserve deposits)	-	77,166,446	-	77,166,446
Correspondent accounts and overnight placements with other banks	-	81,516,565	-	81,516,565
Due from other banks				
Mandatory cash balances with the CBU	-	90,996,327	-	90,996,327
Restricted cash	-	19,915,366	-	19,915,366
Placements with other banks with original maturities of more than three months	-	427,651	-	427,651
Loans and advances to customers, including finance lease receivables				
Loans to legal entities	-	-	330,272,394	330,272,394
Loans to individuals	-	-	46,151,968	46,151,968
Finance lease receivables	-	-	22,881,431	22,881,431
Investments available for sale	-	-	62,207	62,207
Investment securities held to maturity	-	24,533,720	-	24,533,720
Investment in associate	-	-	5,045,008	5,045,008
Other financial assets				
Receivable on money transfer systems	-	-	110,913	110,913
Others	-	-	624,962	624,962
TOTAL	**44,786,642**	**294,556,075**	**405,148,883**	**744,491,600**

	Level 2	Level 3	Carrying value
Due to other banks			
Time deposits	8,392,049	-	8,392,049
Customer accounts			
Current/settlement accounts	561,933,162	-	561,933,162
Term deposits	-	87,282,139	87,282,139
Debt securities in issue	6,207,823	-	6,207,823
Other financial liabilities			
Payable to suppliers	-	753,794	753,794
Others	-	150,210	150,210
TOTAL	**576,533,034**	**88,186,143**	**664,719,177**

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

For assets, the Group used assumptions about counterparty's incremental borrowing rate and prepayment rates. Liabilities were discounted at the Group's own incremental borrowing rate. Liabilities due on demand were discounted from the first date that the amount could be required to be paid by the Group. The Group's liabilities to its customers are subject to deposit guaranteeing scheme as described in Note 1. The fair value of these liabilities reflects these credit enhancements.

30 Fair Value Disclosures (Continued)

As described in Note 4 due to the nature of the local financial markets, it is not possible to obtain current market value for investments available for sale. These investments are carried at cost.

31 Derivative Financial Instruments

The table below sets out fair values, at the end of the reporting period, of currencies receivable or payable under foreign exchange forward and swap contracts entered into by the Group. The table reflects gross positions before the netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the end of the respective reporting period. The contracts are short term in nature:

	31 December 2015		31 December 2014	
	Contracts with positive fair value	**Contracts with negative fair value**	**Contracts with positive fair value**	**Contracts with negative fair value**
Foreign exchange swaps: fair values, at the end of the reporting period, of				
- USD receivable on settlement (+)	4,151,773	-	3,783,736	-
- USD payable on settlement (-)	-	(1,353,286)	-	(5,413,425)
- UZS receivable on settlement (+)	-	1,321,179	-	5,346,203
- UZS payable on settlement (-)	(3,825,577)	-	(3,764,638)	-
Net fair value of foreign exchange swaps	**326,196**	**(32,107)**	**19,098**	**(67,222)**

32 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IAS 39 "Financial Instruments: Recognition and Measurement", classifies financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss ("FVTPL"). Financial assets at fair value through profit or loss have two sub-categories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading. The following table provides a reconciliation of financial assets with these measerument categories as of 31 December.

In thousands of Uzbekistan Soums	**Loans and receivables**	**Available-for-sale assets**	**Held to maturity**	**Total**
31 December 2015				
Cash and cash equivalents	381,530,125	-	-	381,530,125
Due from other banks	164,142,096	-	-	164,142,096
Loans and advances to customers, including finance lease receivables	428,693,846	-	-	428,693,846
Investments available for sale	-	67,043	-	67,043
Investment securities held to maturity	-	-	32,594,720	32,594,720
Other financial assets	3,398,306	-	-	3,398,306
Total financial assets at 31 December 2015	**977,764,373**	**67,043**	**32,594,720**	**1,010,426,136**
31 December 2014				
Cash and cash equivalents	203,469,653	-	-	203,469,653
Due from other banks	111,339,344	-	-	111,339,344
Loans and advances to customers, including finance lease receivables	399,305,793	-	-	399,305,793
Investments available for sale	-	62,207	-	62,207
Investment securities held to maturity	-	-	24,533,720	24,533,720
Other financial assets	735,875	-	-	735,875
Total financial assets at 31 December 2014	**714,850,665**	**62,207**	**24,533,720**	**739,446,592**

All of the Group's financial liabilities were carried at amortised cost.

33 Related Party Transactions

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control 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.

At 31 December, the outstanding balances of related parties are as follows:

In thousands of Uzbekistan Soums	2015 Shareholders	2015 Other related parties	2015 Associate	2014 Shareholders	2014 Other related parties	2014 Associate
Gross amount of loans and advances to customers, including finance lease receivables (contractual interest rate: 18%)	-	37,059,929	-	-	39,253,701	-
Provision for impairment of loans and advances to customers	-	(240,032)	-	-	(183,332)	-
Customer accounts						
Current/settlement accounts	2,390,450	27,086,216	291,883,099	5,623,100	38,829,518	286,256,959
Term deposits (contractual interest rate: 9%)	-	-	27,700,000	-	-	-
Letters of credit	-	4,988,585	2,974,544	-	1,789,724	-

The income and expense arisng from related party transactions are as follows:

In thousands of Uzbekistan Soums	2015 Shareholders	2015 Other related parties	2015 Associate	2014 Shareholders	2014 Other related parties	2014 Associate
Interest income on loans and advances to customers	-	5,614,782	-	-	2,436,903	-
Interest expenses on amounts due to customers	-	-	1,800,169	-	-	-
Fee and commission income	65,123	2,611,363	174,383	20,738	744,023	-

Aggregate amounts lent and repayed by related parties during 2015 and 2014 were:

In thousands of Uzbekistan Soums	2015 Shareholders	2015 Other related parties	2015 Associate	2014 Shareholders	2014 Other related parties	2014 Associate
Amounts lent to related parties during the year	-	85,324,330	-	-	78,296,613	-
Amounts repaid by related parties during the year	-	(87,518,102)	-	-	(79,981,656)	-