OPEN JOINT-STOCK COMMERCIAL BANK “MICROCREDITBANK”

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

31 December 2009

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PricewaterhouseCoopers
Audit Subsidiary Company
5 Ivlev Street
Yakkasaray District
Tashkent 100090
Republic of Uzbekistan
Telephone +998 (71) 120 6101
Facsimile +998 (71) 120 6645
www.pwc.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Council of Open Joint-Stock Commercial Bank "Microcreditbank"

1 We have audited the accompanying consolidated financial statements of Open Joint-Stock Commercial Bank "Microcreditbank" (the "Bank"), which comprise the consolidated statement of financial position as of 31 December 2009 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 the financial statements.

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

Opinion

6 In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers Audit Subsidiary Company
15 March 2010
Tashkent, Uzbekistan

In thousands of Uzbekistan Soums	Note	31 December 2009	31 December 2008
ASSETS			
Cash and cash equivalents	7	77,085,858	79,090,055
Due from other banks	8	565,151	5,253,298
Loans and advances to customers, including finance lease receivables	9	244,766,085	158,677,426
Investment in associate	10	1,047,815	-
Investment securities available for sale	11	575,298	643,842
Premises, equipment and intangible assets	12	12,672,684	9,919,374
Other financial assets	13	673,110	776,328
Other assets	14	14,655,684	7,527,617
TOTAL ASSETS		**352,041,685**	**261,887,940**
LIABILITIES			
Due to other banks	15	2,536,500	3,567,136
Customer accounts	16	126,621,168	68,465,061
Borrowings from government and state organisations	17	64,549,415	58,800,234
Other liabilities	18	812,474	947,754
TOTAL LIABILITIES		**194,519,557**	**131,780,185**
EQUITY			
Share capital	19	150,280,545	124,264,206
Special reserve		988,864	-
Retained earnings		6,252,719	5,385,505
Net assets attributable to the Bank's equity holders		**157,522,128**	**129,649,711**
Minority interest		**-**	**458,044**
TOTAL EQUITY		**157,522,128**	**130,107,755**
TOTAL LIABILITIES AND EQUITY		**352,041,685**	**261,887,940**

Approved for issue and signed on behalf of the Board of Management on 15 March 2010.

Sayfiddinov J.B.
Chairman of the Board

Abdurahmonov O.M.
Chief Accountant

In thousands of Uzbekistan Soums	Note	2009	2008
Interest income	20	23,350,806	16,345,119
Interest expense	20	(4,755,429)	(3,086,825)
Net interest income		**18,595,377**	**13,258,294**
Provision for impairment of loans to customers and amounts due from other banks	8, 9	(2,327,619)	(1,600,814)
Net interest income after provision for loan impairment		**16,267,758**	**11,657,480**
Fee and commission income	21	18,320,059	12,849,308
Fee and commission expense	21	(5,552,379)	(2,739,737)
Gains less losses from trading in foreign currencies		56,889	205,930
Foreign exchange translation gains less losses		764,170	273,923
Impairment of investment securities available for sale		(50,047)	-
Loss on deemed disposal of subsidiary	10	(103,390)	-
Net other operating income	22	3,332,411	645,793
Administrative and other operating expenses	23	(29,775,410)	(19,820,026)
PROFIT FOR THE YEAR		**3,260,061**	**3,072,671**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,260,061**	**3,072,671**
Total comprehensive income is attributable to:			
Equity holders of the Bank		3,094,704	3,028,826
Minority interest		165,357	43,845
Total comprehensive income for the year		**3,260,061**	**3,072,671**
Earnings per share for profit attributable to the owners of the Bank, basic (expressed in UZS per share)	25	**21**	**37**

The notes set out on pages 5 to 60 form an integral part of these consolidated financial statements.

In thousands of Uzbekistan Soums	Note	Attributable to equity holders of the Bank: Share capital	Retained earnings	Special reserve	Total	Minority interest	Total equity
Balance at 1 January 2008		**75,643,999**	**2,356,679**	**-**	**78,000,678**	**-**	**78,000,678**
Total comprehensive income for 2008		-	3,028,826	-	3,028,826	43,845	**3,072,671**
Issue of ordinary shares - cash	18	48,620,207	-	-	48,620,207	-	**48,620,207**
Contribution of minority shareholders		-	-	-	-	414,199	**414,199**
Balance at 31 December 2008		**124,264,206**	**5,385,505**	**-**	**129,649,711**	**458,044**	**130,107,755**
Total comprehensive income for 2009		-	3,094,704	-	3,094,704	165,357	**3,260,061**
Issue of ordinary shares - cash	18	26,016,339	-	-	26,016,339	-	**26,016,339**
Dividends declared		-	(1,238,626)	-	(1,238,626)	-	**(1,238,626)**
Income tax and property tax exemption	24	-	(988,864)	988,864	-	-	**-**
Deemed disposal of subsidiary		-	-	-	-	(623,401)	**(623,401)**
Balance at 31 December 2009		**150,280,545**	**6,252,719**	**988,864**	**157,522,128**	**-**	**157,522,128**

In thousands of Uzbekistan Soums	Note	2009	2008
Cash flows from operating activities			
Interest received		22,527,061	15,651,326
Interest paid		(4,466,932)	(3,150,388)
Fee and commission received		18,423,276	12,957,554
Fee and commission paid		(5,552,378)	(2,739,737)
Income received from trading in foreign currencies		56,889	205,930
Other operating income received		3,240,094	410,873
Staff costs paid		(16,432,978)	(10,718,092)
Administrative and other operating expenses paid		(11,526,752)	(7,217,355)
Cash flows from operating activities before changes in operating assets and liabilities		**6,268,280**	**5,400,111**
Net decrease in due from other banks		4,301,406	12,360,114
Net increase in loans and advances to customers		(87,620,296)	(64,251,431)
Net (increase) in other assets		(6,995,634)	(1,886,848)
Net (decrease)/increase in due to other banks		(1,030,636)	3,025,080
Net increase in customer accounts		58,015,021	38,628,098
Net decrease in other liabilities		(1,861)	(31,806)
Net cash used in operating activities		**(27,063,720)**	**(6,756,682)**
Cash flows from investing activities			
Acquisition of investment securities available for sale		(7,700)	(8,319)
Proceeds from disposal of investment securities available for sale		26,194	120,000
Acquisition of associate		(500,000)	-
Disposal of subsidiary		(639,500)	-
Acquisition of premises, equipment and intangible assets		(5,243,890)	(2,859,664)
Proceeds from disposal of premises, equipment and intangible assets		309,436	159,913
Dividend income received		92,317	-
Net cash used in investing activities		**(5,963,143)**	**(2,588,070)**
Cash flows from financing activities			
Issue of ordinary shares	18	26,016,339	48,620,207
Capital contributions of minority shareholders		-	414,199
Proceeds from government and state organisations borrowings		213,021,988	575,708,677
Repayment of government and state organisations borrowings		(207,591,469)	(561,161,221)
Dividends paid		(1,189,944)	-
Net cash from financing activities		**30,256,914**	**63,581,862**
Effect of exchange rate changes on cash and cash equivalents		**765,752**	**141,981**
Net (decrease)/increase in cash and cash equivalents		**(2,004,197)**	**54,379,091**
Cash and cash equivalents at the beginning of the year	7	79,090,055	24,710,964
Cash and cash equivalents at the end of the year	7	**77,085,858**	**79,090,055**

1 Introduction

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2009 for Open Joint-Stock Commercial Bank "Microcreditbank" (referred to as the "Bank").

The Bank was incorporated and is domiciled in the Republic of Uzbekistan. The Bank is an open joint stock company limited by shares and was set up in accordance with Uzbekistan regulations.

The Bank is the shareholder of associate Open Joint-Stock Company "Agroinvestsugurta". The Company was registered in accordance with the legislation of the Republic of Uzbekistan on 9 April 2008. The main activity of the Company is the provision of insurance services in agricultural sector. The Company conducts its operations from its Head Office located in Tashkent and throughout Uzbekistan. This entity has been consolidated in these consolidated financial statements applying equity method of accounting.

On 31 December 2009 "Agroinvestsugurta", where the Bank had a controlling interest and which was consolidated in the Bank's consolidated financial statements as at and for the year ended 31 December 2008, made a new share issue of 2,650,000 shares comprising 312 percent of its previous number of shares (850,000 shares) on 31 December 2009. This resulted in the Bank losing its control over the subsidiary with the Bank's interest reduced to 27 percent. This interest was considered by the management to constitute significant influence and accordingly accounted for as an investment in associate in these consolidated financial statements for the year ended 31 December 2009 in accordance with IAS 28 "Investments in associates".

Principal activity. The Bank was formed in 2006 under the decree of the President of the Republic of Uzbekistan based on the former Joint-Stock Commercial Bank "Tadbirkor". It was registered in the Republic of Uzbekistan to carry out banking and foreign exchange activities and has operated under the general banking license # 37 issued by the Central Bank of the Republic of Uzbekistan ("CBU") and general license for foreign currency operations #28, granted on 11 May 2006 and 10 October 1995, respectively. The Bank's principal business activity is commercial, retail banking and insurance operations within the Republic of Uzbekistan.

The Bank participates in the state deposit insurance scheme, which was 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 conducts its banking operations from its Head Office located in Tashkent and 80 branches and 280 operating outlets throughout Uzbekistan (2008: 77 and 270 respectively).

As of December 31, the following shareholders owned more than 1% of the outstanding shares:

in %	2009	2008
Ministry of Finance of the Republic of Uzbekistan	53.3%	50.1%
Central Bank of Uzbekistan	26.7%	32.2%
National Holding Company "Uzbekneftegaz"	3.3%	0.8%
National Bank of Uzbekistan	2.3%	2.8%
Joint Stock Company "Uzbektelecom"	2.0%	1.2%
State Joint Stock Commercial bank "Asaka bank"	1.7%	1.6%
Open Joint Stock Commercial bank "Uzpromstroybank"	1.5%	1.9%
Open Joint Stock Commercial bank "Agro bank"	1.3%	1.6%
National Insurance Company "Uzbekinvest"	1.3%	1.2%
Others, individually owning less than 1%	6.5%	6.6%
Total ownership percent	**100.0%**	**100.0%**

As of 31 December 2009, the total number of shareholders was 34,239, which included 28,156 legal entities and 6,083 individuals (31 December 2008: 34,239, which included 28,156 legal entities and 6,083 individuals).

Registered address and place of business. The Bank's registered address is: 100096, Lutfiy Street, 14, Tashkent, Uzbekistan.

Presentation currency. These consolidated financial statements are presented in thousands of Uzbekistan Soums ("UZS thousands").

2 Operating Environment of the Bank

Republic of Uzbekistan. Whilst there have been improvements in recent years in the economic situation in the Republic of Uzbekistan, the economy of the country continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside of the Republic of Uzbekistan and a low level of liquidity in debt and equity markets. Additionally, the banking sector in the Republic of Uzbekistan is particularly impacted by political, legislative, fiscal and regulatory developments in the Republic of Uzbekistan. The largest Uzbekistan banks, being state-owned, act as the Government agents in developing the country's economy. The Banks play a significant role in the distribution of funds of the country's budget, which flow through the Banks to different governmental agencies and state and privately owned and controlled entities.

The prospects for future economic stability in the Republic of Uzbekistan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, regulatory and political developments, 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 the Republic of Uzbekistan including the application of existing and future legislation and tax regulations which significantly impact Uzbek financial markets and the economy overall. Management is unable to predict all developments which could have an impact on the banking sector and consequently what effect, if any, they could have on the financial position of the Bank.

In addition, economic conditions continue to limit the volume of activity in the financial markets. Market quotations may not be reflective of the values for securities, which would be determined in an efficient, active market involving willing buyers and willing sellers. Management has therefore used the best available information to adjust market quotations to reflect their best estimate of fair values where considered necessary. Where the Management could not reliably estimate fair value of the Bank's investment due to facts as an investee has not published recent financial information about its operation, its shares are not quoted or recent trade prices are not publicly accessible, the Bank recorded such investment at cost as described in Note 4.

Uzbekistan observed the following key economic indicators in 2009:

- Inflation for 2009: 7.4% compared to prior year: 7.8%;
- Official exchange rates:
  31 December 2009: USD 1 = UZS 1,511.40 (31 December 2008: 1 USD = 1,393.00).

Recent volatility in global and Uzbekistan financial markets. The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and high volatility in stock and currency markets. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere.

While not significantly impacted last year, Uzbekistan is now feeling the impact of the global financial crisis. The influence of the global financial crisis has manifested as follows:

- Reduced export of semi-finished and finished commodities;
- Reduced money remittances from Uzbeks working abroad;
- Impact on collection of receivables within economy;
- Impact on value of residential and non-residential property;
- Impact on financial services sector, particularly on liquidity of the banking sector.

Moreover, the volume of international wholesale financing has significantly reduced since August 2007, which may affect the ability of the Bank to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions.

Borrowers/debtors of the Bank may also be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for borrowers/customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in its impairment assessments.

The amount of provision for impaired loans is based on management's appraisals of these assets at the balance sheet date after taking into consideration the cash flows that may result from foreclosure less costs for obtaining and selling the collateral. The market in Uzbekistan for many types of collateral, especially real estate, has been severely affected by the recent volatility in global financial markets resulting in there being a low level of liquidity for certain types of assets. As a result, the actual realisable value on foreclosure may differ from the value ascribed in estimating allowances for impairment.

2 Operating Environment of the Bank (Continued)

The Uzbekistan Government has introduced a range of anti-crisis measures aimed at providing liquidity and supporting the largest Uzbekistan banks and companies. The Government has been taking steps to increase banks' capital to ensure stability in the financial system. The Ministry of Finance of the Republic of Uzbekistan and other state agencies have increased their stake in the capital of a number of largest Uzbekistan banks as a supportive measure against the financial crisis. The Government instructed certain Banks to issue long-term bonds for the total amount of UZS 110 billion to attract additional liquidity into the banking sector.

It also encouraged all Banks to issue more long-term loans by introducing tax incentive in terms of reduced corporate income rate depending on the level of the long-term loans in loan portfolios of the Banks. Outside of the financial services sector, the Uzbekistan Government adopted a special program aimed at promoting export-oriented entities. In particular, the Banks were required to extend such entities working capital loans at the preferential rates and restructure overdue and current loans as well as waive late payment penalties. Moreover, the Banks were required to take over the ownership of certain financially insolvent entities.

Due to above measures undertaken by the Government there has been no significant overall deterioration in the credit quality of the loan portfolio of the Bank. A detailed review has been undertaken and appropriate provisions have been made in relation to specific cases. As a result the overall provision level has moved as described in Note 9.

However, the full extent of the impact of the ongoing financial crisis is proving to be difficult to anticipate or completely guard against. Management is unable to reliably determine the effects on the Bank's future financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability in the current circumstances.

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 and the revaluation of available-for-sale financial assets. The Bank is required to maintain its records and prepare its consolidated financial statements for regulatory purposes in Uzbek soums in accordance with Uzbekistan Accounting Legislation and related instruction ("UAL"). These consolidated financial statements are based on the Bank's UAL books and records, adjusted and reclassified in order to comply with IFRS.

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.

Consolidated Financial Statements. Subsidiaries are those companies and other entities (including special purpose entities) in which the Bank, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Bank controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Bank (acquisition date) and are deconsolidated from the date that control ceases.

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 entire subsidiary use uniform accounting policies consistent with the Bank's policies.

Minority interest is that part of the net results and of the net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Bank. Minority interest forms a separate component of the Bank's equity

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 consolidated 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.

3 Summary of Significant Accounting Policies (Continued)

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, the amounts expressed in the measuring unit current at as 31 December 2005 are the basis for the carrying amounts in these consolidated 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.

Associates. Associates are entities over which the Bank 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. The carrying amount of associates includes goodwill identified on acquisition less accumulated impairment losses, if any. The Bank's share of the post-acquisition profits or losses of associates is recorded in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Bank and its associates are eliminated to the extent of the Bank'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 amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is the current bid price for financial assets and current asking price for financial liabilities which are quoted in an active market. For assets and liabilities with offsetting market risks, the Bank may use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply the bid or asking price to the net open position as appropriate. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the investees are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these consolidated financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

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. Refer to Note 4.

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. 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 balance sheet items.

3 Summary of Significant Accounting Policies (Continued)

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. 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 that the Bank commits to deliver a financial asset. All other purchases and sales are recognised on the settlement date with the change in value between the commitment date and settlement date not recognised for assets at cost or amortise cost; recognised in equity for assets classified as available for sale.

Derecognition of financial assets. The Bank derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Bank 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 the 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 additional 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 mandatory reserve deposits with the CBU and all interbank placements with other banks 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.

Due from other banks. Amounts due from other banks are recorded when the Bank advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from other banks are carried at amortised cost.

Loans and advances to customers. Loans and advances to customers are recorded when the Bank 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 and advances to customers are carried at amortised cost.

Impairment of financial assets carried at amortised cost. Impairment losses are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred 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 Bank 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 Bank considers in determining whether a financial asset is impaired are its overdue status and liquidity of related collateral, if any.

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

- any instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- the borrower experiences a significant financial difficulty as evidenced by the borrower's financial information that the Bank obtains;
- the borrower considers bankruptcy or a financial reorganisation;

3 Summary of Significant Accounting Policies (Continued)

- there is an adverse change in the payment status of the borrower as a result of changes in the national or local economic conditions that impact the borrower; or
- the value of collateral significantly decreases as a result of deteriorating market conditions.

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.

Impairment losses are always 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.

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.

Credit related commitments. The Bank enters into credit related commitments, including financial guarantees. 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 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. At each end of 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 settling the commitment at the end of reporting period.

Investment securities available for sale. This classification includes investment securities which the Bank 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.

Investment securities available for sale are carried at fair value. Dividends on available for sale equity instruments are recognised in the profit and loss for the year, when the Bank's right to receive payment is established and it is probable that the dividends will be collected. This category includes the investment made in bankrupted company made under governmental rehabilitation programme.

Impairment losses are recognised in profit or loss 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 removed from equity and recognised in profit or loss. Impairment losses on equity instruments are not reversed through profit or loss. 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 current period's profit or loss.

3 Summary of Significant Accounting Policies (Continued)

Available for sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. If there is objective evidence that an impairment loss has been incurred on an investment carried at cost, the amount of impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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. Cost of premises and equipment of acquired subsidiaries is the estimated fair value at the date of acquisition.

Construction in progress is carried at cost, less provision for impairment where required. Upon completion, assets are transferred to premises and equipment at their carrying amount. Construction in progress is not depreciated until the asset is available for use.

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.

At each reporting date 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 the statement of comprehensive income. 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.

Depreciation. Land and construction in progress is not depreciated. Depreciation on other items of premises and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Premises	20 years;
Equipment	5-7 years; and
Vehicles	5-7 years.

The residual value of an asset is the estimated amount that the Bank 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 Bank 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 statement of financial position date.

Intangible assets. All of the Bank's intangible assets have definite useful life and primarily include capitalised computer software.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets are amortised on a straight line basis over expected useful lives of five years.

Operating leases. Where the Bank is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Bank, 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 Bank 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.

3 Summary of Significant Accounting Policies (Continued)

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 Bank by counterparty banks. The non-derivative liability is carried at amortised cost. If the Bank purchases its own debt, the liability is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from early retirement of debt.

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

Borrowings from government and state organizations. Borrowings from government and state organizations are non-derivative liabilities to government and are carried at amortised cost.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period.

Share capital. Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note. The statutory accounting reports of the Bank are the basis for profit distribution and other appropriations. Uzbekistan legislation identifies the basis of distribution as the current year net profit.

Income and expense recognition. Interest income and expense are recorded 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.

When loans and other debt instruments become doubtful of collection, they are written down to 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.

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

Monetary assets and liabilities are translated into the functional currency at the official exchange rate of the CBU at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the functional currency at year-end official exchange rates of the CBU are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items, including equity investments. Effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

At 31 December 2009 the principal rate of exchange used for translating foreign currency balances was USD 1 = UZS 1,511.40 (2008: USD 1 = UZS 1,393.00) and EUR 1 = UZS 2,213.75 (2008: EUR 1 = UZS 2,050.36). Exchange restrictions and controls exist relating to converting UZS into other currencies. At present, the UZS is not a convertible currency outside of the Republic of Uzbekistan.

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.

3 Summary of Significant Accounting Policies (Continued)

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 the Republic of 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 the employees of the Bank.

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 consolidated financial statements after issue. The Bank's shareholders and management have the power to amend the consolidated financial statements after issue.

4 Critical Accounting Estimates, and Judgments in Applying Accounting Policies

The Bank makes estimates and assumptions that affect the amounts recognised in the 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. The Bank regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Bank 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. To the extent that the assessed delay in repayment of principal on 5% of the total loans and advances to customers differs by +/- one month, the provision would be approximately UZS 17,791 thousand (31 December 2008: UZS 64,473 thousand) higher or UZS 50,330 thousand (31 December 2008: UZS 41,777 thousand) lower.

Investments carried at cost. Management could not reliably estimate fair value of the Bank's available for sale investments in shares. The investments are carried at inflated cost of UZS 575,298 thousand (2008: UZS 643,842 thousand). The investee has not published recent financial information about its operations, its shares are not quoted and recent trade prices are not publicly accessible.

In 2009 the Bank sold its investments in shares of "Termez Business Center" (2008: Agromashleasing CJSC), previously carried at cost of UZS 20,000 thousand (2008: UZS 120,000 thousand) because their fair value could not be reliably determined.

Loans and advances for customers. The Bank obtains long term financing from government, state organisations at interest rates at which such institutions ordinarily lend in emerging markets and which may be lower than rates at which the Bank could source the funds from local lenders. As a result of such financing, the Bank is able to advance funds to specific customers (micro and small entities) at advantageous rates. Management have considered whether gains or losses should arise on initial recognition of such instruments. As the transactions are with unrelated parties, management's judgement is that these funds and the related lending are at the market rates and no initial recognition gains or losses should arise. In making this judgement management also considered that these instruments are a separate market segment.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations. Refer to Note 24.

5 Adoption of New or Revised Standards and Interpretations

Certain new standards and interpretations became effective for the Bank from 1 January 2009:

IFRS 8, Operating Segments. The standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments, with segment information presented on a similar basis to that used for internal reporting purposes. The adoption of IFRS 8 has no impact on the presentation of the Group's financial statements.

IAS 23, Borrowing Costs, revised in March 2007. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that is not carried at fair value and that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) form part of the cost of that asset, if the commencement date for capitalisation is on or after 1 January 2009. Other borrowing costs are recognised as an expense using the effective interest method. The Bank does not expect the amended standard to have a material effect on its financial statements

IAS 1, Presentation of Consolidated financial statements, revised in September 2007. The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which includes all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities are allowed to present two statements: a separate income statement and a statement of comprehensive income. The Bank has elected to present a single statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The revised IAS 1 had an impact on the presentation of the Bank's financial statements but had no impact on the recognition or measurement of specific transactions and balances.

Improvements to International Financial Reporting Standards (issued in May 2008). In 2008, the International Accounting Standards Board decided to initiate an annual improvements project as a method of making necessary, but non-urgent, amendments to IFRS. The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary; possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41.

Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The amendments did not have an impact on the consolidated financial statements of the Bank.

Puttable Financial Instruments and Obligations Arising on Liquidation—IAS 32 and IAS 1 Amendment. The amendment requires classification as equity of some financial instruments that meet the definition of financial liabilities. The Bank does not expect the amendment to affect its financial statements.

Vesting Conditions and Cancellations—Amendment to IFRS 2, Share-based Payment. The amendment clarified that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Bank does not expect the amendment to have a material effect on its financial statements.

IFRIC 13, Customer Loyalty Programmes. IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Bank does not operate any loyalty programmes.

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

IFRIC 15, Agreements for the Construction of Real Estate. The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognise revenue on such transactions. IFRIC 15 is not relevant to the Bank's operations because it does not have any agreements for the construction of real estate.

Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate—IFRS 1 and IAS 27 Amendment, issued in May 2008. The amendment allows first-time adopters of IFRS to measure investments in subsidiaries, jointly controlled entities or associates at fair value or at previous GAAP carrying value as deemed cost in the separate consolidated financial statements. The amendment also requires distributions from pre-acquisition net assets of investees to be recognised in profit or loss for the year rather than as a recovery of the investment. The amendment did not have an impact on these financial statements.

Improving Disclosures about Financial Instruments - Amendment to IFRS 7, Financial Instruments: Disclosures, issued in March 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity is required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its consolidated financial statements to evaluate the nature and extent of liquidity risk. The enhanced disclosures are included in these financial statements.

Embedded Derivatives - Amendments to IFRIC 9 and IAS 39, issued in March 2009. The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for. The amendment did not have an impact on these financial statements.

IFRIC 16, Hedges of a Net Investment in a Foreign Operation. The interpretation explains which currency risk exposures are eligible for hedge accounting and states that translation from the functional currency to the presentation currency does not create an exposure to which hedge accounting could be applied. The IFRIC allows the hedging instrument to be held by any entity or entities within a Bank except the foreign operation that itself is being hedged. The interpretation also clarifies how the currency translation gain or loss reclassified from other comprehensive income to profit or loss is calculated on disposal of the hedged foreign operation. Reporting entities apply IAS 39 to discontinue hedge accounting prospectively when their hedges do not meet the criteria for hedge accounting in IFRIC 16. IFRIC 16 is not relevant to the Bank's operations because it does not apply hedge accounting.

The International Financial Reporting Standard for Small and Medium-sized Entities (issued in July 2009) is a self-contained standard, tailored to the needs and capabilities of smaller businesses. Many of the principles of full IFRS for recognising and measuring assets, liabilities, income and expense have been simplified, and the number of required disclosures have been simplified and significantly reduced. The IFRS for SMEs may be applied by entities which publish general purpose consolidated financial statements for external users and do not have public accountability. The Bank is not eligible to apply the IFRS for SMEs due to the public accountability of its banking business.

Unless otherwise stated above, the amendments and interpretations did not have any significant effect on the Bank's consolidated financial statements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been published that are mandatory for the Bank's accounting periods beginning on or after 1 January 2010 or later periods and which the Bank has not early adopted:

IFRIC 17, Distributions of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognised in profit or loss for the year when the entity settles the dividend payable. IFRIC 17 is not relevant to the Bank's operations because it does not distribute non-cash assets to owners.

6 New Accounting Pronouncements (Continued)

IFRIC 18, Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. IFRIC 18 is not expected to have any impact on the Bank's financial statements.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This IFRIC clarifies the accounting when an entity settles its debt by issuing its own equity instruments. A gain or loss is recognised in profit or loss based on the fair value of the equity instruments compared to the carrying amount of the debt. The Bank is currently assessing the impact of the amended standard on its financial statements.

Classification of Rights Issues - Amendment to IAS 32 (issued 8 October 2009; effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The Bank does not expect the amendment to have any impact on its financial statements.

IAS 27, Consolidated and Separate financial statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Bank is currently assessing the impact of the amended standard on its financial statements.

IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer will have to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss for the year. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. IFRS 3 is not relevant to the Bank as it does not expect a business combination to occur.

Eligible Hedged Items—Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment is not expected to have an impact on the Bank's financial statements as the Bank does not apply hedge accounting.

IFRS 1, First-time Adoption of International Financial Reporting Standards (following an amendment in December 2008, effective for the first IFRS consolidated financial statements for a period beginning on or after 1 July 2009). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The Bank concluded that the revised standard does not have any effect on its financial statements.

Bank Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, Share-based Payment (effective for annual periods beginning on or after 1 January 2010). The amendments provide a clear basis to determine the classification of share-based payment awards in both and separate consolidated financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The Bank does not expect the amendments to have any material effect on its financial statements.

6 New Accounting Pronouncements (Continued)

Additional Exemptions for First-time Adopters - Amendments to IFRS 1, First-time Adoption of IFRS (effective for annual periods beginning on or after 1 January 2010). The amendments exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets and also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' when the application of their national accounting requirements produced the same result. The amendments will not have any impact on the Bank's financial statements.

Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Bank does not expect the amendments to have any material effect on its financial statements.

Amendment to IAS 24, Related Party Disclosures (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies; and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The Bank does not expect the amendment to have any significant impact on its financial statements.

IFRS 9, Financial Instruments Part 1: Classification and Measurement. IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss. All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

The Bank is considering the implications of the standard, the impact on the Bank and the timing of its adoption by the Bank.

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

7 Cash and Cash Equivalents

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Cash on hand	12,232,105	9,915,150
Cash balances with the CBU (other than mandatory reserve deposits)	44,193,199	63,059,100
Mandatory cash balances with CBU	7,726,110	3,643,311
Correspondent accounts and overnight placements with other banks	9,933,444	1,972,494
Placements with other banks with original maturities of less than three months	3,001,000	500,000
Total cash and cash equivalents	**77,085,858**	**79,090,055**

Cash balances with the CBU include an overnight deposit of UZS 42,950,000 thousand (31 December 2008: UZS 58,990,000 thousand) bearing a fixed interest rate of 0.5% per annum (31 December 2008: 0.5% per annum).

Interest rate analysis of cash and cash equivalents is disclosed in Note 28. Information on related party balances is disclosed in Note 33.

The credit quality of cash and cash equivalents balances may be summarised as follows at 31 December 2009:

In thousands of Uzbekistan Soums	Cash balances with the CBU including mandatory reserves	Correspondent accounts and overnight placements	Placements with other banks	Total
Neither past due nor impaired				
- Central Bank of Uzbekistan	51,919,309	-	-	**51,919,309**
- Aa1 (Moody's rated)	-	5,345,124	-	**5,345,124**
- Aa3 (Moody's rated)	-	2,052,987	-	**2,052,987**
- B2 (Moody's rated)	-	992,518	-	**992,518**
- B3 (Moody's rated)	-	208,931	2,000,000	**2,208,931**
- BBB+ to B- (Fitch rated)	-	1,333,884	-	**1,333,884**
- unrated*	-	-	1,001,000	**1,001,000**
Total cash and cash equivalents, excluding cash on hand	**51,919,309**	**9,933,444**	**3,001,000**	**64,853,753**

* Unrated banks represent large and medium Uzbekistan banks.

The credit quality of cash and cash equivalents balances at 31 December 2008 is as follows:

In thousands of Uzbekistan Soums	Cash balances with the CBU including mandatory reserves	Correspondent accounts and overnight placements	Placements with other banks	Total
Neither past due nor impaired				
- Central Bank of Uzbekistan	66,702,411	-	-	**66,702,411**
- AAA+ (Fitch rated)	-	1,755,045	-	**1,755,045**
- A+ (Fitch rated)	-	30,296	-	**30,296**
- A stable (Fitch rated)	-	31,543	-	**31,543**
- B+ stable (S&P rated)	-	140,841	-	**140,841**
- B (Moody's rated)	-	14,626	500,000	**514,626**
- B (Fitch rated)	-	143	-	**143**
Total cash and cash equivalents, excluding cash on hand	**66,702,411**	**1,972,494**	**500,000**	**69,174,905**

8 Due from Other Banks

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Short term placements with other banks with original maturities of more than three months	809,205	4,840,318
Long term placements with other banks	255,946	526,240
Less: Provision for impairment	(500,000)	(113,260)
Total due from other banks	**565,151**	**5,253,298**

Amounts due from other banks are not collateralised. Analysis by credit quality of amounts due from other banks outstanding at 31 December 2009 is as follows:

In thousands of Uzbekistan Soums	Short term placements with other banks	Long term placements with other banks	Total
Neither past due nor impaired			
B2 (Moody's rated)	-	31,681	**31,681**
B3 (Moody's rated)	-	120,500	**120,500**
B stable (Fitch rated)	-	28,732	**28,732**
unrated*	-	75,032	**75,032**
Total neither past due nor impaired	**-**	**255,946**	**255,946**
Balances individually determined to be impaired (gross)			
- over 360 days overdue	809,205	-	**809,205**
Total individually impaired (gross)	**809,205**	**-**	**809,205**
Less provision for impairment	**(500,000)**	**-**	**(500,000)**
Total due from other banks	**309,205**	**255,946**	**565,151**

Analysis by credit quality of amounts due from other banks outstanding at 31 December 2008 is as follows:

In thousands of Uzbekistan Soums	Short term placements with other banks	Long term placements with other banks	Total
Neither past due nor impaired			
B+stable (S&P rated)	-	58,277	**58,277**
B stable (Fitch rated)	-	32,129	**32,129**
B stable (Moody's rated)	-	11,653	**11,653**
B (Moody's rated)	4,000,000	172,047	**4,172,047**
B - (Fitch rated)	-	166,353	**166,353**
unrated*	31,113	85,781	**116,894**
Total neither past due nor impaired	**4,031,113**	**526,240**	**4,557,353**
Balances individually determined to be impaired (gross)			
- 180 to 360 days overdue	809,205	-	**809,205**
Total individually impaired (gross)	**809,205**	**-**	**809,205**
Less provision for impairment	**(113,260)**	**-**	**(113,260)**
Total due from other banks	**4,727,058**	**526,240**	**5,253,298**

* Unrated banks represent large and medium Uzbekistan banks.

8 Due from Other Banks (Continued)

The primary factor that the Bank considers in determining whether a deposit is impaired is its overdue status. As a result, the Bank presents above an ageing analysis of deposits that are individually determined to be impaired.

Refer to Note 31 for the estimated fair value of each class of amounts due from other banks. Interest rate analysis of due from other banks is disclosed in Note 28. Information on related party balances is disclosed in Note 33.

9 Loans and Advances to Customers, including Finance Lease Receivables

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Loans to small and medium enterprises, including finance lease receivables	156,195,685	87,824,185
Loans to farmers	56,173,075	38,042,645
Loans to individuals - consumer loans	16,426,640	17,021,708
Loans to individuals - entrepreneurs	8,541,944	10,292,552
State and municipal organisations	12,044,758	8,171,474
Total loans and advances to customers, including finance lease receivables, gross	**249,382,102**	**161,352,564**
Less: Provision for loan impairment	(4,616,017)	(2,675,138)
Total loans and advances to customers, including finance lease receivables	**244,766,085**	**158,677,426**

As at 31 December 2009, loans to small and medium enterprises include finance lease receivables of UZS 59,005,107 thousand (31 December 2008: UZS 31,311,991 thousand).

Movements in the provision for loan impairment during 2009 are as follows:

In thousands of Uzbekistan Soums	Loans to small and medium enterprises	Loans to individuals - consumer loans	Loans to individuals - entrepreneurs	State and municipal organisations	Total
Provision for loan impairment at 1 January 2009	**2,160,294**	**228,123**	**169,488**	**117,233**	**2,675,138**
Provision for/(recovery of) impairment during the year	1,647,034	284,792	(29,284)	38,337	**1,940,879**
Provision for impairment at 31 December 2009	**3,807,328**	**512,915**	**140,204**	**155,570**	**4,616,017**

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

Movements in the provision for loan impairment during 2008 are as follows:

In thousands of Uzbekistan Soums	Loans to small and medium enterprises	Loans to individuals - consumer loans	Loans to individuals - entrepreneurs	State and municipal organisations	Total
Provision for loan impairment at 1 January 2008	**988,865**	**101,271**	**75,242**	**52,044**	**1,217,422**
Provision for impairment during the year	1,201,267	126,852	94,246	65,189	**1,487,554**
Amounts writen off during the year as uncollectible	(29,838)	-	-	-	**(29,838)**
Provision for impairment at 31 December 2008	**2,160,294**	**228,123**	**169,488**	**117,233**	**2,675,138**

Economic sector risk concentrations within the customer loan portfolio at 31 December 2009 and 31 December 2008 are as follows:

	2009		2008	
In thousands of Uzbekistan Soums	Amount	%	Amount	%
Agriculture	111,314,486	44	78,462,223	47
Manufacturing	46,048,761	18	28,859,410	18
Trade and catering	56,848,726	23	23,834,729	15
Individuals	16,426,640	7	17,021,708	11
Logistics	2,501,943	1	5,976,699	4
Construction	10,210,031	4	3,657,927	2
Housing and communal services	3,774,319	2	3,115,059	2
Other	2,257,196	1	424,809	1
Total loans and advances to customers before impairment provision	**249,382,102**	**100**	**161,352,564**	**100**

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

Information about collateral at 31 December 2009 is as follows:

In thousands of Uzbekistan Soums	Loans to small and medium enterprises	Loans to farmers	Loans to individuals - consumer loans	Loans to individuals - entrepreneurs	State and municipal organisations	Total
- Unsecured	4,698,724	-	1,264,987	478,298	9,802,978	**16,244,987**
Loans collateralised by:						
- Guarantees	5,424,799	350,565	7,615,748	3,006,978	3,570	**16,401,660**
- Equipment	518,229	-	3,109	22,558	1,178,592	**1,722,488**
- Inventory	157,211	-	157,969	416,649	307,472	**1,039,301**
- Building	18,850,885	4,573	212,294	284,235	87,943	**19,439,930**
- Residential real estate	19,816,571	3,164	2,104,095	610,759	194,997	**22,729,586**
- Transport	104,179,396	4,264	3,855,771	3,594,305	396,585	**112,030,321**
- Insurance policy	117,413	55,810,509	311,323	121,214	-	**56,360,459**
- Cash deposits	2,323,324	-	898,443	6,948	24,386	**3,253,101**
- Other	109,133	-	2,901	-	48,235	**160,269**
Collateralised loans	**151,496,961**	**56,173,075**	**15,161,653**	**8,063,646**	**2,241,780**	**233,137,115**
Total before impairment provision	**156,195,685**	**56,173,075**	**16,426,640**	**8,541,944**	**12,044,758**	**249,382,102**

Information about collateral at 31 December 2008 is as follows:

In thousands of Uzbekistan Soums	Loans to small and medium enterprises	Loans to farmers	Loans to individuals - consumer loans	Loans to individuals - entrepreneurs	State and municipal organisations	Total
- Unsecured	4,358,421	-	-	179,224	5,166,986	**9,704,631**
Loans collateralised by:						
- Guarantees	7,432,920	431,846	10,748,186	6,756,726	570,917	**25,940,595**
- Equipment	348,221	-	9,534	32,777	1,214,592	**1,605,124**
- Inventory	3,690,178	-	897,954	216,960	118,497	**4,923,589**
- Building	9,196,719	20,482	198,152	351,376	102,302	**9,869,031**
- Residential real estate	6,857,479	-	635,999	415,628	3,163	**7,912,269**
- Transport	54,212,705	-	2,880,957	2,266,781	252,583	**59,613,026**
- Insurance policy	108,857	37,590,317	396,155	59,742	728,616	**38,883,687**
- Cash deposits	1,618,685	-	1,250,151	13,338	1,318	**2,883,492**
- Other	-	-	4,620	-	12,500	**17,120**
Collateralised loans	**83,465,764**	**38,042,645**	**17,021,708**	**10,113,328**	**3,004,488**	**151,647,933**
Total before impairment provision	**87,824,185**	**38,042,645**	**17,021,708**	**10,292,552**	**8,171,474**	**161,352,564**

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

Loan portfolio analysis by credit quality. The Bank estimates credit risk on the basis of professional judgment upon completing a comprehensive review of the borrower's activities taking into account its financial situation, debt service quality as well as all other information available to the Bank related to any other risks of the borrower.

Analysis by credit quality of loans outstanding at 31 December 2009 is as follows:

In thousands of Uzbekistan Soums	**Loans to small and medium enterprises**	**Loans to farmers**	**Loans to individuals - consumer loans**	**Loans to individuals - entrepreneurs**	**State and municipal organisations**	**Total**
Neither past due nor impaired						
- good	151,044,662	56,133,194	15,789,369	8,515,103	10,844,987	**242,327,315**
- standard	1,769,601	39,881	637,271	26,841	21,179	**2,494,773**
Total neither past due nor impaired	**152,814,263**	**56,173,075**	**16,426,640**	**8,541,944**	**10,866,166**	**244,822,088**
Past due but not impaired						
- less than 30 days overdue	574,431	-	-	-	-	**574,431**
- 30 to 90 days overdue	288,948	-	-	-	-	**288,948**
- 91 to 180 days overdue	235,999	-	-	-	-	**235,999**
Total past due but not impaired	**1,099,378**	**-**	**-**	**-**	**-**	**1,099,378**
Loans individually determined to be impaired (gross)						
- 30 to 90 days overdue	178,850	-	-	-	-	**178,850**
- 91 to 180 days overdue	1,799,756	-	-	-	-	**1,799,756**
- 181 to 360 days overdue	-	-	-	-	1,178,592	**1,178,592**
- over 360 days overdue	303,437	-	-	-	-	**303,437**
Total individually impaired loans (gross)	**2,282,043**	**-**	**-**	**-**	**1,178,592**	**3,460,635**
Less impairment for pool provisions	(2,910,445)	-	(512,913)	(140,204)	(19,773)	**(3,583,335)**
Less impairment provision for loans individually determined to be impaired	(896,883)	-	-	-	(135,798)	**(1,032,681)**
Total loans and advances to customers	**152,388,356**	**56,173,075**	**15,913,727**	**8,401,740**	**11,889,187**	**244,766,085**

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

Analysis by credit quality of loans outstanding at 31 December 2008 is as follows:

In thousands of Uzbekistan Soums	**Loans to small and medium enterprises**	**Loans to farmers**	**Loans to individuals - consumer loans**	**Loans to individuals - entrepreneurs**	**State and municipal organisations**	**Total**
Neither past due nor impaired						
- good	78,027,540	37,913,278	15,337,512	9,120,762	8,085,949	**148,485,041**
- standard	4,005,957	129,367	481,553	67,785	32,904	**4,717,566**
Total neither past due nor impaired	**82,033,497**	**38,042,645**	**15,819,065**	**9,188,547**	**8,118,853**	**153,202,607**
Past due but not impaired						
- less than 30 days overdue	3,082,405	-	1,202,643	1,104,005	52,621	**5,441,674**
Total past due but not impaired	**3,082,405**	**-**	**1,202,643**	**1,104,005**	**52,621**	**5,441,674**
Loans individually determined to be impaired (gross)						
- 30 to 90 days overdue	2,708,283	-	-	-	-	**2,708,283**
Total individually impaired loans (gross)	**2,708,283**	**-**	**-**	**-**	**-**	**2,708,283**
Less impairment for pool provisions	(1,564,979)	-	(228,123)	(169,488)	(117,233)	**(2,079,823)**
Less impairment provision for loans individually determined to be impaired	(595,315)	-	-	-	-	**(595,315)**
Total loans and advances to customers	**85,663,891**	**38,042,645**	**16,793,585**	**10,123,064**	**8,054,241**	**158,677,426**

The Bank 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 balance sheet date. The Bank'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 Bank considers in determining whether a loan is impaired are its overdue status and liquidity of related collateral, if any. As a result, the Bank presents above an ageing analysis of loans that are individually determined to be impaired.

Loans collateral. The Bank accepts different types of collateral. The Bank regularly monitors the condition and reviews the structure of the collateral.

The Bank has developed internal methodology, on the basis of which fair value of collateral should be determined. The value of collateral presented below was calculated based on this methodology and equal to the amount in collateral agreements. Actual realization value of collateral in respect of loans to corporate customers and individuals may significantly differ from the value disclosed below.

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

The fair value of collateral in respect of total loans and advances to customers at 31 December 2009 was as follows:

In thousands of Uzbekistan Soums	Loans to small and medium enterprises	Loans to farmers	Loans to individuals - consumer loans	Loans to individuals - entrepreneurs	State and municipal organisations	Total
- Guarantees	8,368,744	1,008,187	14,996,703	5,130,064	20,000	**29,523,698**
- Equipment	1,024,573	-	9,768	39,838	3,423,474	**4,497,653**
- Inventory	287,261	-	572,553	630,155	513,545	**2,003,514**
- Building	30,693,693	9,295	435,934	850,462	216,194	**32,205,578**
- Residential real estate	28,726,743	500	2,717,566	1,516,933	439,753	**33,401,495**
- Transport	150,771,339	250,000	7,766,242	8,245,730	622,623	**167,655,934**
- Insurance policy	140,435	9,499,659	547,366	164,894	-	**10,352,354**
- Cash deposits	1,440,888	-	525,298	13,250	9,210	**1,988,646**
- Other	97,550	-	5,805	-	202,000	**305,355**
Total	**221,551,226**	**10,767,641**	**27,577,235**	**16,591,326**	**5,446,799**	**281,934,227**

The fair value of collateral in respect of total loans and advances to customers at 31 December 2008 was as follows:

In thousands of Uzbekistan Soums	Loans to small and medium enterprises	Loans to farmers	Loans to individuals - consumer loans	Loans to individuals - entrepreneurs	State and municipal organisations	Total
- Guarantees	10,786,385	1,215,218	16,718,300	11,829,495	748,934	**41,298,332**
- Equipment	647,745	-	18,192	64,556	3,423,474	**4,153,967**
- Inventory	7,229,580	-	1,605,918	438,599	178,045	**9,452,142**
- Building	22,867,085	294,875	353,205	1,119,422	259,154	**24,893,741**
- Residential real estate	13,860,719	8,500	783,300	1,458,618	3,954	**16,115,091**
- Transport	103,985,132	-	5,150,573	6,829,599	461,048	**116,426,352**
- Insurance policy	362,686	149,651,408	639,323	98,898	967,982	**151,720,297**
- Cash deposits	2,683,581	-	2,280,319	44,408	6,497	**5,014,805**
- Other	-	-	9,215	-	15,625	**24,840**
Total	**162,422,913**	**151,170,001**	**27,558,345**	**21,883,595**	**6,064,713**	**369,099,567**

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 fair value of residential real estate at the reporting date was estimated by indexing the values determined by the Bank’s internal credit department staff at the time of loan inception for the average increases in residential real estate prices by city and region. The fair value of other real estate and other assets was determined by the Bank’s credit department using the Bank’s internal guidelines.

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

Finance lease payments receivable (gross investment in the leases) and their present values are as follows:

In thousands of Uzbekistan Soums	**Due within 1 year**	**Due between 1 and 5 years**	**Total**
Finance lease payments receivable at 31 December 2009	**32,649,010**	**32,526,688**	**65,175,698**
Unearned finance income	(3,327,257)	(771,101)	(4,098,358)
Impairment loss provision	(994,829)	(1,077,404)	(2,072,233)
Present value of lease payments receivable at 31 December 2009	**28,326,924**	**30,678,183**	**59,005,107**
Finance lease payments receivable at 31 December 2008	**15,630,000**	**18,917,968**	**34,547,968**
Unearned finance income	(1,538,765)	(823,068)	(2,361,833)
Impairment loss provision	(382,704)	(491,440)	(874,144)
Present value of lease payments receivable at 31 December 2008	**13,708,531**	**17,603,460**	**31,311,991**

All finance lease receivables relate to leases of equipment.

Refer to Note 31 for the estimated fair value of each class of loans and advances to customers, including finance lease receivables. Interest rate analysis of loans and advances to customers is disclosed in Note 28. Information on related party balances is disclosed in Note 33.

10 Investment in Associate

The table below summarises the movements in the carrying amount of the Bank's investment in "Agroinvestsugurta" as an associate:

In thousands of Uzbekistan Soums	**2009**
Carrying amount at 1 January	-
Consolidated net assets at date of disposal	1,151,205
Loss resulting from deemed disposal	(103,390)
Carrying amount at 31 December	**1,047,815**

At 31 December 2009, the Bank's interest in its principal associate and its summarised financial information, including total assets, liabilities, revenues and profit or loss, was as follows:

Name	**Country of incorporation**	**Assets**	**Liabilities**	**Revenues**	**Profit**	**% Interest held**
Agroinvestsugurta	Uzbekistan	6,860,609	3,019,807	4,508,473	338,683	27
Total		**6,860,609**	**3,019,807**	**4,508,473**	**338,683**	

Further information on investment in associate is provided in Note 1.

11 Investment Securities Available for Sale

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Corporate shares – unquoted	575,298	643,842
Total investment securities available for sale	**575,298**	**643,842**

Investment securities available for sale include equity securities with a carrying value of UZS 575,298 thousand (2008: UZS 643,842 thousand) which are not publicly traded. Management could not reliably estimate the fair value of the Bank's investments in shares and these are carried at cost. The investees have not published financial information about their operations, their shares are not quoted and recent trade prices are not publicly accessible.

In 2009, the Bank sold its investment in shares of "Termez Business Centre" and "Agrokimyotaminot" (2008: part of investment in shares of "Agromashleasing" CJSC), previously carried at inflated cost of UZS 49,533 thousand (2008: UZS 120,000 thousand). The stake was sold at original cost.

At 31 December 2009 and 31 December 2008 the principal equity investment securities available for sale were as follows:

Name	Nature of business	Country of registration	Carrying value 31 December 2009	Carrying value 31 December 2008
"Madad" insurance company	Insurance	Uzbekistan	372,127	387,127
"Karakalpak Mil" АЖ	Manufacturing	Uzbekistan	64,296	64,296
"Agromashleasing" CJSC	Leasing	Uzbekistan	50,000	50,000
Uzbekistan Bank Association	Other	Uzbekistan	40,631	40,631
"Termez Business Centre"	Other	Uzbekistan	-	35,861
"Doridarmon", (Turtkul) OJSC	Manufacturing	Uzbekistan	15,933	15,933
"Agregat plant" OJSC	Manufacturing	Uzbekistan	9,483	14,492
"Agrokimyotaminot" (Uchkizil)	Manufacturing	Uzbekistan	-	13,672
"Minitexinvest" leasing company	Leasing	Uzbekistan	5,426	10,426
Others	Other	Uzbekistan	17,402	11,404
Total investment securities available for sale			**575,298**	**643,842**

Information on related party investment securities available for sale is disclosed in Note 33.

12 Premises, Equipment and Intangible Assets

In thousands of Uzbekistan Soums	Buildings and Premises	Office and computer equipment	Total premises and equipment	Intangible Assets	Total
Cost at 31 December 2007	9,378,037	7,407,872	16,785,909	627,628	17,413,537
Accumulated depreciation/amortisation	(3,589,304)	(4,407,364)	(7,996,668)	(267,593)	(8,264,261)
Carrying amount at 31 December 2007	**5,788,733**	**3,000,508**	**8,789,241**	**360,035**	**9,149,276**
Additions	1,110,346	1,713,316	2,823,662	36,002	2,859,664
Disposals	(350,563)	(134,155)	(484,718)	(550)	(485,268)
Depreciation/amortisation charge (Note 23)	(538,998)	(968,107)	(1,507,105)	(97,193)	(1,604,298)
Carrying amount at 31 December 2008	**6,009,518**	**3,611,562**	**9,621,080**	**298,294**	**9,919,374**
Cost at 31 December 2008	10,243,617	8,912,138	19,155,755	659,230	19,814,985
Accumulated depreciation/amortisation	(4,234,099)	(5,300,576)	(9,534,675)	(360,936)	(9,895,611)
Carrying amount at 31 December 2008	**6,009,518**	**3,611,562**	**9,621,080**	**298,294**	**9,919,374**
Additions	718,470	4,242,336	4,960,806	118,930	5,079,736
Disposals	(67,799)	(240,356)	(308,155)	(1,281)	(309,436)
Depreciation/amortisation charge (Note 23)	(454,553)	(1,456,249)	(1,910,802)	(106,188)	(2,016,990)
Carrying amount at 31 December 2009	**6,205,636**	**6,157,293**	**12,362,929**	**309,755**	**12,672,684**
Cost at 31 December 2009	10,869,679	12,674,505	23,544,184	770,646	24,314,830
Accumulated depreciation/amortisation	(4,664,043)	(6,517,212)	(11,181,255)	(460,891)	(11,642,146)
Carrying amount at 31 December 2009	**6,205,636**	**6,157,293**	**12,362,929**	**309,755**	**12,672,684**

13 Other Financial Assets

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Commission receivable from customers	**673,110**	**776,328**

Analysis by credit quality of commission receivable from customers outstanding at 31 December 2009 and 31 December 2008 is as follows:

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Neither past due nor impaired		
- Medium sized companies	673,110	776,328
Total other financial assets	**673,110**	**776,328**

Refer to Note 31 for the disclosure of the fair value of each class of other financial assets.

14 Other Assets

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Prepayment for equipment	10,002,863	4,632,483
Office inventory	1,685,251	1,212,653
Prepayments for services	1,640,872	806,818
Repossessed collateral	421,155	719,183
Advances to Bank employees	317,601	41,116
Investment to bankrupted company	69,571	-
Prepayment for taxes other than income tax	47,036	58,651
Other	471,335	56,713
Total other assets	**14,655,684**	**7,527,617**

Prepayment for equipment mainly represents advances for equipment that is purchased for finance lease contracts. The Bank makes these purchases once the finance lease contract is signed with its customer.

Repossessed collateral represents real estate assets acquired by the Bank in settlement of overdue loans. The Bank expects to dispose of the assets in the foreseeable future. The assets do not meet the definition of non-current assets held for sale as the Bank had not initiated an active program to locate a buyer before the end of reporting period. The Bank has developed internal methodology, on the basis of which fair value of these assets should be determined. The assets were initially recognised at fair value based on this methodology.

15 Due to Other Banks

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Short term placements of other banks	2,536,500	3,567,136
Total due to other banks	**2,536,500**	**3,567,136**

Refer to Note 31 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 28.

16 Customer Accounts

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
State and public organisations		
- Current/settlement accounts	56,449,028	16,812,453
- Term deposits	10,976,087	16,429,806
Other legal entities		
- Current/settlement accounts	16,697,439	12,812,274
- Term deposits	4,723,936	379,331
Individuals		
- Current/demand accounts	29,289,539	13,030,288
- Term deposits	8,485,139	9,000,909
Total customer accounts	**126,621,168**	**68,465,061**

At 31 December 2009 the Bank had four customers (31 December 2008: three customers) with the aggregate balance of UZS 34,936,992 thousand (31 December 2008: UZS 16,956,337 thousand) or 28% (31 December 2008: 25%) of total customer accounts.

Refer to Note 31 for the disclosure of the fair value of each class of customer accounts. Interest rate analysis of customer accounts is disclosed in Note 28. Information on related party balances is disclosed in Note 33.

17 Borrowings from Government and State Organizations

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Borrowings from the Agricultural Fund under Ministry of Finance of the Republic of Uzbekistan	38,867,084	36,053,194
Borrowings from the State Property Committee	11,365,966	11,365,966
Borrowings from the Ministry of Finance of the Republic of Uzbekistan	8,017,973	9,024,658
Borrowings from non-budgetary funds	2,950,044	1,872,353
Borrowings from the Agricultural Sector Restructuring Agency	393,323	484,063
Borrowings from the Antimonopoly Committee of the Republic of Uzbekistan	2,500,000	-
Borrowings from the Ministry of Agriculture and Water management of the Republic of Uzbekistan	118,145	-
Borrowings from the United Nations Development Programme	336,880	-
Total borrowings from government and state organisations	**64,549,415**	**58,800,234**

As at 31 December 2009, borrowings from the Government Agricultural Products Purchase Fund for the state needs under the Ministry of Finance of the Republic of Uzbekistan ("the Agricultural Fund") as of UZS 38,867,084 thousand (31 December 2008: UZS 36,053,194 thousand) were used for financing the cotton harvest and corn crop of the year 2009 by the Bank to its customers in accordance with the governmental directives. The Bank earns a net interest margin of 2% on these borrowings. Maturity of the borrowings is linked with maturities of the individual loans made by the Bank.

As at 31 December 2009, borrowings from the State Property Committee as of UZS 11,365,966 thousand (31 December 2008: UZS 11,365,966 thousand) were used for project loans issued by the Bank to small companies in accordance with the governmental directives. The borrowing is interest free and without specified maturity.

As at 31 December 2009, borrowings from the Ministry of Finance of the Republic of Uzbekistan as of UZS 8,017,973 thousand (31 December 2008: UZS 9,024,658 thousand) were used for project loans issued by the Bank to small business companies. The rate of interest on this borrowing is 2% per annum. The maturity of this borrowing is 10 years with semi-annual repayment of the principal and payment of interest.

17 Borrowings from Government and State Organizations (Continued)

As at 31 December 2009, term borrowings from non-budgetary funds constitute UZS 2,950,044 thousand (31 December 2008: UZS 1,872,353 thousand) of loans made by non-budgetary funds at concessionary rates (up to 2%), which are advanced by the Bank to small and medium size enterprises (SMEs) at the Bank's fair interest margin. Such lending is made in accordance with the Government decree on lending to SMEs through the non-budgetary funds.

As at 31 December 2009, borrowings from the Agricultural Sector Restructuring Agency constituted a USD denominated loan totalling USD 265 thousand, currency equivalent of UZS 393,323 thousand (31 December 2008: USD denominated loan totalling USD 349 thousand, currency equivalent of UZS 484,027 thousand) used for project loans issued by the Bank to agricultural companies. The rate of interest on this borrowing is six month LIBOR+2.5% per annum. Repayment of the principal and payment of interest are made semi-annually.

As at 31 December 2009, borrowings from the Antimonopoly Committee of the Republic of Uzbekistan constituted UZS 2,500,000 thousand (31 December 2008: nil) used for project loans by the Bank to small business in the regions with high unemployment. The rate of interest on this borrowing is 3.5% per annum and maturity is 26 October 2012.

As at 31 December 2009, borrowings from the Ministry of Agriculture and Water management of the Republic of Uzbekistan constituted UZS 118,145 (31 December 2008: nil) used for project loans by the Bank to develop silkworm breeding in the Autonomous Republic of Karakalpakstan. The borrowing is interest free with maturity 31 December 2011.

As at 31 December 2009, borrowings from the United Nations Development Programme constituted a USD denominated loan totalling USD 223 thousand, currency equivalent of UZS 336,880 thousand (31 December 2008: nil) used for project loans issued by the Bank to private entrepreneurship. The borrowing is interest free with maturity 31 December 2010.

Refer to Note 31 for disclosure of the fair value of each class of other borrowed funds. Interest rate analysis of other borrowed funds is disclosed in Note 28. Information on related party balances is disclosed in Note 33.

18 Other Liabilities

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Deposits for stock subscription	236,252	236,594
Insurance liabilities	-	394,611
Taxes, other than income tax payable	320,117	136,838
Accounts payable for inventories and services	94,919	71,473
Settlements with employees	73,436	44,927
Other	87,750	63,311
Total other liabilities	**812,474**	**947,754**

19 Share Capital

In thousands of Uzbekistan Soums except for number of shares	Number of outstanding shares (in thousand)	Ordinary shares	Preference shares	Total
At 1 January 2008	**75,363**	**75,508,999**	**135,000**	**75,643,999**
New shares issued	48,620	48,620,207	-	48,620,207
At 31 December 2008	**123,983**	**124,129,206**	**135,000**	**124,264,206**
New shares issued	26,017	26,016,339	-	26,016,339
At 31 December 2009	**150,000**	**150,145,545**	**135,000**	**150,280,545**

The nominal registered amount of the Bank's issued share capital prior to restatement of capital contributions made before 1 January 2006 to the purchasing power of the Uzbekistan Soums at 31 December 2009 is UZS 150,000,000 thousand (31 December 2008: UZS 123,983,661 thousand).

19 Share Capital (Continued)

Following the restatement, the nominal registered amount of the Bank's issued share capital corresponds to the amount reported in these consolidated financial statements at 31 December 2009.

In thousands of Uzbekistan Soums	Nominal registered amount	Effect of hyperinflation	Inflated amount
Share Capital	150,000,000	280,545	150,280,545
Total share capital	**150,000,000**	**280,545**	**150,280,545**

The total authorised number of ordinary shares is 150,000 thousand shares (31 December 2008: 150,000 thousand shares) with a par value of UZS 1,000 per share (31 December 2008: UZS 1,000 per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

The total authorised number of preference shares is 135 thousand shares (31 December 2008: 135 thousand shares) with a par value of UZS 1,000 per share (31 December 2008: 1,000 per share). All issued preference shares are fully paid. The preference shares are not redeemable and rank ahead of the ordinary shares in the event of the Bank's liquidation.

20 Interest Income and Expense

In thousands of Uzbekistan Soums	2009	2008
Interest income		
Loans to small and medium enterprises	19,192,601	12,599,849
Loans to individuals - consumer loans	2,283,493	1,986,930
Loans to individuals - entrepreneurs	719,775	568,155
Loans to state and municipal organisations	687,384	261,493
Due from other banks	308,476	928,692
Other interest income	159,077	-
Total interest income	**23,350,806**	**16,345,119**
Interest expense		
Term deposits of individuals	2,363,288	1,192,807
Term deposits of state and public organisations	1,072,158	500,046
Government and state organizations	970,153	984,665
Term deposits of legal entities	223,722	15,657
Term placements of other banks	126,108	393,650
Total interest expense	**4,755,429**	**3,086,825**
Net interest income	**18,595,377**	**13,258,294**

21 Fee and Commission Income and Expense

In thousands of Uzbekistan Soums	2009	2008
Fee and commission income		
Settlement transactions	14,767,539	11,043,750
Plastic card service fee	1,116,445	270,092
Customer account service fee	861,943	352,806
Customer accounts opening	529,201	743,447
Foreign money transfers	427,432	275,890
Other	617,499	163,323
Total fee and commission income	**18,320,059**	**12,849,308**
Commission expense		
Cash collection services	2,882,082	1,665,837
Commission / agency fees on insurance policies	1,122,278	22,991
Payment centre fee expenses	720,596	807,169
Commission expense on foreign currency conversion	198,748	-
Software development commission expenses	164,712	113,220
Plastic card commission expenses	182,155	72,312
Other	281,808	58,208
Total fee and commission expense	**5,552,379**	**2,739,737**
Net fee and commission income	**12,767,680**	**10,109,571**

22 Net Other Operating Income

In thousands of Uzbekistan Soums	2009	2008
Insurance revenue	4,508,473	251,451
Insurance loss provision	(1,448,878)	(45,074)
Insurance claims paid	(293,669)	-
Rent income	229,138	94,989
Other	337,347	344,427
Total net other operating income	**3,332,411**	**645,793**

23 Administrative and Other Operating Expenses

In thousands of Uzbekistan Soums	Note	2009	2008
Staff costs		16,461,487	10,718,092
Security service costs		3,179,002	2,188,286
Taxes other than income tax		2,527,509	1,760,022
Depreciation/amortisation of premises, equipment and intangible assets	12	2,016,990	1,604,298
Office supplies		1,973,759	1,114,689
Telecommunication expenses		988,895	756,488
Loss on disposal of premises, equipment and intangible assets		-	325,355
Charity		468,803	386,809
Business trips		438,441	344,953
Rent expenses		423,084	240,926
Membership Fees		460,705	152,802
Professional services		199,075	120,625
Fines and Penalties		-	88,511
Other		637,660	18,170
Total administrative and other operating expenses		**29,775,410**	**19,820,026**

Included in staff costs are social security contributions of UZS 2,806,090 thousand (2008: UZS 1,853,872 thousand).

24 Income Taxes

In accordance with President's Decree №UP-3750 "On creation of Joint-Stock Commercial Bank "Microcreditbank" dated 5 May 2006, the Bank has exemption from payment of corporate income tax, property tax, VAT from sale of repossessed assets and customs duties available during the period until 1 January 2015. According to this decree all released funds are to be used for special purposes, mainly to further the development of the material and technical facilities of the Bank. The total exempt amount of corporate income tax and property tax for the year ended 31 December 2009 is UZS 988,864 thousand (31 December 2008: nil). This amount was disclosed as Special Reserve as part of equity in these consolidated financial statements.

Since the Bank is presently subject to a tax payment holiday, any items, which usually give rise to deferred taxes, will likely arise and reverse at a tax rate of nil. Hence, no deferred tax asset or liability has been recorded in these consolidated financial statements.

25 Earnings per Share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the Bank by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

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

In thousands of Uzbekistan Soums	2009	2008
Profit attributable to equity holders of the Bank	3,094,704	3,028,826
Weighted average number of ordinary shares in issue	144,578,187	81,964,965
Basic earnings per share (expressed in UZS per share)	**21**	**37**

26 Dividends

All dividends are declared in Uzbekistan Soum and paid in Uzbekistan Soum. Dividends payable are restricted to the maximum retained earnings of the Bank, which are determined according to legislation in the Republic of Uzbekistan.

In thousands of Uzbekistan Soums	2009
Dividends payable at 1 January	**-**
Dividends declared during the year	1,238,626
Dividends paid during the year	(1,189,944)
Dividends payable at 31 December	**48,682**
Dividends per share declared during the year in UZS per share	**10**

In accordance with Uzbekistan legislation, the Bank distributes profits as dividends on the basis of consolidated financial statements prepared in accordance with UAL. The Bank's profit under Uzbek National Accounting Standards for the year ended 31 December 2009 is UZS 3,826,378 thousand (31 December 2008: UZS 4,519,406 thousand).

27 Segment Analysis

Starting from 1 January 2009, the Bank prepares its segment analysis in accordance with IFRS 8, *Operating segments*, which replaced IAS 14, *Segment reporting*.

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 CODM are performed by the Management Board of the Bank.

27 Segment Analysis (Continued)

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

Business segments. The Bank is organised on the basis of branch segments, which effectively represents geographical segments:

- Head office – carries out the same operations as other branches below, and in addition money market operations. It is located in Tashkent.
- Other branches - representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages. They are located in other regions of Uzbekistan.

The Bank has 81 branches, of which only one, Head office, meets the criteria of 10% as described in IFRS 8.

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

The CODM reviews financial information prepared based on UAL adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

(i) Restatement of non-monetary assets, liabilities and equity formed prior to 1 January 2006;

(ii) Deferred taxes are not calculated and accounted;

(iii) Available for sale securities that are reported at cost rather than at fair value:

(iv) Assets and liabilities are carried out at amortised cost but not being fair valued at initial recognition,

(v) Subsidiaries are not consolidated.

The CODM evaluates performance of each segment based on net income.

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

Segment information for the reportable business segments of the Bank for the year ended 31 December 2009 is set out below:

In thousands of Uzbekistan Soums	**Head office**	**Other branches**	**Eliminations**	**Total**
Cash and cash equivalents	10,147,120	63,934,252	-	74,081,372
Due from other banks	3,018,669	247,483	-	3,266,152
Loans and advances to customers	16,325,226	230,492,161	-	246,817,387
Investments in associates	935,000	-	-	935,000
Investment securities available for sale	177,471	12,904	-	190,375
Premises, equipment and intangibles	3,045,618	11,917,857	-	14,963,475
Other assets	1,462,699	13,774,066	-	15,236,765
Interbranch receivable	163,687,887	52,579,573	(216,267,460)	-
Total reportable segment assets	**198,799,690**	**372,958,296**	**(216,267,460)**	**355,490,526**
Due to other banks	2,000,000	468,000	-	2,468,000
Customer accounts	19,646,749	106,859,299	-	126,506,048
Borrowings from government and state organisations	24,865,942	39,123,152	-	63,989,094
Other liabilities	212,984	793,817	-	1,006,801
Interbranch payable	3,476,642	212,790,818	(216,267,460)	-
Total reportable segment liability	**50,202,317**	**360,035,086**	**(216,267,460)**	**193,969,943**
Capital expenditure	1,033,913	4,045,823	-	**5,079,736**

27 Segment Analysis (Continued)

Segment information for the main reportable business segments of the Bank for the year ended 31 December 2009 is set out below:

In thousands of Uzbekistan Soums	Head office	Other branches	Eliminations	Total
Interest income	4,998,490	21,606,094	(3,412,857)	23,191,727
Fee and commission income	492,594	17,670,685	-	18,163,279
Net foreign exchange gain	807,421	9,419	-	816,840
Net other operating income	354,695	697,809	-	1,052,504
Total revenues	**6,653,200**	**39,984,007**	**(3,412,857)**	**43,224,350**
Interest expense	(1,834,475)	(6,029,339)	3,412,857	(4,450,957)
Provision for impairment of loans to customers and amounts due from other banks	(425,063)	(1,442,025)	-	(1,867,088)
Fee and commission expense	(234,354)	(3,996,998)	-	(4,231,352)
General, administrative and other operating expenses	(4,125,273)	(23,335,449)	-	(27,460,722)
Provision for income taxes	(151,018)	(1,236,836)	-	(1,387,854)
Segment result	**(116,983)**	**3,943,360**	**-**	**3,826,377**

Segment information for the reportable business segments of the Bank for the year ended 31 December 2008 is set out below:

In thousands of Uzbekistan Soums	Head office	Other branches	Eliminations	Total
Cash and cash equivalents	2,679,305	75,510,895	-	78,190,200
Due from other banks	5,374,079	548,775	-	5,922,854
Loans and advances to customers	10,211,412	150,213,526	-	160,424,938
Investments in associates	435,000	-	-	435,000
Investment securities available for sale	217,282	19,097	-	236,379
Premises, equipment and intangibles	2,606,303	7,998,040	-	10,604,343
Other assets	1,424,243	6,362,811	-	7,787,054
Interbranch receivable	138,500,129	18,117,430	(156,617,559)	-
Total reportable segment assets	**161,447,753**	**258,770,574**	**(156,617,559)**	**263,600,768**
Due to other banks	3,500,000	12,136	-	3,512,136
Customer accounts	20,033,371	48,440,659	-	68,474,030
Borrowings from government and state organisations	15,655,188	42,903,386	-	58,558,574
Other liabilities	37,959	588,340	-	626,299
Interbranch payable	2,292,118	154,325,441	(156,617,559)	-
Total reportable segment liability	**41,518,636**	**246,269,962**	**(156,617,559)**	**131,171,039**
Capital expenditure	702,840	2,156,824	-	**2,859,664**

27 Segment Analysis (Continued)

Segment information for the main reportable business segments of the Bank for the year ended 31 December 2008 is set out below:

In thousands of Uzbekistan Soums	Head office	Other branches	Eliminations	Total
Interest income	3,262,244	15,010,433	(1,925,640)	16,347,037
Fee and commission income	339,101	12,442,206	-	12,781,307
Net foreign exchange gain	467,150	12,703	-	479,853
Net other operating income	45,826	418,660	-	464,486
Total revenues	**4,114,321**	**27,884,002**	**(1,925,640)**	**30,072,683**
Interest expense	(1,090,633)	(4,082,577)	1,925,640	(3,247,570)
Provision for impairment of loans to customers and amounts due from other banks	-	(334,633)	-	(334,633)
Fee and commission expense	(237,186)	(2,479,560)	-	(2,716,746)
General, administrative and other operating expenses	(2,774,768)	(16,479,560)	-	(19,254,328)
Segment result	**11,734**	**4,507,672**	**-**	**4,519,406**

27 Segment Analysis (Continued)

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

Reconciliation of income and expense for the year ended 31 December 2009 is as follows:

In thousands of Uzbekistan Soums	Total amount for reportable segment	Adjust-ment 1	Adjust-ment 2	Adjust-ment 3	Adjust-ment 4	Adjust-ment 5	Adjust-ment 6	Reclassifi-cations	As reported under IFRS
Interest income	23,191,727	-	-	-	-	159,079	-	-	23,350,806
Fee commission income	18,163,279	-	-	-	-	-	-	156,780	18,320,059
Gains less losses from trading in foreign currencies	-	-	-	-	-	-	-	56,889	56,889
Net foreign exchange gains less losses	816,840	-	-	-	-	-	-	(52,670)	764,170
Net other operating income	1,052,504	(663,253)	40,699	102,038	-	4,505,220	-	(1,704,797)	3,332,411
Total revenues	**43,224,350**	**(663,253)**	**40,699**	**102,038**	**-**	**4,664,299**	**-**	**(1,543,798)**	**45,824,335**
Interest expense	(4,450,957)	-	-	-	(304,472)	-	-	-	(4,755,429)
Provision for impairment of loans to customers and amounts due from other banks	(1,867,088)	(487,240)	-	-	-	-	-	26,709	(2,327,619)
Fee commission expense	(4,231,352)	-	-	-	-	(1,122,278)	-	(198,749)	(5,552,379)
Impairment of investment securities available for sale	-	-	(23,338)	-	-	-	-	(26,709)	(50,047)
Loss on deemed disposal of subsidiary	-	-	-	-	-	(103,390)	-	-	(103,390)
Administrative and other operating expenses	(27,460,722)	-	(303,969)	(102,509)	-	(3,206,589)	354,651	943,728	(29,775,410)
Provision for income taxes	(1,387,854)	-	-	-	-	-	634,212	753,642	-
Segment result	**3,826,377**	**(1,150,493)**	**(286,608)**	**(471)**	**(304,472)**	**232,042**	**988,863**	**(45,177)**	**3,260,061**

27 Segment Analysis (Continued)

Reconciliation of assets and liabilities as at 31 December 2009 and capital expenditures is as follows:

In thousands of Uzbekistan Soums	Total amount for reportable segment	Adjust-ment 1	Adjust-ment 2	Adjust-ment 3	Adjust-ment 4	Adjust-ment 5	Adjust-ment 6	Reclassifi-cations	As reported under IFRS
ASSETS									
Cash and cash equivalents	74,081,372	-	-	-	-	-	-	3,004,486	77,085,858
Due from other banks	3,266,152	-	-	-	-	-	-	(2,701,001)	565,151
Loans and advances to customers	246,817,387	(2,338,807)	-	-	-	-	-	287,505	244,766,085
Investments in associates	935,000	-	-	-	-	112,815	-	-	1,047,815
Investment securities available for sale	190,375	(12,936)	397,859	-	-	-	-	-	575,298
Premises, equipment and intangibles	14,963,475	-	(1,231,982)	-	-	-	-	(1,058,809)	12,672,684
Other assets	15,236,765	-	-	(334,094)	-	-	-	426,123	15,328,794
TOTAL ASSETS	**355,490,526**	**(2,351,743)**	**(834,123)**	**(334,094)**	**-**	**112,815**	**-**	**(41,696)**	**352,041,685**
LIABILITIES									
Due to other banks	2,468,000	-	-	-	-	-	-	68,500	2,536,500
Customer accounts	126,506,048	-	-	-	-	-	-	115,120	126,621,168
Borrowings from government and state orginisations	63,989,094	-	-	-	546,132	-	-	14,189	64,549,415
Other liabilities	1,006,801	-	-	-	-	-	-	(194,327)	812,474
TOTAL LIABILITIES	**193,969,943**	**-**	**-**	**-**	**546,132**	**-**	**-**	**3,482**	**194,519,557**
Capital expenditure	**5,079,736**								**5,079,736**

27 Segment Analysis (Continued)

Reconciliation of income and expense for the year ended 31 December 2008 is as follows:

In thousands of Uzbekistan Soums	Total amount for reportable segment	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	Reclassifi-cations	As reported under IFRS
Interest income	16,347,037	-	-	-	(1,918)	-	-	16,345,119
Fee commission income	12,781,307	-	-	-	-	-	68,001	12,849,308
Gains less losses from trading in foreign currencies		-	-	-	-	-	205,930	205,930
Net foreign exchange gains less losses	479,853	-	-	-	-	-	(205,930)	273,923
Net other operating income	464,486		-	13,273	-	281,109	(113,075)	645,793
Total revenues	**30,072,683**	**-**	**-**	**13,273**	**(1,918)**	**281,109**	**(45,074)**	**30,320,073**
Interest expense	(3,247,570)	-	-	-	160,745	-	-	(3,086,825)
Provision for impairment of loans to customers and amounts due from other banks	(334,633)	(1,266,181)	-	-	-	-	-	(1,600,814)
Fee commission expense	(2,716,746)	-	-	-	-	(22,991)	-	(2,739,737)
Administrative and other operating expenses	(19,254,328)	-	(230,829)	(211,802)	-	(168,141)	45,074	(19,820,026)
Segment result	**4,519,406**	**(1,266,181)**	**(230,829)**	**(198,529)**	**158,827**	**89,977**	**-**	**3,072,671**

27 Segment Analysis (Continued)

Reconciliation of assets and liabilities as at 31 December 2008 and capital expenditures is as follows:

In thousands of Uzbekistan Soums	Total amount for reportable segment	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	Reclassifi-cations	As reported under IFRS
ASSETS								
Cash and cash equivalents	78,190,200	-	-	-	-	399,855	500,000	79,090,055
Due from other banks	5,922,854	(113,260)	-	-	-	-	(556,296)	5,253,298
Loans and advances to customers	160,424,938	(2,341,236)	-	-	-	414,500	179,224	158,677,426
Investments in associates	435,000	-	-	-	-	(435,000)	-	-
Investment securities available for sale	236,379	(12,935)	421,199	-	-	(801)	-	643,842
Premises, equipment and intangibles	10,604,343	-	(226,473)	-	-	164,154	(622,650)	9,919,374
Other assets	7,787,054	-	-	(311,785)	-	328,954	499,722	8,303,945
TOTAL ASSETS	**263,600,768**	**(2,467,431)**	**194,726**	**(311,785)**	**-**	**871,662**	**-**	**261,887,940**
LIABILITIES								
Due to other banks	3,512,136	-	-	-	-	-	55,000	3,567,136
Customer accounts	68,474,030	-	-	-	-	(74,288)	65,319	68,465,061
Borrowings from government and state orginisations	58,558,574	-	-	-	241,660	-	-	58,800,234
Other liabilities	626,299	-	-	-	-	441,774	(120,319)	947,754
TOTAL LIABILITIES	**131,171,039**	**-**	**-**	**-**	**241,660**	**367,486**	**-**	**131,780,185**
Capital expenditure	**2,859,664**							**2,859,664**

27 Segment Analysis (Continued)

The reconciling items are attributable to the following:

1. This adjustment relates to impairment provision of financial assets, as well as provision difference for loan impairment under IFRS;
2. This adjustment relates to restatement of non-monetary assets, liabilities and equity formed prior to 1 January 2006 under IAS 29;
3. This adjustment relates to accrual of administrative and other operating expenses;
4. This adjustment relates to interest accrual on borrowings from government and state organisations;
5. This adjustment relates to reversal of corporate income tax and property tax on which the Bank has a payment exemption;
6. This adjustment relates to consolidation of the subsidiary;
7. This represents reclassification between groups under IFRS.

(e) Analysis of revenues by products and services

The Bank's revenues are analysed by products and services in Note 20 (interest income), Note 21 (fee and commission income) and in Note 22 (net other operating income).

(f) Geographical information

The Bank conducts its operations in Uzbekistan and operations of the Bank with their foreign counterparties are disclosed in Note 28.

(g) Major customers

Revenues from customers which represent 10% or more of total revenues are as follows:

In thousands of Uzbekistan Soums	Head office	Other branches	Total
2009			
Entities under common control by Uzbekistan government	128,635	407,345	535,980
2008			
Entities under common control by Uzbekistan government	268,166	950,769	1,218,935

28 Financial Risk Management

The risk management function within the Bank is carried out in respect of financial risks (credit, market, and liquidity 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 to minimise operational and legal risks.

To provide further successful activity of the Bank and optimization of effectiveness providing banking services to the customers in the global financial market crisis situation the Bank made certain amendments to the credit/lending policy, business plan and strategy of the Bank effective from 2009.

Particularly special attention made to improvement qualification of the personnel, diversification of income sources and lending directions, where has relatively high level of risk in global market volatility, to conduct respective seminars and consultation to entrepreneurs, also revised authority/power of credit committees of regional and district branches of the Bank.

28 Financial Risk Management (Continued)

In addition, the new strategy of the Bank provides certain crisis management procedures, such as to support competition and stable growth of the Bank, increase of profitability by the wide participation in investment activities and structured changes in the economy.

Credit risk. The Bank 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 Bank's lending and other transactions with counterparties giving rise to financial assets.

Clients of the Bank are segmented into five rating classes. The Bank'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.

Bank's internal ratings scale:

Good	1	Timely repayment of these 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 estimating 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.
Standard	2	"Standard" loans are those loans, which are secured with a reliable source of secondary repayment (guarantee or collateral). On the whole, the financial situation of borrower is stable, but some unfavourable circumstances or tendencies are on the present, which raise doubts on the ability of the borrower to repay the loan on time. "Good" loans with insufficient information in the credit file or missed information on collateral could be also classified as "standard" loans.
Substandard	3	Substandard loans have obvious deficiencies, which make for doubtful repayment of the loan on the conditions, envisaged by the initial agreement. As for "substandard" loans, the primary source of repayment is not sufficient and the Bank has to seek additional loan repayment sources, which in case of non-repayment is a sale of collateral.
Doubtful	4	Doubtful loans are those loans, which have all the weaknesses inherent in those classified as "substandard" with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values highly questionable and improbable.
Loss	5	Loans classified as "loss" are considered to be uncollectible and have such little value that their continuance as bankable assets of the Bank is not warranted. This classification does not mean that the loans have absolutely no chance of recovery, but rather means that it is not practical or desirable to defer writing off these basically worthless assets even thought partial recovery may be effected in the future and the Bank should make efforts on liquidation such debts through selling collateral or should apply all forces for its repayment.

Risk limits control and mitigation policies. The Bank manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties and groups, and to industries.

The Bank 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 country are approved annually by the Bank 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.

28 Financial Risk Management (Continued)

Some other specific control and mitigation measures are outlined below.

(a) Collateral. The Bank 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 Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances are:

- letter of surety;
- building;
- insurance policy;
- equipment;
- inventory;
- deposit;
- residential house;
- furniture.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

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

- The Head office's Credit Committee reviews and approves limits up to UZS 500,000 thousand;
- Branch Credit Committees review and approve limits up to UZS 100,000 thousand.

(c) Concentration of risks of financial assets with credit risk exposure. The Bank's management focuses on concentration risk:

- Total amount of loan and advances to customers to one sector of economy except for trade sector shall not exceed the Bank's tier 1 capital;
- The maximum risk to a single borrower or group of affiliated borrowers shall not exceed 25 percent of the Bank's tier 1 capital;
- The maximum risk for unsecured credits shall not exceed 5 percent of the Bank's tier 1 capital;
- Total amount of all large credits cannot exceed the Bank's tier 1 capital by more than 8 times; and
- Total loan amount to related party shall not exceed the Bank's tier 1 capital.

Impairment and provisioning policies. The internal and external rating systems described above focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the consolidated financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

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 Bank:

- 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;
- Deterioration in the value of collateral.

The Bank'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.

28 Financial Risk Management (Continued)

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.

The Bank's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position. For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. Refer to Note 30.

The Bank reviews ageing analysis of outstanding loans and follows up past due balances. Management therefore considers it to be appropriate to provide ageing and other information about credit risk as disclosed in Note 28.

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

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

Currency risk. The Bank 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 measures its currency risk by:

Net position on an each currency should not exceed 10 percent of Bank's total equity;

Total net position on all currencies should not exceed 20 percent of Bank's total equity.

The Bank also measures its currency risk by matching financial assets and liabilities denominated in same currency and analyses effect of 8 percent appreciation/depreciation of that currency against Uzbekistan Soums to the statement of comprehensive income of the Bank.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at the reporting date:

In thousands of Uzbekistan Soums	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
2009			
Uzbekistan Soums	306,714,198	(190,701,712)	116,012,486
US Dollars	16,376,006	(3,005,371)	13,370,635
Total	**323,090,204**	**(193,707,083)**	**129,383,121**
2008			
Uzbekistan Soums	237,709,652	(128,732,565)	108,977,087
US Dollars	6,087,455	(2,099,866)	3,987,589
Total	**243,797,107**	**(130,832,431)**	**112,964,676**

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

28 Financial Risk Management (Continued)

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the balance sheet date relative to the functional currency of the respective Bank entities, with all other variables held constant:

In thousands of Uzbekistan Soums	At 31 December 2009 Impact on profit or loss	At 31 December 2008 Impact on profit or loss
US Dollars strengthening by 8%	1,069,651	444,377
US Dollars weakening by 8%	(1,069,651)	(444,377)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the Bank.

Interest rate risk. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

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

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
31 December 2009					
Total financial assets	80,429,874	34,435,922	66,697,048	142,102,658	**323,665,502**
Total financial liabilities	(122,148,066)	(20,021,700)	(33,866,071)	(17,671,246)	**(193,707,083)**
Net interest sensitivity gap at 31 December 2009	**(41,718,192)**	**14,414,222**	**32,830,977**	**124,431,412**	**129,958,419**
31 December 2008					
Total financial assets	82,138,015	18,471,050	54,423,858	89,408,026	**244,440,949**
Total financial liabilities	(63,043,439)	(22,898,132)	(32,614,965)	(12,275,895)	**(130,832,431)**
Net interest sensitivity gap at 31 December 2008	**19,094,576**	**(4,427,082)**	**21,808,893**	**77,132,131**	**113,608,518**

At 31 December 2009, if interest rates at that date had been 50 basis points lower with all other variables held constant, profit for the year would have been UZS 92,184 thousand (2008: UZS 66,172 thousand) lower, mainly as a result of higher interest expense on variable interest liabilities.

If interest rates had been 50 basis points higher, with all other variables held constant, profit would have been UZS 92,184 thousand (2008: UZS 66,172 thousand) higher, mainly as a result of higher interest income on variable interest assets.

28 Financial Risk Management (Continued)

The Bank monitors interest rates for its financial instruments. The table below summarises interest rates based on reports reviewed by key management personnel:

	2009		2008	
In % p.a.	UZS	USD	UZS	USD
Assets				
Cash and cash equivalents	0-0.5%	-	0-0.5%	-
Due from other banks	7.0-14.0%	1.0%	7.0-14.0%	1.0%
Loans and advances to customers	3.0-24.0%	-	7.0%	14.0%
Liabilities				
Due to other banks	7.5-12.5%	-	8.0%	-
Customer accounts (weighted average)	18.0%	0.0%	15.0%	0.0%
Borrowings from government and state organisations	0-3.5%	Libor+2.5%	0-3.15%	12.5%

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

Geographical risk. The geographical concentration of the Bank's assets and liabilities at 31 December 2009 is set out below:

In thousands of Uzbekistan Soums	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	68,453,612	8,406,332	225,914	77,085,858
Due from other banks	565,151	-	-	565,151
Loans and advances to customers	244,766,085	-	-	244,766,085
Investment securities available for sale	575,298	-	-	575,298
Other financial assets	673,110	-	-	673,110
Total financial assets	**315,033,256**	**8,406,332**	**225,914**	**323,665,502**
Liabilities				
Due to other banks	2,536,500	-	-	2,536,500
Customer accounts	126,621,168	-	-	126,621,168
Borrowings from government and state organisations	64,549,415	-	-	64,549,415
Total financial liabilities	**193,707,083**	**-**	**-**	**193,707,083**
Net balance sheet position as 31 December 2009	**121,326,173**	**8,406,332**	**225,914**	**129,958,419**
Credit related commitments (Note 30)	**8,258,595**	**-**	**-**	**8,258,595**

28 Financial Risk Management (Continued)

The geographical concentration of the Bank's assets and liabilities at 31 December 2008 is set out below:

In thousands of Uzbekistan Soums	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	77,273,171	1,785,341	31,543	79,090,055
Due from other banks	5,253,298	-	-	5,253,298
Loans and advances to customers	158,677,426	-	-	158,677,426
Investment securities available for sale	643,842	-	-	643,842
Other financial assets	776,328	-	-	776,328
Total financial assets	**242,624,065**	**1,785,341**	**31,543**	**244,440,949**
Liabilities				
Due to other banks	3,567,136	-	-	3,567,136
Customer accounts	68,465,061	-	-	68,465,061
Borrowings from government and state organisations	58,800,234	-	-	58,800,234
Total financial liabilities	**130,832,431**	**-**	**-**	**130,832,431**
Net balance sheet position as 31 December 2008	**111,791,634**	**1,785,341**	**31,543**	**113,608,518**
Credit related commitments (Note 30)	**3,279,550**	**-**	**-**	**3,279,550**

Other price risk. The Bank has no significant exposure to equity price risk.

The Bank is exposed to prepayment risk through providing fixed loans, including mortgages, which give the borrower the right to early repay the loans. The Bank's current year profit or loss and equity at the current balance sheet date would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at or close to the amortised cost of the loans and advances to customers.

Risk concentrations. Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to borrowers:

a) Total amount of loan and advances to customers to one sector of economy except for trade sector shall not exceed the Bank's tier 1 capital;
b) The maximum risk to single borrower of group of affiliated borrowers shall not exceed 25 percent of the Bank's tier 1 capital;
c) The maximum risk for unsecured credits shall not exceed 5 percent of the Bank's tier 1 capital;
d) Total amount of all large credits cannot exceed the Bank's tier 1 capital by more than 8 times; and
e) Total loan amount to related party shall not exceed the Bank's tier 1 capital.

The Bank was in compliance with these stated concentrations.

The Bank monitors concentration risk on investment balances:

- Total amount of investments in securities of one issuer shall not exceed 15 percent of the Bank's regulatory capital;
- Total amount of investments for held for trade shall not exceed 25 percent of the Bank's tier 1 capital.

The Bank was in compliance with stated concentrations.

The Bank's maximum exposure to concentration risk is reflected in the carrying amounts of concentrated financial assets.

28 Financial Risk Management (Continued)

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 Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Treasury Department of the Bank.

The Bank seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and invest the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Bank 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 Bank calculates this ratio on a monthly basis in accordance with the requirement of the Central Bank of Uzbekistan. This ratio is:

- Current liquidity ratio (H4), which is calculated as the ratio of liquid assets to liabilities maturing within 30 calendar days; the ratio was 64% at 31 December 2009 (31 December 2008: 126%).

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 Bank 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 2009 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the balance sheet amount is based on discounted cash flows.

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 balance sheet date.

The maturity analysis of financial liabilities at 31 December 2009 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**
Liabilities					
Due to other banks	2,553,974	-	-	-	**2,553,974**
Customer accounts	107,748,524	14,616,772	3,450,751	6,841,748	**132,657,795**
Borrowings from government and state organisations	13,881,254	7,178,922	31,334,404	13,398,982	**65,793,562**
Guarantees issued	-	-	-	8,258,595	**8,258,595**
Total potential future payments for financial obligations	**124,183,752**	**21,795,694**	**34,785,155**	**28,499,325**	**209,263,926**

28 Financial Risk Management (Continued)

The maturity analysis of financial liabilities at 31 December 2008 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
Liabilities					
Due to other banks	3,591,710	-	-	-	**3,591,710**
Customer accounts	47,123,697	17,826,778	4,866,977	3,474,109	**73,291,561**
Borrowings from government and state organisations	13,814,373	7,939,977	29,385,582	12,755,584	**63,895,516**
Guarantees issued	-	-	-	3,279,550	**3,279,550**
Total potential future payments for financial obligations	**64,529,780**	**25,766,755**	**34,252,559**	**19,509,243**	**144,058,337**

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

The Bank does not use the above undiscounted maturity analysis to manage liquidity. Instead, the Bank monitors remaining contractual maturities, which may be summarised as follows at 31 December 2009:

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	77,085,858	-	-	-	77,085,858
Due from other banks	321,709	207,550	15,637	20,255	565,151
Loans and advances to customers	1,773,899	34,228,372	66,681,411	142,082,403	244,766,085
Investment securities available for sale	575,298	-	-	-	575,298
Other financial assets	673,110	-	-	-	673,110
Total financial assets	**80,429,874**	**34,435,922**	**66,697,048**	**142,102,658**	**323,665,502**
Liabilities					
Due to other banks	2,536,500	-	-	-	2,536,500
Customer accounts	105,785,896	13,054,127	2,750,448	5,030,697	126,621,168
Borrowings from government and state organisations	13,825,670	6,967,573	31,115,623	12,640,549	64,549,415
Total financial liabilities	**122,148,066**	**20,021,700**	**33,866,071**	**17,671,246**	**193,707,083**
Net liquidity gap	**(41,718,192)**	**14,414,222**	**32,830,977**	**124,431,412**	**129,958,419**
Cumulative liquidity gap at 31 December 2009	**(41,718,192)**	**(27,303,970)**	**5,527,007**	**129,958,419**	

The above analysis is based on contractual maturities. The entire portfolio of trading securities is therefore classified within demand and less than one month based on management's assessment of the portfolio's liquidity.

28 Financial Risk Management (Continued)

The analysis by remaining contractual maturities may be summarised as follows at 31 December 2008:

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	79,090,055	-	-	-	79,090,055
Due from other banks	722,185	4,500,000	-	31,113	5,253,298
Loans and advances to customers	905,605	13,971,050	54,423,858	89,376,913	158,677,426
Investment securities available for sale	643,842	-	-	-	643,842
Other financial assets	776,328	-	-	-	776,328
Total financial assets	**82,138,015**	**18,471,050**	**54,423,858**	**89,408,026**	**244,440,949**
Liabilities					
Due to other banks	3,567,136	-	-	-	3,567,136
Customer accounts	45,915,098	15,900,635	4,185,421	2,463,907	68,465,061
Borrowings from government and state organisations	13,561,205	6,997,497	28,429,544	9,811,988	58,800,234
Total financial liabilities	**63,043,439**	**22,898,132**	**32,614,965**	**12,275,895**	**130,832,431**
Net liquidity gap	**19,094,576**	**(4,427,082)**	**21,808,893**	**77,132,131**	**113,608,518**
Cumulative liquidity gap at 31 December 2008	**19,094,576**	**14,667,494**	**36,476,387**	**113,608,518**	

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. 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 Bank and its exposure to changes in interest and exchange rates.

Management believes that in spite of the fact that a substantial portion of customer accounts are on demand, diversification of these deposits by number and type of depositors, and the past experience of the Bank would indicate that these customer accounts provide a long-term and stable source of funding for the Bank.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

29 Management of Capital

The Bank's objectives when managing capital are (i) to comply with the capital requirements set by the CBU, and (ii) to safeguard the Bank's ability to continue as a going concern. Compliance with capital adequacy ratios set by the CBU is monitored monthly with reports outlining their calculation reviewed and signed by the 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 percent (2008: 10 percent);
- Ratio of Bank's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 5 percent (2008: 5 percent); and
- Ratio of Bank's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6 percent (2008: 6 percent).

CBU capital adequacy ratio.

Tier 1 capital is based on the Bank's reports prepared under CBU regulations and comprises:

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Tier 1 capital	154,592,781	127,078,929
Tier 2 capital	3,260,061	3,028,826
Less: deductions from capital	(885,053)	(942,136)
Total regulatory capital	**156,967,789**	**129,165,619**

Regulatory capital consists of Tier 1 capital, which comprises share capital, retained earnings, excluding current year profit, less intangible assets and investment securities available for sale. The other component of regulatory capital is Tier 2 capital, which includes current year profit.

CBU capital adequacy ratio under Basel Capital Accord of 1998.

The Bank's capital adequacy ratio, computed in accordance with the Basil Capital Accord of 1998, with subsequent amendments including amendment to incorporate market risks, as of 31 December 2009 and 31 December 2008, comprised:

In thousands of Uzbekistan Soums	31 December 2009	31 December 2008
Tier 1 capital		
Share capital	150,280,545	124,264,206
Retained earnings	6,252,719	5,385,505
Special reserve	988,864	-
Minority interest	-	458,044
Total capital	**157,522,128**	**130,107,755**

30 Contingencies and Commitments

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

Tax legislation. Uzbekistan tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Bank may be challenged by the relevant authorities.

The Uzbekistan 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.

30 Contingencies and Commitments (Continued)

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 Bank's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2009 no provision for potential tax liabilities had been recorded (2008: no provision). The Bank estimates that it has no potential obligations from exposure to other than remote tax risks (2008: no obligations).

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

The Bank 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 2009**	**31 December 2008**
Total credit related commitments - guarantees issued	8,258,595	3,279,550

The total outstanding contractual amount of guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. The fair value of credit related commitments was UZS 153,027 thousand at 31 December 2009 (31 December 2008: UZS 63,621 thousand). As at 31 December 2009 the Bank does not consider it necessary to have any provision against these commitments (31 December 2008: nil).

31 Fair Value of Financial Instruments

Fair values of financial instruments carried at amortised cost:

	2009		2008	
In thousands of Uzbekistan Soums	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**
FINANCIAL ASSETS				
Cash and cash equivalents				
Cash on hand	12,232,105	12,232,105	9,915,150	9,915,150
Cash balances with the CBU (other than mandatory reserve deposits)	44,193,199	44,193,199	63,059,100	63,059,100
Mandatory cash balances with CBU	7,726,110	7,726,110	3,643,311	3,643,311
Correspondent accounts and overnight placements with other banks	9,933,444	9,933,444	1,972,494	1,972,494
Placements with other banks with original maturities of less than three months	3,001,000	3,001,000	500,000	500,000
Due from other banks				
Short term placements with other banks with original maturities of more than three month	309,205	309,205	4,727,058	4,727,058
Long term placements with other banks	255,946	255,946	526,240	526,240
Loans and advances to customers				
Loans to small and medium enterprises, Including finance lease receivables	151,427,196	152,388,357	84,807,252	85,663,891
Loans to farmers	55,818,774	56,173,075	37,662,219	38,042,645
Loans to individuals - consumer loans	15,813,352	15,913,725	16,625,649	16,793,585
Loans to individuals - entrepreneurs	8,348,748	8,401,740	10,021,833	10,123,064
State and municipal organisations	11,814,199	11,889,188	7,973,699	8,054,241
Other financial assets				
Commission receivable from ordinary customers	673,110	673,110	776,328	776,328
TOTAL FINANCIAL ASSETS CARRIED OUT AT COST	**321,546,388**	**323,090,204**	**242,210,333**	**243,797,107**

31 Fair Value of Financial Instruments (Continued)

	2009		2008	
In thousands of Uzbekistan Soums	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**
FINANCIAL LIABILITIES				
Due to other banks				
Short term placements of other banks	2,536,500	2,536,500	3,567,136	3,567,136
Customer accounts				
- Current/settlement accounts of state and public organisations	54,369,327	56,449,028	16,139,955	16,812,453
- Term deposits of state and public organisations	10,976,087	10,976,087	16,429,806	16,429,806
- Current/settlement accounts of other legal entities	16,082,270	16,697,439	12,299,783	12,812,274
- Term deposits of other legal entities	4,723,936	4,723,936	379,331	379,331
- Current/demand accounts of individuals	28,210,451	29,289,539	12,509,076	13,030,288
- Term deposits of individuals	8,485,139	8,485,139	9,000,909	9,000,909
Borrowings from government, state and other financial organisations				
Borrowings from the Agricultural Fund	38,867,084	38,867,084	36,053,194	36,053,194
Borrowings from theState Property Committee	11,365,966	11,365,966	11,365,966	11,365,966
Borrowings from the Ministry of Finance of the Republic of Uzbekistan	8,017,973	8,017,973	9,024,658	9,024,658
Borrowings from non-budgetary funds	2,950,044	2,950,044	1,872,353	1,872,353
Borrowings from the Agricultural Sector Restructuring Agency	393,323	393,323	484,063	484,063
Borrowings from the Antimonopoly Committee of the Republic of Uzbekistan	2,500,000	2,500,000	-	-
Borrowings from the Ministry of Agriculture and Water management of the Republic of Uzbekistan	118,145	118,145	-	-
Borrowings from the United Nations Development Programme	336,880	336,880	-	-
TOTAL FINANCIAL LIABILITIES CARRIED OUT AT COST	**189,933,125**	**193,707,083**	**129,126,230**	**130,832,431**

Fair value is the amount at which a financial instrument could be exchanged in a current transaction among willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

31 Fair Value of Financial Instruments (Continued)

Discount rates used depend on maturity of the instrument and credit risk of the counterparty and were as follow:

In %	2009	2008
FINANCIAL ASSETS		
Cash and cash equivalents		
Cash balances with the CBU (other than mandatory reserve deposits)	0.5% p.a	0.5% p.a
Placements with other banks with original maturities of less than three months	10% p.a	14% p.a
Due from other banks		
Long term placements with other banks	7% to 14% p.a	7% to 14% p.a
Loans and advances to customers		
Corporate loans	3% to 24% p.a	2% to 28% p.a
Loans to farmers	2.5% to 3.5% p.a	3% p.a
Loans to individuals - consumer loans	3% to 24% p.a	4% to 24% p.a
Loans to individuals - entrepreneurs	3% to 24% p.a	3% to 24% p.a
State and municipal organisations	3.2% to 20% p.a	2% to 20% p.a

In %	2009	2008
FINANCIAL LIABILITIES		
Due to other banks		
Short term placements of other banks	7.5% to 12.5% p.a	8% p.a
Customer accounts		
- Term deposits of state and public organisations	8% to 12% p.a	8% to 12% p.a
- Term deposits of other legal entities	3% to 10% p.a	3% to 10% p.a
- Term deposits of individuals	6% to 30% p.a	13% to 28% p.a
Borrowings from government, state and other financial organisations		
Borrowings from the Agricultural Fund	1% p.a	1% p.a
Borrowings from the State Property Committee	0% p.a	0% p.a
Borrowings from the Ministry of Finance of the Republic of Uzbekistan	2% p.a	2% p.a
Borrowings from non-budgetary funds	2% p.a	2% p.a
Borrowings from the Agricultural Sector Restructuring Agency	Libor+2.5%	Libor+2.5%
Borrowings from the Antimonopoly Committee of the Republic of Uzbekistan	3.5% p.a	-
Borrowings from the Ministry of Agriculture and Water management of the Republic of Uzbekistan	0% p.a	-
Borrowings from the United Nations Development Programme	0% p.a	-

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 subcategories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading. The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 December 2009:

In thousands of Uzbekistan Soums	Loans and receivables	Available-for-sale assets	Total
FINANCIAL ASSETS			
Cash and cash equivalents			
Cash on hand	12,232,105	-	12,232,105
Cash balances with the CBU (other than mandatory reserve deposits)	44,193,199	-	44,193,199
Mandatory cash balances with CBU	7,726,110	-	7,726,110
Correspondent accounts and overnight placements with other banks	9,933,444	-	9,933,444
Placements with other banks with original maturities of less than three months	3,001,000	-	3,001,000
Due from other banks			
Short term placements with other banks with original maturities of more than three month	309,205	-	309,205
Long term placements with other banks	255,946	-	255,946
Loans and advances to customers			
Corporate loans	152,388,357	-	152,388,357
Loans to farmers	56,173,075	-	56,173,075
Loans to individuals - consumer loans	15,913,725	-	15,913,725
Loans to individuals - entrepreneurs	8,401,740	-	8,401,740
State and municipal organisations	11,889,188	-	11,889,188
Investment securities available for sale	-	575,298	575,298
Other financial assets			
Commission receivable from ordinary customers	673,110	-	673,110
TOTAL FINANCIAL ASSETS	**323,090,204**	**575,298**	**323,665,502**

32 Presentation of Financial Instruments by Measurement Category (Continued)

The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 December 2008:

In thousands of Uzbekistan Soums	Loans and receivables	Available-for-sale assets	Total
FINANCIAL ASSETS			
Cash and cash equivalents			
Cash on hand	9,915,150	-	9,915,150
Cash balances with the CBU (other than mandatory reserve deposits)	63,059,100	-	63,059,100
Mandatory cash balances with CBU	3,643,311	-	3,643,311
Correspondent accounts and overnight placements with other banks	1,972,494	-	1,972,494
Placements with other banks with original maturities of less than three months	500,000		500,000
Due from other banks			
Short term placements with other banks with original maturities of more than three month	4,727,058	-	4,727,058
Long term placements with other banks	526,240	-	526,240
Loans and advances to customers			
Corporate loans	85,663,891	-	85,663,891
Loans to farmers	38,042,645	-	38,042,645
Loans to individuals - consumer loans	16,793,585	-	16,793,585
Loans to individuals - entrepreneurs	10,123,064	-	10,123,064
State and municipal organisations	8,054,241	-	8,054,241
Investment securities available for sale	-	643,842	643,842
Other financial assets			
Commission receivable from ordinary customers	776,328	-	776,328
TOTAL FINANCIAL ASSETS	**243,797,107**	**643,842**	**244,440,949**

33 Related Party Transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2009 the outstanding balances with related parties were as follows:

In thousands of Uzbekistan Soums	Shareholders	Entities under common control	Investees	Total
Cash and cash equivalents	52,989,070	-	-	52,989,070
Due from other banks (contractual interest rate - 3-14 %)	60,414	-	-	60,414
Loans and advances to customers (contractual interest rate - 3-4%)	-	12,044,758	11,301,676	23,346,434
Investment securities available for sale	-	-	58,033	58,033
Customer accounts (contractual interest rate - 2-10%)	-	67,425,115	79,918	67,505,033
Borrowings from government and international financial organisations (contractual interest rate 1% - Libor+2.5%)	8,017,973	56,194,562	-	64,212,535

At 31 December 2008 the outstanding balances with related parties were as follows:

In thousands of Uzbekistan Soums	Shareholders	Entities under common control	Investees	Total
Cash and cash equivalents	67,743,395	-	-	67,743,395
Due from other banks (contractual interest rate - 3-14%)	2,401,892	-	-	2,401,892
Loans and advances to customers (contractual interest rate - 3-4%)	-	8,171,474	3,806,500	11,977,974
Investment securities available for sale	-	-	52,035	52,035
Customer accounts (contractual interest rate - 2-10%)	-	33,242,259	136,849	33,379,108
Borrowings from government and international financial organisations (contractual interest rate 1% - Libor+2.5%)	9,044,720	49,755,514	-	58,800,234

The income and expense items with related parties for 2009 were as follows:

In thousands of Uzbekistan Soums	Shareholders	Entities under common control	Investees	Total
Interest income	3,973	133,356	398,651	535,980
Interest expense	(168,273)	(632,301)	-	(800,574)
Administrative and other operating expenses	(1,457,698)	(3,179,002)	-	(4,636,700)
Commission expenses	-	(2,882,082)	-	(2,882,082)

33 Related Party Transactions (Continued)

The income and expense items with related parties for 2008 were as follows:

In thousands of Uzbekistan Soums	**Shareholders**	**Entities under common control**	**Investees**	**Total**
Interest income	411,336	261,493	546,106	1,218,935
Interest expense	(151,287)	(857,290)	-	(1,008,577)
Administrative and other operating expenses	(1,143,297)	-	-	(1,143,297)
Commission expenses	-	(1,665,837)	-	(1,665,837)

Aggregate amounts borrowed from and repaid to related parties during 2009:

In thousands of Uzbekistan Soums	**Shareholders**	**Entities under common control**	**Total**
Amounts obtained from related parties	34,672,502	178,012,606	212,685,108
Amounts repaid to related parties	(31,746,002)	(175,845,467)	(207,591,469)

Aggregate amounts borrowed from and repaid to related parties during 2008:

In thousands of Uzbekistan Soums	**Shareholders**	**Entities under common control**	**Total**
Amounts obtained from related parties	559,929,284	15,779,393	575,708,677
Amounts repaid to related parties	(544,883,236)	(15,277,985)	(560,161,221)

Key management compensation is presented below:

In thousands of Uzbekistan Soums	**2009**	**2008**
Salaries and Wages	91,286	47,108
Benefits in-kind	1,663	2,341