JOINT - STOCK COMMERCIAL "ALOQABANK"

Consolidated Financial Statements and Independent Auditor's Report

31 December 2023

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Independent Auditor's Report

To the Shareholders and the Supervisory Board of Joint - stock commercial "Aloqabank":

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Joint - stock commercial "Aloqabank" (the "Bank") and its subsidiaries (together – the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan and auditor's independence requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan.

Suhrab Azimov
General Director/Certified Auditor

Audit Organization "PricewaterhouseCoopers" LLC
88A, prospekt Mustaqillik, Mirzo-Ulugbek district, Tashkent 100000, Republic of Uzbekistan
T: +998 78 120 6101, www.pwc.com/uz

Our audit approach

Overview



- Overall Group materiality: Uzbek Soums ("UZS") 23,300 million, which represents approximately 5% of profit before tax for the year 2023.
- We performed full scope audit procedures on the financial statements of the Bank and selected audit procedures on the material balances and transactions of the subsidiaries included in the consolidated financial statements of the Group.
- Assessment of expected credit loss (ECL) allowance for loans and advances to customers in accordance with IFRS 9, Financial Instruments.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	UZS 23,300 million
How we determined it	We determined overall materiality as being 5% of the profit before tax for the year 2023
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose the 5% threshold as in our professional experience this is a widely accepted quantitative measure for this benchmark.

Suhrab Azimov
General Director/Certified Auditor

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of expected credit loss (ECL) allowance for loans and advances to customers in accordance with IFRS 9, *Financial Instruments* We considered assessment of ECL allowance for loans and advances to customers as a key audit matter due to the significance of ECL allowance and a complex financial reporting standard, which requires significant judgment to determine the ECL allowance. Key areas of judgement and sources of estimation uncertainty included: • Classification of loans and advances to customers into stages in accordance with IFRS 9; • Key estimates and modelling assumptions used to estimate key risk parameters – probability of default and loss given default; and • Estimated future cashflows for loans that were assessed on an individual basis. Note 3 "Material Accounting Policies Information", Note 4 "Critical Accounting Estimates, and Judgements in Applying Accounting Policies", Note 9 "Loans and Advances to Customers" and Note 29 "Financial Risk Management" to the consolidated financial statements provide detailed information on the credit loss allowance.	In assessing the ECL allowance we have performed the following audit procedures: • We involved auditor's expert to review the methodology and models for ECL provision allowance developed by the Group in order to evaluate its compliance with IFRS 9 requirements. We focused our procedures on: default definition, factors for determining "significant increase in credit risk", classification of the loans and advances to customers to stages, and estimation of key risk parameters. • We used sampling to evaluate and test the design and operating effectiveness of controls over the processes that identify overdue loans. • On a sample basis we tested segmentation and analysed significant loans and advances to corporate customers, which had not been identified by management as either having had a significant increase in credit risk or defaulted, and formed our own judgement as to whether that was appropriate. • We tested the assumptions, inputs and formulae used in ECL models for the assessment of collective allowance. This included assessing the appropriateness of model design and verifying the formulae used in calculation of the probability of default and loss given default.

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General Director/Certified Auditor

Key audit matter	How our audit addressed the key audit matter
	• To verify data accuracy and quality, on a sample basis, we tested the data used in the ECL calculation by reconciling to source data, e.g., loan portfolio, loan agreements, collateral agreements, • We performed detailed analytical procedures over the ECL calculation disaggregated by stages, segments, currency, and years to maturity. • For those loans assessed individually, on a sample basis, we assessed the Group's estimation of expected future cash flows in various scenarios and key assumptions, including the timing of collateral collection and realisable value of collateral. We assessed the relevance of the scenarios used and their probability, and calculation of the present value of cash flows. • We assessed the accuracy and appropriateness of disclosures in accordance with IFRS 7.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Bank, five subsidiaries, six associates and one joint venture. Our audit procedures included full scope audit of the Bank's financial statements. The Bank represents about 99% of the Group's total assets and total comprehensive income for the year ended 31 December 2023. In respect of subsidiaries, we focused our audit work on the balances and transactions that were significant for the Group.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Suhrab Azimov
General Director/Certified Auditor

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Suhrab Azimov
General Director/Certified Auditor

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report of findings from procedures performed in accordance with the requirements of the Law No. 580, dated 5 November 2019, On Banks and Banking Activity

Management is responsible for the Bank's compliance with prudential ratios and for maintaining internal controls and organizing risk management systems in accordance with the requirements established by the Central Bank of the Republic of Uzbekistan.

In accordance with Article 74 of the Law No. 580, dated 5 November 2019, On Banks and Banking Activity (the "Law"), we have performed procedures to check:

- the Bank's compliance with prudential ratios as at 31 December 2023 established by the Central Bank of the Republic of Uzbekistan;
- whether the elements of the Bank's internal control and organization of its risk management systems comply with the requirements established by the Central Bank of the Republic of Uzbekistan.

These procedures were selected based on our judgment, and were limited to the analysis, inspection of documents, comparison of the Bank's internal policies, procedures and methodologies with the applicable requirements established by the Central Bank of the Republic of Uzbekistan, and recalculations, comparisons and reconciliations of numerical data and other information.

We have not performed any procedures on the accounting records maintained by the Group, other than those which we considered necessary to enable us to express an opinion as to whether the Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards.

Our findings from the procedures performed are reported below.

Based on our procedures with respect to the Bank's compliance with the prudential ratios established by the Central Bank of the Republic of Uzbekistan, we found that the Bank's prudential ratios, as at

Suhrab Azimov
General Director/Certified Auditor

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31 December 2023, were within the limits established by the Central Bank of the Republic of Uzbekistan except for the following prudential ratios:

- Maximum exposure to a single borrower or group of related borrowers to Tier 1 Capital;
- Maximum exposure to a real estate investment ratio.

Based on our procedures with respect to whether the elements of the Bank's internal control and organization of its risk management systems comply with the requirements established by the Central Bank of the Republic of Uzbekistan, we found that:

- As at 31 December 2023, the Bank's internal audit function was subordinated to, and reported to, the Supervisory Board, and the risk management function was not subordinated to, and did not report to, divisions taking relevant risks in accordance with the regulations and recommendations issued by the Central Bank of the Republic of Uzbekistan.
- The frequency of reports prepared by the Bank's internal audit function during 2023 was in compliance with the requirements of the Central Bank of the Republic of Uzbekistan. The reports were approved by the Bank's Supervisory Board and included observations made by the Bank's internal audit function in respect of internal control systems;
- As at 31 December 2023 the Bank has the established Information security function as required by the Central Bank of the Republic of Uzbekistan, and the information security policy was approved by the Bank's management board. Information security function was subordinated to, and reported directly to, the Chairman of the Management Board.
- Reports by the Bank's Information security function to the Chairman of the Management Board during 2023 included assessment and analysis of information security risks, and results of actions to manage such risks.
- The Bank's internal documentation, effective on 31 December 2023, establishing the procedures and methodologies for identifying and managing the Bank's significant risks: credit risk, liquidity risk, market risk, operating risk, fraud risk, compliance risk, business disruptions and system failures/IT risk, and for stress-testing, was approved by the authorised management bodies of the Bank in accordance with the regulations and recommendations issued by the Central Bank of the Republic of Uzbekistan.
- As at 31 December 2023, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank's capital to the Central Bank of Uzbekistan.
- The frequency of reports prepared by the Bank's risk management and internal audit functions during 2023, which cover the Bank's significant risks management, was in compliance with the Bank's internal documentation. The reports included observations made by the Bank's risk management and internal audit functions as to their assessment of the Bank's significant risks, risk management system and recommendations for improvement.

Suhrab Azimov
General Director/Certified Auditor

- As at 31 December 2023, the Supervisory Board and Executive Management of the Bank had responsibility for monitoring the Bank's compliance with the risk limits and capital adequacy ratios established in the Bank's internal documentation. In order to monitor the effectiveness of the Bank's risk management procedures and their consistent application during 2023, the Supervisory Board and Executive Management of the Bank periodically discussed the reports prepared by the risk management and internal audit functions, and considered the proposed corrective actions.

Procedures with respect to elements of the Bank's internal control and organization of its risk management systems were performed solely for the purpose of examining whether these elements, as prescribed in the Law and as described above, comply with the requirements established by the Central Bank of the Republic of Uzbekistan.

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

Certificate of auditor No. 28
dated 25 August 2023 issued by
the Central Bank of Uzbekistan

Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
21 June 2024

In millions of Uzbekistan Soums	Notes	31 December 2023	31 December 2022
ASSETS			
Cash and cash equivalents	7	1,474,301	3,064,125
Due from other banks	8	655,816	531,145
Loans and advances to customers	9	10,485,387	9,639,426
Investment in debt securities	10	217,796	790,596
Investment in equity securities	11	39,697	8,790
Investment in associates and joint ventures	12	60,501	58,781
Premises, equipment, and right of use assets	14	2,447,460	1,539,065
Intangible assets	14	44,750	57,756
Deferred income tax asset	25	50,302	28,325
Other financial assets	13	40,236	36,287
Other non-financial assets	13	261,920	112,002
TOTAL ASSETS		**15,778,166**	**15,866,298**
LIABILITIES			
Due to other banks	15	1,144,772	3,029,967
Customer accounts	16	8,518,726	7,639,532
Other borrowed funds	17	3,230,591	3,092,628
Other financial liabilities	18	223,770	93,905
Other non-financial liabilities	18	64,036	32,945
Corporate income tax liabilities		38,243	32,457
Subordinated debt	19	160,342	145,875
TOTAL LIABILITIES		**13,380,480**	**14,067,309**
EQUITY			
Share capital	20	1,197,178	956,989
Retained earnings		1,200,177	841,044
Net assets attributable to the Bank's owners		**2,397,355**	**1,798,033**
Non-controlling interest		**331**	**956**
TOTAL EQUITY		**2,397,686**	**1,798,989**
TOTAL LIABILITIES AND EQUITY		**15,778,166**	**15,866,298**

Approved for issue and signed on behalf of the Board of Management on 21 June 2024.

Irisbekova Kammuna
Acting Chairman of the Board

Odilbek Qurbonov
Acting Chief Accountant

In millions of Uzbekistan Soums	Notes	2023	2022
Interest income calculated using the effective interest method	21	1,939,857	1,508,798
Other similar income	21	2,205	1,315
Interest and similar expense	21	(1,290,102)	(957,798)
Net margin on interest and similar income		**651,960**	**552,315**
Credit loss allowance for assets carried at amortised cost	7,8,9,10,13	(129,561)	(47,561)
Net margin on interest and similar income after credit loss allowance		**522,399**	**504,754**
Fee and commission income	22	690,627	422,626
Fee and commission expense	22	(514,089)	(270,848)
Foreign exchange translation gains less losses		66,341	19,840
Net gain from trading in foreign currencies		89,708	72,389
Other operating income	23	261,229	8,059
Administrative and other operating expenses	24	(650,358)	(491,707)
Share of result from associates and JV	12	(553)	275
Profit before tax		**465,304**	**265,388**
Income tax expense	25	(106,796)	(68,182)
Profit for the year		**358,508**	**197,206**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**358,508**	**197,206**
Profit is attributable to:			
- Owners of the Bank		359,133	197,781
- Non-controlling interest		(625)	(575)
Profit for the year		**358,508**	**197,206**
Total comprehensive income is attributable to:			
- Owners of the Bank		359,133	197,781
- Non-controlling interest		(625)	(575)
Total comprehensive income for the year		**358,508**	**197,206**
Earnings per share for profit attributable to the owners of the Bank, basic and diluted (expressed in UZS per share)	27	40	25

Joint - stock commercial "Aloqabank"
Consolidated Statement of Changes in Equity

In millions of Uzbekistan Soums	Note	Attributable to owners of the Bank			Non-controlling interest	Total equity
		Share capital	Retained earnings	Total		
Balance at 1 January 2022		**959,519**	**643,263**	**1,602,782**	**1,531**	**1,604,313**
Profit for the year		-	197,781	197,781	(575)	**197,206**
Total comprehensive income for the year		-	197,781	197,781	(575)	**197,206**
Acquisition of own shares (Note 21)	20	(2,530)	-	(2,530)	-	**(2,530)**
Balance at 31 December 2022		**956,989**	**841,044**	**1,798,033**	**956**	**1,798,989**
Profit for the year		-	359,133	359,133	(625)	**358,508**
Total comprehensive income for the year		-	359,133	359,133	(625)	**358,508**
Shares issue (Note 21)	20	240,189	-	240,189	-	**240,189**
Balance at 31 December 2023		**1,197,178**	**1,200,177**	**2,397,355**	**331**	**2,397,686**

In millions of Uzbekistan Soums	Notes	2023	2022
Cash flows from operating activities			
Interest income received calculated using the effective interest method		1,898,795	1,461,741
Other similar income received		2,205	1,315
Interest paid calculated using the effective interest method		(1,322,447)	(965,506)
Fees and commission received		692,771	422,626
Fees and commission paid		(487,583)	(270,848)
Net gains from trading in foreign currencies		89,708	72,389
Other operating income received		5,258	7,229
Staff costs paid		(368,233)	(309,394)
Administrative and other operating expenses paid		(165,479)	(147,562)
Income tax paid		(122,987)	(45,857)
Cash flows from operating activities before changes in operating assets and liabilities		**222,008**	**226,133**
Net (increase) / decrease in:			
- due from other banks		70,586	(99,449)
- loans and advances to customers		(529,392)	(1,125,226)
- other assets		(145,857)	14,320
- investments in equity securities at fair value through profit or loss		(30,907)	(5,792)
Net (decrease) / increase in:			
- due to other banks		(1,992,881)	1,322,722
- customer accounts		710,155	652,576
- other liabilities		(49,832)	25,005
Net cash (used in)/from operating activities		**(1,746,120)**	**1,010,289**
Cash flows from investing activities			
Acquisition of investments in debt securities carried at amortised cost		(1,066,403)	(2,195,805)
Proceeds from redemption of debt securities carried at amortised cost		1,645,801	1,815,160
Acquisition of premises, equipment and intangible assets	14	(707,618)	(467,042)
Proceeds from disposal of premises, equipment and intangible assets	23	111,000	-
Acquisition of associates		(2,273)	(1,107)
Net cash used in investing activities		**(19,493)**	**(848,794)**
Cash flows from financing activities			
Proceeds from share issue	20	240,189	-
Proceeds from other borrowed funds	26	1,131,889	4,516,114
Repayment of other borrowed funds	26	(1,250,411)	(3,630,308)
Repayment of principal of lease liabilities	26	(1,912)	(1,343)
Net cash from financing activities		**119,755**	**884,463**
Effect of exchange rate changes on cash and cash equivalents		**56,034**	**34,412**
Net (decrease)/increase in cash and cash equivalents		**(1,589,824)**	**1,080,370**
Cash and cash equivalents at the beginning of the year	7	3,064,125	1,983,755
Cash and cash equivalents at the end of the year	7	**1,474,301**	**3,064,125**

1 Introduction

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards") for the year ended 31 December 2023 for Joint - stock commercial "Aloqabank" (the "Bank") and its subsidiaries (the "Group").

The Bank was incorporated in October 1994 and is domiciled in the Republic of Uzbekistan.

Principal activity. The Bank's principal business activity is commercial and retail banking operations within the Republic of Uzbekistan. The Bank operates under the license issued by the Central Bank of the Republic of Uzbekistan on banking operations No.48 dated 25 December 2021 (replaced license No.48 dated 21 October 2017). The Bank is also involved in commercial operations with securities, foreign currencies and originating loans and guarantee origination. The Bank accepts deposits from the public and issues loans, transfers payments in the Republic of Uzbekistan and abroad, and provides banking services for its commercial and retail customers.

The Bank operates from its Head office located in Tashkent and 88 (2022:88) regional banking service centres. Out of which 14 regional complex banking service centres (2022:14) and 74 small banking service centres (2022:74) throughout the Republic of Uzbekistan.

As of 31 December 2023 Moody's rating agency affirmed for the Bank the following ratings:

- Long-term counterparty risk rating in the foreign currency: Ba3 (2022:Ba3);
- Long term deposit in the foreign currency: B1 (2022:B1);
- Baseline Credit Assessment: B2 (2022:B2).

The registered address and place of business. The Bank's registered address is 4A, Muminov street, Mirzoulugbek district, Tashkent 100060, Republic of Uzbekistan.

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

Shareholders. At 31 December, the interest of the shareholders in the Bank's share capital was:

Shareholders	2023	2022
Uzbekistan Fund for Reconstruction and Development	61.80%	77.20%
JSC "Uzbektelecom"	22.03%	2.34%
Fund for Development of ICT (AKTRJ)	6.30%	7.87%
Ministry of Finance of Republic of Uzbekistan	4.32%	5.40%
Center of Electromagnetic Compatibility	2.11%	2.63%
Tashkent State University of Information Technologies	0.64%	0.79%
JSC "Alskom" Insurance Company	0.80%	0.99%
"Mekhnat Pivo" LLC	0.47%	0.59%
Other shareholders	1.53%	2.19%
Total	**100%**	**100%**

The Bank is ultimately controlled by the Government of Uzbekistan through the Uzbekistan Fund for Reconstruction and Development and Ministry of Finance.

1 Introduction (Continued)

Subsidiaries and associates. As at 31 December 2023 and 31 December 2022, the Bank's subsidiaries and associates comprised the following:

Name	Ownership 31 December 2023	Ownership 31 December 2022	Year of incorporation	Industry	Country
Bank's direct interest in subsidiaries:					
"ALOQALIZING" LLC	55%	55%	2017	Leasing	Uzbekistan
"ALOQA AKTIV" LLC	100%	100%	2018	Investment	Uzbekistan
"ALOQAVENTURES" LLC	100%	100%	2021	Venture capital	Uzbekistan
Bank's indirect interest in subsidiaries via Aloqaactive LLC:					
"BIOAZOT IGBR" LLC	98%	98%	2018	Biology/ Research	Uzbekistan
"SIRT FAOL MODDALAR" LLC	81%	81%	2019	Chemistry/ Research	Uzbekistan
Bank's interest in associates:					
"O'ZBEKISTON POCHTASI" JSC	29%	29%	2021	Postal services	Uzbekistan
"UZDIGITAL TV" LLC	20%	20%	2011	Media	Uzbekistan
Bank's indirect interest in associates via Aloqaventures LLC:					
«EDU MARKETS» LLC	33%	33%	2022	Programming services	Uzbekistan
«CRADLE VISION TECH» LLC	20%	20%	2022	Programming services	Uzbekistan
"PRO-TOK" LLC	20%	-	2023	Network of charging stations	Uzbekistan
"Mohirlar xizmati" LLC	25%	-	2023	IT-outsourcing services	Uzbekistan
Bank's interest in Joint ventures:					
"IT-BILIMLARNI RIVOJLANTIRISH MARKAZI" LLC	49%	49%	2021	Educational facility	Uzbekistan

In 2022, "Aloqaventures" LLC established two new IT service entities, namely "Edu Markets" LLC and "Cradle vision tech" LLC, with ownership stakes of 33% and 20% respectively. In 2023, Group invested in two new associates namely "PRO-TOK" LLC and "Mohirlar xizmati" LLC, with ownership stakes of 20% and 25% respectively.

Abbreviations. A glossary of various abbreviations used in this document is included in Note 37.

2 Operating Environment of the Group

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

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

2 Operating Environment of the Group (Continued)

Management is unable to predict all developments which could have an impact on the banking sector generally and on the financial position of the Bank in particular.

Uzbekistan experienced the following key economic indicators in 2023:

- Inflation: 8.8%[1] (2022: 12.3%);
- GDP growth 6%[1] (2022: 5.7%);
- Official exchange rates: 31 December 2023: USD 1 = UZS 12,338.77[2] (31 December 2022: USD 1 = UZS 11,225.46);
- Central Bank refinancing rate –14% (2022: 15%).

Influence of geopolitical events in the world. In February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions were announced against the Russian Federation by most Western countries. These sanctions are intended to have a negative economic impact on the Russian Federation. Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the currency markets, as well as a volatility of UZS against the US dollar and euro. Conflict between the Russian Federation and Ukraine is still ongoing in 2023 year.

During 2023 the UZS weakened against the USD by 9.7% per annum (2022: weakened 7% per annum).

In order to reduce the impact of the external environment on the economy of the Republic of Uzbekistan, on 17 March 2023, the Board of the Central Bank of the Republic of Uzbekistan decreased the CBU refinancing rate down to 14%.

The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position and financial performance. The future effects of the current economic situation taking into consideration the sanctions to the Russian government and the above measures are difficult to predict, and management's current expectations and estimates could differ from actual results.

3 Material Accounting Policies information

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS®" Accounting Standards") as issued by the IASB®. These consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of financial instruments categorised at fair value through profit or loss ("FVTPL"). Material accounting policies information 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.

Going concern. Management prepared these consolidated financial statements on a going concern basis. Refer to Note 4 for uncertainties relating to events and conditions that may cast a significant doubt upon the Group's ability to continue as a going concern.

Consolidated financial statements. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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 all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

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

Associates. Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights.

[1] Source: The State Committee of the Republic of Uzbekistan on Statistics (www.stat.uz)
[2] Source: Central Bank of Uzbekistan (www.Central Bank of Uzbekistan.uz)

3 Material Accounting Policies information (Continued)

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

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

Joint ventures. Interests in joint ventures are accounted for using the equity method (see above), after initially being recognised at cost in the consolidated balance sheet.

Financial instruments – key measurement terms. *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 33.

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for 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. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

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

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets

3 Material Accounting Policies information (Continued)

("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated. Refer to Note 4 for critical judgements applied by the Group in determining the business models for its financial assets.

Financial assets – classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Refer to Note 4 for critical judgements applied by the Group in performing the SPPI test for its financial assets.

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position.

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 29 for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in Note 29. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 29 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

As an exception, for certain financial instruments, such as credit cards, that may include both a loan and an undrawn commitment component, the Group measures expected credit losses over the period that the Group is exposed to credit risk, that is, until the expected credit losses would be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. This is because contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to such contractual notice period.

3 Material Accounting Policies information (Continued)

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group has specified criteria for writing-off the unrecoverable balances in its loan business. Write-off triggers may result from decisions about no enforcement due to worthlessness of the claim/collateral or generally from assessment that the receivable is economically lost.

Financial assets – derecognition. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

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

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

Investments in debt securities. Based on the business model and the cash flow characteristics, the Group classifies investments in debt securities as carried at AC, FVOCI or FVTPL. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

Investments in equity securities. Financial assets that meet the definition of equity from the issuer's perspective, i.e. instruments that do not contain a contractual obligation to pay cash and that evidence a residual interest in the issuer's net assets, are considered as investments in equity securities by the Group. Investments in equity securities are measured at FVTPL. Dividends continue to be recognised in profit or loss when the Group's right to receive payments is established except when they represent a recovery of an investment rather than a return on such investment.

3 Material Accounting Policies information (Continued)

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

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

Loan commitments. The Group issues commitments to provide loans. These commitments are irrevocable or revocable only in response to a material adverse change. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Group cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

Note 29 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Financial guarantees. Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. 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 guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL loss allowance is recognised for fees receivable that are recognised in the statement of financial position as an asset. Note 29 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Premises and equipment. Premises and equipment are stated at cost less accumulated depreciation and provision for impairment, where required.

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

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

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

Depreciation. Land and construction in progress are 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:

3 Material Accounting Policies information (Continued)

	Useful lives in years
Buildings	50
Office and computer equipment	5-10
Right-of-use assets	1-5

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at №the end of each reporting period.

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

Capitalisation of borrowing costs. 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. Other borrowing costs are recognised as an expense using the effective interest method. The Group capitalises borrowing costs that would have been avoided if it had not made capital expenditure on qualifying assets. The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Due to other banks. Amounts due to other banks are recorded when money or other assets are advanced to the Group by counterparty banks. The non-derivative liability is carried at AC. If the Group purchases its own debt, the liability is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from retirement of debt.

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

Other borrowed funds. Other borrowed funds include borrowings from government and non-government funds and financial institutions and are carried at AC.

Subordinated debt. Subordinated debt can only be paid in the event of a liquidation after the claims of other higher priority creditors have been met. Subordinated debt is carried at AC.

Foreign currency swaps. Foreign currency swaps are carried at their fair value.

The Group enters into offsetting loans with its counterparty banks to exchange currencies. Such loans, while legally separate, are aggregated and accounted for as a single derivative financial instrument (currency swap) on a net basis where (i) the loans are entered into at the same time and in contemplation of one another, (ii) they have the same counterparty, (iii) they relate to the same risk and (iv) there is no apparent business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction.

All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year (gains less losses on derivatives). The Group does not apply hedge accounting.

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

3 Material Accounting Policies information (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Share capital. Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

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

Interest 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. Interest income on lease receivables calculated at nominal interest rate is presented within 'other similar income' line in profit or loss.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination.

Fee and commission income. Fee and commission income is recognised over time on a straight-line basis as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by the Group's performance. Such income includes recurring fees for account maintenance, account servicing fees, account subscription fees. Variable fees are recognised only to the extent that management determines that it is highly probable that a significant reversal will not occur.

Other fee and commission income is recognised at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received or receivable represents the transaction price for the services identified as distinct performance obligations.

Such income includes purchase of foreign currencies on behalf of a customer, fees for processing payment transactions, fees for cash settlements, collection or cash disbursements. Loan syndication fees are recognised as income when the syndication has been completed and the Group retains no part of the loan package for itself, or retains a part at the same effective interest rate as for the other participants.

Sales and purchases of foreign currencies and currency conversion. The Group sells and purchases foreign currencies in the cash offices and through the bank accounts, as well as exchanges foreign currencies. The transactions are performed at the exchange rates established by the Group, which are different from the official spot exchange rates at the particular dates.

The differences between the official rates and Group rates are recognised as gains less losses from trading in foreign currencies at a point in time when a particular performance obligation is satisfied.

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

3 Material Accounting Policies information (Continued)

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of Uzbekistan at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the Central Bank of Uzbekistan, are recognised in profit or loss for the year (as foreign exchange translation gains less losses). Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

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

Loans between group entities and related foreign exchange gains or losses are eliminated upon consolidation.

At 31 December 2023 the principal rate of exchange used for translating foreign currency balances was USD 1 = UZS 12,338.77 (2022: USD 1 = UZS 11,225.46) and EUR 1 = UZS 13,731.82 (2022: EUR 1 = UZS 11,961.85).

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

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

Staff costs and related contributions. Wages, salaries, contributions to 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 employees. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

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

3 Material Accounting Policies information (Continued)

Presentation of statement of financial position in order of liquidity. The Group does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 29 for analysis of financial instruments by expected maturity. The following table provides information on non financial assets and liabilities amounts expected to be recovered or settled before and after twelve months after the reporting period for items that are not analysed in Note 29.

	31 December 2023			31 December 2022		
	Amounts expected to be recovered or settled			Amounts expected to be recovered or settled		
In millions of Uzbekistan Soums	Within 12 months after the reporting period	Beyond 12 months after the reporting period	Total	Within 12 months after the reporting period	Beyond 12 months after the reporting period	Total
ASSETS						
Investment in associates	-	60,501	60,501	-	58,781	58,781
Premises, equipment intangible assets and right of use assets	-	2,492,210	2,492,210	-	1,596,821	1,596,821
Deferred income tax asset	-	50,302	50,302	-	28,325	28,325
Other non-financial assets	260,154	1,766	261,920	110,421	1,581	112,002
TOTAL ASSETS	**260,154**	**2,604,779**	**2,864,933**	**110,421**	**1,685,508**	**1,795,929**
LIABILITIES						
Other non-financial liabilities	64,036	-	64,036	32,945	-	32,945
Corporate income tax payable	38,243	-	38,243	32,457	-	32,457
TOTAL LIABILITIES	**102,279**	**-**	**102,279**	**65,402**	**-**	**65,402**

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

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

Going concern. Management prepared these consolidated financial statements on a going concern basis. In making this judgement management considered the Group's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of recent macro-economic developments on future operations of the Group.

- As at 31 December 2023 the loan balances provided to one borrower exceeded CBU set maximum 25% of the Bank's Tier 1 Capital. The loan was provided in accordance with the government instructions to support the textile industry. The Bank subsequently, communicated this information to the CBU and agreed to action plan to resolve the breach by 1 October 2024. As of the date of issuing the Group's consolidated financial statements, the exposure to this borrower had reduced to 26% of the Tier 1 Capital.
- As at 31 December 2023, the ratio of the Bank's all investments in real estate to the Bank's Tier 1 Capital exceeded CBU set maximum of 100%. The Bank communicated this information to the CBU and agreed to action plan to resolve the breach by 31 December 2024. The substantial investment in real estate relates to the construction of the Bank's new office building located in Tashkent city which is carried out in accordance with government instructions. In February 2024 it was decided that the Bank should sell the new office building. Once sold the Bank will be in compliance with this ratio. Information on Events after the end of the reporting period is disclosed in Note 36.
- As at 31 December 2023 the Group's short term liquidity maturity gap is negative. However, the, Bank's liquidity position was in compliance with the liquidity prudential ratios set out by CBU as at 31 December 2023. Management regularly performs stress tests to assess the potential outcomes due to liquidity mismatches and evaluates results to prepare action plans. In addition, Central Bank monitors Bank's compliance with prudential ratios.

  A significant portion of these customer demand accounts are of large state controlled telecommunication entities which are either the Group's shareholders or related entities under common control and the past experience of the Group, indicate to Management that these customer accounts provide a long-term and stable source of funding for the Group.

In management's assessment the above mentioned events do not indicate a material uncertainty with regards to going concern. In particular the management considers the following in coming to its conclusion:

- The Bank is one of the largest and stable state-owned banks with 88 branches all over Uzbekistan and employs more than 1,700 employees. The government continuously supports its Banks and implement various government programs on order to support country economy with lendings. The Bank is strategically important to the government as Bank invests intensely in telecommunication and IT sector of the economy, providing specialised access to finance for the new start-up companies and SMEs.
- The Bank has engaged with the Regulator where any breaches have arisen, establishing open and transparent communication throughout the process, notifying them of the identified issues and shared the corrective action plan following guidance and clarification obtained from the Regulator. The Bank management is continuosly monitoring and reporting to track the progress of such actions to ensure ongoing compliance with regulatory norms and keeps the Regulator updated on progress made in addressing the issues. The Bank expects to rectify the current normative breaches within the timetable agreed with the Regulator.
- During 2023 share of JSC Uzbektelecom increased to 22.03% of ownership (2022: 2.34%) by purchasing of shares amounted UZS 240,189 million (Note 20).
- In 2023, Moody's rating agency has affirmed a positive outlook on all ratings of the Bank, including the long-term counterparty risk rating in foreign currency (Ba3) and the long-term deposit ratings in both foreign and local currency (B1). Moreover, the Bank's profitability has shown a steady upward trend, which is expected to contribute to further capital growth in the coming years. Notably, the Group

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

recorded a net profit of approximately UZS 358,508 million in 2023, reflecting a significant 82% increase compared to the previous year.

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 29. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The Group used following forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. The forward-looking assumptions that correlate with ECL level and their assigned weights were as follows at 31 December 2023:

Variable	Scenario	Assigned weight	Assumption for: 2024	2025	2026
GDP Growth rate	Scenario 1	25%	5.21%	6.46%	5.49%
	Base	50%	4.54%	7.04%	8.25%
	Scenario 3	25%	7.16%	8.33%	7.35%
Inflation	Scenario 1	25%	10.00%	9.90%	9.90%
	Base	50%	10.70%	9.30%	7.10%
	Scenario 3	25%	8.00%	8.00%	8.00%
Unemployment rate	Scenario 1	25%	9.00%	9.00%	9.00%
	Base	50%	7.85%	7.35%	6.85%
	Scenario 3	25%	9.20%	9.20%	9.20%
Export Growth rate	Scenario 1	25%	20.10%	16.60%	16.60%
	Base	50%	20.29%	16.78%	12.52%
	Scenario 3	25%	15.60%	4.20%	4.70%
Import Growth rate	Scenario 1	25%	17.80%	16.50%	16.50%
	Base	50%	17.72%	16.45%	14.48%
	Scenario 3	25%	12.52%	4.64%	5.35%

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

The assumptions and assigned weights were as follows at 31 December 2022:

Variable	Scenario	Assigned weight	Assumption for: 2023	2024	2025
GDP Growth rate	Scenario 1	25%	4.06%	5.02%	5.11%
	Base	50%	4.22%	4.65%	4.73%
	Scenario 3	25%	4.66%	4.93%	5.09%
Inflation	Scenario 1	25%	10.90%	9.60%	9.60%
	Base	50%	11.40%	7.48%	5.60%
	Scenario 3	25%	11.00%	8.00%	8.00%
Unemploy-ment rate	Scenario 1	25%	10.00%	9.25%	9.00%
	Base	50%	9.75%	9.25%	8.75%
	Scenario 3	25%	9.20%	9.20%	9.20%
Export Growth rate	Scenario 1	25%	16.10%	14.80%	14.80%
	Base	50%	18.94%	13.29%	13.74%
	Scenario 3	25%	2.00%	2.20%	2.20%
Import Growth rate	Scenario 1	25%	15.60%	16.20%	16.20%
	Base	50%	14.95%	17.00%	14.93%
	Scenario 3	25%	5.60%	5.60%	5.60%

The Management analyzed forward-looking information and assessed that effect of macro was not significant as at 31 December 2023 and 2022. The Management updates its statistical tests for correlation as at each reporting date.

A 10% increase (or decrease) in PD estimates at 31 December 2023 would result in an increase (or decrease) in total expected credit loss allowances of UZS 9,424 million (at 31 December 2022: UZS 6,713 million). A 10% increase (or decrease) in LGD estimates at 31 December 2023 would result in an increase (or decrease) in total expected credit loss allowances of UZS 14,078 million (at 31 December 2022: UZS 10,129 million).

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the Group compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Group considers all reasonable and supportable forward looking information available without undue cost and effort, which includes a range of factors, including behavioural aspects of particular customer portfolios. The Group identifies behavioural indicators of increases in credit risk prior to delinquency and incorporated appropriate forward looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level. Refer to Note 29 for further details.

Should ECL on all loans and advances to customers be measured at lifetime ECL (that is, including those that are currently in Stage 1 measured at 12-months ECL), the expected credit loss allowance would be higher by UZS 101,109 million as of 31 December 2023 (31 December 2022: higher by UZS 101,658 million).

Fair value of derivatives and certain other instruments. Information about fair values of instruments that were valued using assumptions that are not based on observable market data is disclosed in Note 33.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

Other borrowed funds. The Group obtains long term financing from government, state and international financial institutions at interest rates at which such institutions ordinarily lend in emerging markets and which may be lower than rates at which the Group could source the funds from local lenders. As a result of this financing, the Group is able to advance funds to specific customers at advantageous rates. Management has considered whether gains or losses should arise on initial recognition of these instruments and its 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 sector.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations. Refer to Note 25.

5 Adoption of New or Revised Standards and Interpretations

The following amended standards became effective from 1 January 2023, but did not have any material impact on the Group:

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023), including amendments (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments resulted in changes in presentation of these consolidated financial statements, primarily by removing accounting policies that do not represent material accounting policy information.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The adoption of the amendments did not have a material impact on these consolidated financial statements.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The adoption of the amendments did not have a material impact on these consolidated financial statements.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023). The adoption of the amendments did not have a material impact on these consolidated financial statements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Group has not early adopted.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).

IFRS 18 Presentation and Disclosure in Financial Statements (Issued in April 2024 and effective for annual periods beginning on or after 1 January 2027).

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued in May 2024 and effective for annual periods beginning on or after 1 January 2027).

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

7 Cash and Cash Equivalents

In millions of Uzbekistan Soums	31 December 2023	31 December 2022
Cash balances with the CBU (other than mandatory reserves Note 8)	719,272	1,546,020
Cash on hand	427,420	474,202
Correspondent accounts and overnight placements with other banks	333,863	494,760
Placements with other banks with original maturity of less than three months	-	552,891
Less credit loss allowance	(6,254)	(3,748)
Total cash and cash equivalents	**1,474,301**	**3,064,125**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2023.

In millions of Uzbekistan Soums	Cash balances with the CBU	Correspondent accounts and overnight placements	Placements with other banks with original maturity of less than three months	Total
- BBB- to AAA+ rated	-	54,213	-	**54,213**
- BB- to BB+ rated	719,272	218,055	-	**937,327**
- B- to B+ rated	-	58,569	-	**58,569**
Unrated	-	3,026	-	**3,026**
Less credit loss allowance	(3,911)	(2,343)	-	**(6,254)**
Total cash and cash equivalents, excluding cash on hand	**715,361**	**331,520**	**-**	**1,046,881**

The correspondent accounts and overnight placements with no available credit quality i.e., unrated were rated "C" by the Group for the financial reporting purposes.

The credit quality of cash and cash equivalents balances at 31 December 2022, was as follows:

In millions of Uzbekistan Soums	Cash balances with the CBU	Correspondent accounts and overnight placements	Placements with other banks with original maturity of less than three months	Total
- BBB- to AAA+ rated	-	141,068	-	**141,068**
- BB- to BB+ rated	1,546,020	286,847	112,254	**1,945,121**
- B- to B+ rated	-	56,406	430,637	**487,043**
- C to CCC+ rated	-	10,439	10,000	**20,439**
Less credit loss allowance	-	(1,116)	(2,632)	**(3,748)**
Total cash and cash equivalents, excluding cash on hand	**1,546,020**	**493,644**	**550,259**	**2,589,923**

The country rating was applied for the cash balances with CBU. The credit rating is based on the rating agency Standard & Poor's (if available) or the rating agencies Moody's and Fitch, which are converted to the nearest equivalent value in Standard & Poor's rating scale.For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. Refer to Note 29 for the ECL measurement approach. Interest rate analysis of cash and cash equivalents is disclosed in Note 29. Information on related party balances is disclosed in Note 35.

7 Cash and Cash Equivalents (Continued)

The following tables explain the changes in the credit loss allowance and gross carrying amount of cash and cash equivalents between the beginning and the end of the annual period due to these factors:

In millions of Uzbekistan Soums	Credit loss allowance (Stage1)	Gross carrying amount (Stage1)
At 31 December 2022	**(3,748)**	**3,067,873**
New originated or purchased	(6,254)	252,496,188
Derecognised during the period	3,748	(254,139,540)
Foreign exchange translation and other movements	-	56,034
At 31 December 2023	**(6,254)**	**1,480,555**

In millions of Uzbekistan Soums	Credit loss allowance (Stage1)	Gross carrying amount (Stage1)
At 31 December 2021	**(362)**	**1,984,117**
New originated or purchased	(3,748)	245,687,544
Derecognised during the period	362	(244,638,200)
Foreign exchange translation and other movements	-	34,412
At 31 December 2022	**(3,748)**	**3,067,873**

8 Due from Other Banks

In millions of Uzbekistan Soums	31 December 2023	31 December 2022
Placements with other banks with original maturities of more than three months	339,407	425,638
Short term loans to other banks	156,864	-
Mandatory reserves with CBU	94,085	74,896
Security deposit	70,382	33,013
Less credit loss allowance	(4,922)	(2,402)
Total due from other banks	**655,816**	**531,145**

Security deposit represents cash collateral for operations with international payment systems (VISA, Union pay, Mastercard and other) and the balances with Russian banks, which were banned from SWIFT during 2022 and remaing amount is UZS 3,678 million (2022: UZS 5,515 million).

The table below discloses the credit quality of due from banks balances based on credit risk grades at 31 December 2023.

In millions of Uzbekistan Soums	Mandatory cash balances with CBU	Placements with other banks	Short Term Loans To Other Banks	Security deposit	Total
- BBB- to AAA+ rated	-	-	-	66,704	**66,704**
- BB- to BB+ rated	94,085	108,801	156,864	55	**359,805**
- B- to B+ rated	-	230,606	-	50	**230,656**
Unrated	-	-	-	3,573	**3,573**
Less credit loss allowance	(512)	(3,008)	(853)	(549)	**(4,922)**
Total due from other banks	**93,573**	**336,399**	**156,011**	**69,833**	**655,816**

8 Due from Other Banks (Continued)

Analysis by credit quality of amounts due from other banks outstanding at 31 December 2022, is as follows:

In millions of Uzbekistan Soums	Mandatory cash balances with CBU	Placements with other banks	Short Term Loans To Other Banks	Security deposit	Total
- BBB- to AAA+ rated	-	-	-	16,506	**16,506**
- BB- to BB+ rated	74,896	132,134	-	5,656	**212,686**
- B- to B+ rated	-	293,504	-	100	**293,604**
- C- to CCC+ rated	-	-	-	10,751	**10,751**
Less credit loss allowance	-	(1,791)	-	(611)	**(2,402)**
Total due from other banks	**74,896**	**423,847**	**-**	**32,402**	**531,145**

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

The following tables explain the changes in the credit loss allowance of due from other banks between the beginning and the end of the annual period:

	Credit loss allowance (Stage1)	Gross carrying amount (Stage1)
At 31 December 2022	**(2,402)**	**533,547**
New originated or purchased	(4,922)	908,250
Derecognised during the period	2,402	(806,101)
Foreign exchange translation and other movements	-	25,042
At 31 December 2023	**(4,922)**	**660,738**

	Credit loss allowance (Stage1)	Gross carrying amount (Stage1)
At 31 December 2021	**(4,545)**	**428,561**
New originated or purchased	(2,402)	2,066,316
Derecognised during the period	4,545	(1,967,132)
Foreign exchange translation and other movements	-	5,802
At 31 December 2022	**(2,402)**	**533,547**

Refer to Note 33 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 29. Information on related party balances is disclosed in Note 35.

9 Loans and Advances to Customers

In millions of Uzbekistan Soums	2023	2022
Gross carrying amount of loans and advances to customers at AC	10,641,621	9,771,976
Finance lease receivable	-	9,874
Less: credit loss allowance	(156,234)	(142,424)
Total carrying amount of loans and advances to customers at AC	**10,485,387**	**9,639,426**

Gross carrying amount and credit loss allowance amount for loans and advances to customers at AC by classes at 31 December 2023 and 31 December 2022 are disclosed in the table below:

	31 December 2023		
In millions of Uzbekistan Soums	Gross carrying amount	Credit loss allowance	Carrying amount
Loans and advances to corporate customers			
Large loans	7,223,779	(122,887)	7,100,892
Micro loans	21,795	(294)	21,501
Loans to individuals			
Car loan	1,708,534	(8,169)	1,700,365
Consumer	702,946	(8,576)	694,370
Mortgage	682,840	(9,992)	672,848
Retail micro&Retail agro	301,727	(6,316)	295,411
Total loans and advances to customers at AC	**10,641,621**	**(156,234)**	**10,485,387**

	31 December 2022		
In millions of Uzbekistan Soums	Gross carrying amount	Credit loss allowance	Carrying amount
Loans and advances to corporate customers			
Large loans	7,192,750	(103,095)	7,089,655
Micro loans	24,705	(531)	24,174
Loans to individuals			
Car loan	1,370,890	(5,228)	1,365,662
Consumer	500,906	(12,537)	488,369
Mortgage	554,128	(18,250)	535,878
Retail micro&Retail agro	138,471	(2,783)	135,688
Total loans and advances to customers at AC	**9,781,850**	**(142,424)**	**9,639,426**

More detailed explanation of classes of loans is provided below:

- Large loans – loans issued to commercial entities under the standard terms, mainly for working capital financing and for capital expenditures. Loans are considered to be large, if gross loan amount is higher than UZS 150 million as at reporting date.
- Micro loans – all loans, which are not classified as large loans, issued to legal entities. These loans are provided for working capital financing and for capital expenditures;
- Car loans – loans issued to individuals for purchase of automobiles;
- Consumer loans – loans issued to individuals for purchase of consumer products and all other loans issued to individuals other than those explained above.
- Retail Mortgage – loans issued to individuals for purchase of real estate or property;
- Agro and micro retail – loans issued to individuals and private entrepreneurs as micro loans.

9 Loans and Advances to Customers (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting period:

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Large loans								
At 1 January 2023	32,523	22,235	48,337	**103,095**	5,378,239	916,506	898,005	**7,192,750**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(33,873)	33,873	-	-	(1,242,335)	1,242,335	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(18,964)	(3,015)	21,979	-	(196,073)	(180,594)	376,667	-
- from Stage 3 to Stage 2 and Stage 1	337	7,494	(7,831)	-	56,233	421,591	(477,824)	-
New originated or purchased	10,909	-	-	**10,909**	1,797,623	-	-	**1,797,623**
Derecognised during the period	(3,440)	(7,565)	(5,730)	**(16,735)**	(1,200,156)	(623,583)	(70,653)	**(1,894,392)**
Changes to ECL measurement model assumptions and other movements*	40,760	(9,828)	105,840	**136,772**	-	-	-	-
Changes in accrued interest	210	936	(774)	**372**	22,067	40,101	(9,476)	**52,692**
Total movements with impact on credit loss allowance charge for the period	**(4,061)**	**21,895**	**113,484**	**131,318**	**(762,641)**	**899,850**	**(181,286)**	**(44,077)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(117,759)	**(117,759)**	-	-	(117,759)	**(117,759)**
FX and other movements	1,275	3,645	1,313	**6,233**	149,856	32,368	10,641	**192,865**
At 31 December 2023	**29,737**	**47,775**	**45,375**	**122,887**	**4,765,454**	**1,848,724**	**609,601**	**7,223,779**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Micro loans								
At 1 January 2023	119	-	412	**531**	19,743	-	4,962	**24,705**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	-	-	-	-	-	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	-	-	-	-	-	-	-
- from Stage 3 to Stage 2 and Stage 1	-	-	-	-	3	-	(3)	-
New originated or purchased	83	-	-	**83**	12,468	-	-	**12,468**
Derecognised during the period	(24)	-	(276)	**(300)**	(11,283)	-	(3,908)	**(15,191)**
Changes to ECL measurement model assumptions and other movements*	(38)	-	18	**(20)**	-	-	-	-
Changes in accrued interest	-	-	-	-	52	-	(239)	**(187)**
Total movements with impact on credit loss allowance charge for the period	**21**	-	**(258)**	**(237)**	**1,240**	-	**(4,150)**	**(2,910)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2023	**140**	-	**154**	**294**	**20,983**	-	**812**	**21,795**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Car loans								
At 1 January 2023	3,132	342	1,754	5,228	**1,362,055**	4,222	4,613	**1,370,890**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(147)	147	-	-	**(3,817)**	3,817	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1,066)	(174)	1,240	-	**(3,217)**	(524)	3,741	-
- from Stage 3 to Stage 2 and Stage 1	1	2	(3)	-	**502**	7,189	(7,691)	-
New originated or purchased	2,332	-	-	2,332	**813,623**	-	-	**813,623**
Derecognised during the period	(399)	(54)	(720)	(1,173)	**(490,383)**	(123)	(926)	**(491,432)**
Changes to ECL measurement model assumptions and other movements*	668	415	(8,042)	(6,959)	-	-	-	-
Changes in accrued interest	24	23	8,694	8,741	**6,019**	350	9,084	**15,453**
Total movements with impact on credit loss allowance charge for the period	**1,413**	**359**	**1,169**	**2,941**	**322,727**	**10,709**	**4,208**	**337,644**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2023	**4,545**	**701**	**2,923**	**8,169**	**1,684,782**	**14,931**	**8,821**	**1,708,534**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Consumer loans								
At 1 January 2023	2,330	342	9,865	**12,537**	468,433	6,531	25,942	**500,906**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(50)	50	-	-	(1,266)	1,266	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1,412)	(180)	1,592	-	(4,262)	(543)	4,805	-
- from Stage 3 to Stage 2 and Stage 1	6	12	(18)	-	874	1,447	(2,321)	-
New originated or purchased	2,429	-	-	**2,429**	491,658	-	-	**491,658**
Derecognised during the period	(499)	(84)	(2,929)	**(3,512)**	(284,270)	(300)	(15,098)	**(299,668)**
Changes to ECL measurement model assumptions and other movements*	449	252	(4,094)	**(3,393)**	-	-	-	-
Changes in accrued interest	53	17	445	**515**	9,283	(574)	1,341	**10,050**
Total movements with impact on credit loss allowance charge for the period	**976**	**67**	**(5,004)**	**(3,961)**	**212,017**	**1,296**	**(11,273)**	**202,040**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2023	3,306	409	4,861	**8,576**	680,450	7,827	14,669	**702,946**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Retail mortgage								
At 1 January 2023	3,602	377	14,271	**18,250**	513,835	2,763	37,530	**554,128**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(349)	349	-	-	(3,732)	3,732	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1,344)	-	1,344	-	(4,057)	-	4,057	-
- from Stage 3 to Stage 2 and Stage 1	77	175	(252)	-	9,686	5,696	(15,382)	-
New originated or purchased	2,276	-	-	**2,276**	297,370	-	-	**297,370**
Derecognised during the period	(95)	(19)	(1,052)	**(1,166)**	(159,800)	(372)	(14,625)	**(174,797)**
Changes to ECL measurement model assumptions and other movements*	511	(8)	(10,474)	**(9,971)**	-	-	-	-
Changes in accrued interest	44	(1)	560	**603**	4,663	(212)	1,688	**6,139**
Total movements with impact on credit loss allowance charge for the period	**1,120**	**496**	**(9,874)**	**(8,258)**	**144,130**	**8,844**	**(24,262)**	**128,712**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2023	**4,722**	**873**	**4,397**	**9,992**	**657,965**	**11,607**	**13,268**	**682,840**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Agro and micro retail								
At 1 January 2023	2,133	3	647	**2,783**	136,666	104	1,701	**138,471**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(192)	192	-	-	(4,120)	4,120	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(728)	(3)	**731**	-	(2,197)	(11)	2,208	-
- from Stage 3 to Stage 2 and Stage 1	12	1	**(13)**	-	697	6	(703)	-
New originated or purchased	4,208	-	**123**	4,331	235,841	-	370	**236,211**
Derecognised during the period	(216)	-	**(82)**	(298)	(73,691)	(28)	(1,194)	**(74,913)**
Changes to ECL measurement model assumptions and other movements*	14	(2)	**(617)**	(605)	-	-	-	-
Changes in accrued interest	33	2	**70**	105	1,809	(62)	211	**1,958**
Total movements with impact on credit loss allowance charge for the period	**3,131**	**190**	**212**	**3,533**	**158,339**	**4,025**	**892**	**163,256**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2023	**5,264**	**193**	**859**	**6,316**	**295,005**	**4,129**	**2,593**	**301,727**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Large loans								
At 1 January 2022	58,834	7,972	41,577	**108,383**	5,907,246	354,377	769,930	**7,031,553**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(8,139)	8,139	-	-	(822,363)	822,363	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(2,913)	(396)	3,309	-	(243,213)	(156,096)	399,309	-
- from Stage 3 to Stage 2 and Stage 1	67	3,871	(3,938)	-	11,069	89,617	(100,686)	-
New originated or purchased	16,625	-	-	**16,625**	2,764,800	-	-	**2,764,800**
Derecognised during the period	(9,486)	(1,196)	(10,711)	**(21,393)**	(2,289,076)	(199,256)	(170,887)	**(2,659,219)**
Changes to ECL measurement model assumptions and other movements*	(22,585)	3,772	59,082	**40,269**	-	-	-	-
Changes in accrued interest	118	73	4,131	**4,322**	14,429	5,501	45,452	**65,382**
Total movements with impact on credit loss allowance charge for the period	**(26,313)**	**14,263**	**51,873**	**39,823**	**(564,354)**	**562,129**	**173,188**	**170,963**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(45,113)	**(45,113)**	-	-	(45,113)	**(45,113)**
FX and other movements	2	-	-	**2**	35,347	-	-	**35,347**
At 31 December 2022	32,523	22,235	48,337	**103,095**	5,378,239	916,506	898,005	**7,192,750**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

In millions of Uzbekistan Soums	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Micro loans								
At 1 January 2022	301	40	2,129	**2,470**	44,462	565	6,882	**51,909**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	-	-	-	-	-	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(9)	-	9	-	(1,569)	-	1,569	-
- from Stage 3 to Stage 2 and Stage 1	-	-	-	-	(50)	-	50	-
New originated or purchased	66	-	(66)	-	2,958	-	(2,958)	-
Derecognised during the period	(70)	(14)	(773)	**(857)**	(25,956)	(565)	(1,040)	**(27,561)**
Changes to ECL measurement model assumptions and other movements*	(169)	(26)	(922)	**(1,117)**	-	-	-	-
Changes in accrued interest	-	-	35	**35**	(102)	-	459	**357**
Total movements with impact on credit loss allowance charge for the period	**(182)**	**(40)**	**(1,717)**	**(1,939)**	**(24,719)**	**(565)**	**(1,920)**	**(27,204)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2022	119	-	412	**531**	19,743	-	4,962	**24,705**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Car loans								
At 1 January 2022	571	274	2,354	**3,199**	346,990	8,877	11,746	**367,613**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(2)	2	-	-	(714)	714	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(5)	(13)	18	-	(1,652)	(170)	1,822	-
- from Stage 3 to Stage 2 and Stage 1	(5)	(5)	10	-	(4,272)	(565)	4,837	-
New originated or purchased	2,772	-	-	**2,772**	1,221,186	-	-	**1,221,186**
Derecognised during the period	(154)	(119)	(931)	**(1,204)**	(200,978)	(4,640)	(13,754)	**(219,372)**
Changes to ECL measurement model assumptions and other movements*	(49)	202	305	**458**	-	-	-	-
Changes in accrued interest	4	1	(2)	**3**	1495	6	(38)	**1,463**
Total movements with impact on credit loss allowance charge for the period	**2,561**	**68**	**(600)**	**2,029**	**1,015,065**	**(4,655)**	**(7,133)**	**1,003,277**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2022	3,132	342	1,754	**5,228**	1,362,055	4,222	4,613	**1,370,890**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Consumer loans								
At 1 January 2022	1,984	229	4,406	**6,619**	527,660	9,755	21,405	**558,820**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(40)	40	-	-	(3,786)	3,786	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(86)	(91)	177	-	(11,086)	(1,767)	12,853	-
- from Stage 3 to Stage 2 and Stage 1	(6)	(6)	12	-	(4,682)	(623)	5,305	-
New originated or purchased	1,316	-	-	**1,316**	279,395	-	-	**279,395**
Derecognised during the period	(289)	(52)	(1,233)	**(1,574)**	(321,935)	(4,727)	(14,432)	**(341,094)**
Changes to ECL measurement model assumptions and other movements*	(568)	216	6,179	**5,827**	-	-	-	-
Changes in accrued interest	19	6	324	**349**	2,867	107	811	**3,785**
Total movements with impact on credit loss allowance charge for the period	**346**	**113**	**5,459**	**5,918**	**(59,227)**	**(3,224)**	**4,537**	**(57,914)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2022	2,330	342	9,865	**12,537**	468,433	6,531	25,942	**500,906**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Retail mortgage								
At 1 January 2022	1,629	651	5,440	**7,720**	356,205	11,722	27,882	**395,809**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(8)	8	-	-	(1,627)	1,627	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(99)	(185)	284	-	(19,314)	(2,564)	21,878	-
- from Stage 3 to Stage 2 and Stage 1	(38)	(28)	66	-	(5,443)	(171)	5,614	-
New originated or purchased	1,357	23	-	**1,380**	214,477	218	-	**214,695**
Derecognised during the period	(87)	(14)	(675)	**(776)**	(32,683)	(8,110)	(18,538)	**(59,331)**
Changes to ECL measurement model assumptions and other movements*	828	(84)	8,888	**9,632**	-	-	-	-
Changes in accrued interest	20	6	268	**294**	2,220	41	694	**2,955**
Total movements with impact on credit loss allowance charge for the period	**1,973**	**(274)**	**8,831**	**10,530**	**157,630**	**(8,959)**	**9,648**	**158,319**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2022	3,602	377	14,271	**18,250**	513,835	2,763	37,530	**554,128**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

	Credit loss allowance				Gross carrying amount			
In millions of Uzbekistan Soums	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Agro and micro retail								
At 1 January 2022	1,122	303	2,814	**4,239**	100,579	4,057	11,803	**116,439**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(1)	1	-	-	(104)	104	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(19)	(51)	70	-	(1,485)	(9)	1,494	-
- from Stage 3 to Stage 2 and Stage 1	(15)	-	15	-	(991)	-	991	-
New originated or purchased	1,593	-	-	**1,593**	102,059	-	-	**102,059**
Derecognised during the period	(244)	(63)	(454)	**(761)**	(63,335)	(4,046)	(12,689)	**(80,070)**
Changes to ECL measurement model assumptions and other movements*	(303)	(187)	(1,837)	**(2,327)**	-	-	-	-
Changes in accrued interest	-	-	39	**39**	(57)	(2)	102	**43**
Total movements with impact on credit loss allowance charge for the period	**1,011**	**(300)**	**(2,167)**	**(1,456)**	**36,087**	**(3,953)**	**(10,102)**	**22,032**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
At 31 December 2022	2,133	3	647	**2,783**	136,666	104	1,701	**138,471**

* The line "Changes to ECL measurement model assumptions and other movements" under columns related to Credit Loss Allowance represents changes in risk parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages, as well as transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. Due to current technical limitations the Group presented changes in EAD and risk parameters in one line. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

9 Loans and Advances to Customers (Continued)

The credit quality of loans to customers carried at amortised cost is as follows at 31 December 2023:

31 December 2023, (In millions of UZS)	Stage of Asset	Standard grade	Sub-Standard grade	Un-satisfac-tory	Doubtful	Bad loans	Gross carrying amount	Credit loss allowance	Total
Large loans	Stage 1	4,765,454	-	-	-	-	4,765,454	(29,737)	4,735,717
	Stage 2	-	1,681,173	167,551	-	-	1,848,724	(47,775)	1,800,949
	Stage 3	-	-	-	595,052	14,549	609,601	(45,375)	564,226
Micro loans	Stage 1	20,983	-	-	-	-	20,983	(140)	20,843
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	-	-	-	738	74	812	(154)	658
Car loans	Stage 1	1,684,782	-	-	-	-	1,684,782	(4,545)	1,680,237
	Stage 2	-	3,072	11,859	-	-	14,931	(701)	14,230
	Stage 3	-	-	-	8,821	-	8,821	(2,923)	5,898
Consumer loans	Stage 1	680,450	-	-	-	-	680,450	(3,306)	677,144
	Stage 2	-	7,827	-	-	-	7,827	(409)	7,418
	Stage 3	-	-	-	5,003	9,666	14,669	(4,861)	9,808
Retail mortgage	Stage 1	657,965	-	-	-	-	657,965	(4,722)	653,243
	Stage 2	-	8,248	3,359	-	-	11,607	(873)	10,734
	Stage 3	-	-	-	13,268	-	13,268	(4,397)	8,871
Agro and micro retail	Stage 1	295,005	-	-	-	-	295,005	(5,264)	289,741
	Stage 2	-	3,515	614	-	-	4,129	(193)	3,936
	Stage 3	-	-	-	1,860	733	2,593	(859)	1,734
Total		**8,104,639**	**1,703,835**	**183,383**	**624,742**	**25,022**	**10,641,621**	**(156,234)**	**10,485,387**

The credit quality of loans to customers carried at amortised cost is as follows at 31 December 2022:

31 December 2022, (In millions of UZS)	Stage of Asset	Standard grade	Sub-Standard grade	Un-satisfac-tory	Doubtful	Bad loans	Gross carrying amount	Credit loss allowance	Total
Large loans	Stage 1	5,378,239	-	-	-	-	**5,378,239**	(32,523)	**5,345,716**
	Stage 2	-	916,506	-	-	-	**916,506**	(22,235)	**894,271**
	Stage 3	-	-	-	898,005	-	**898,005**	(48,337)	**849,668**
Micro loans	Stage 1	19,743	-	-	-	-	**19,743**	(119)	**19,624**
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	-	-	-	2,548	2,414	**4,962**	(412)	**4,550**
Car loans	Stage 1	1,352,908	9,147	-	-	-	**1,362,055**	(3,132)	**1,358,923**
	Stage 2	-	4,222	-	-	-	**4,222**	(342)	**3,880**
	Stage 3	-		-	4,613	-	**4,613**	(1,754)	**2,859**
Consumer loans	Stage 1	457,726	10,707	-	-	-	**468,433**	(2,330)	**466,103**
	Stage 2	-	6,531	-	-	-	**6,531**	(342)	**6,189**
	Stage 3	-	-	-	11,138	14,804	**25,942**	(9,865)	**16,077**
Retail mortgage	Stage 1	504,749	9,086	-	-	-	**513,835**	(3,602)	**510,233**
	Stage 2		2,763	-	-	-	**2,763**	(377)	**2,386**
	Stage 3	-	-	-	37,530	-	**37,530**	(14,271)	**23,259**
Agro and micro retail	Stage 1	136,666	-	-	-	-	136,666	(2,133)	134,533
	Stage 2	-	104	-	-	-	104	(3)	101
	Stage 3	-	-	-	-	1,701	1,701	(647)	1,054
Total		**7,850,031**	**959,066**	**-**	**953,834**	**18,919**	**9,781,850**	**(142,424)**	**9,639,426**

9 Loans and Advances to Customers (Continued)

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

	31 December 2023		31 December 2022	
In millions of Uzbekistan Soums	**Amount**	**%**	**Amount**	**%**
Manufacturing	4,728,541	44	4,416,114	45
Individuals	2,947,892	28	2,564,395	26
Services	772,942	7	691,690	7
Trade	638,925	6	790,068	8
Communication	577,000	5	547,390	6
Construction	492,382	5	325,258	3
Agriculture	213,731	2	179,352	2
Transportation	194,744	2	166,995	2
Other	75,464	1	100,588	1
Gross loans and advances to customers	**10,641,621**	**100**	**9,781,850**	**100**

At 31 December 2023 the Group had 4 borrowers (2022: 5 borrowers) with aggregated loan amounts individually exceeding 10% of Group's equity. The total aggregate amount of these loans was UZS 2,092,097 million (2022: UZS 2,002,211 million) or 20% of the gross loan portfolio (2022: 20%).

Two borrower are state owned entities with loans amounted of UZS 1,061,032 million, which are collaterised by future cashflow from sale of precious metals amounted UZS 370,000 million, real estate amounted UZS 578,000 million, cash deposit amounted UZS 326,000 million, letters of surety amounted UZS 483,791 million. Total colletarised amount UZS 1,757,791 million.

One private entity with loans amounted of UZS 326,067 million, which are collaterised by real estate amounted UZS 568,000 million, letters of surety from owners amounted UZS 1,483,047 million. Total colletarised amount UZS 2,051,047 million.

One entity controlled by foreign capital, its loans amounted of UZS 703,067 million, which are collaterised by real estate amounted UZS 691,000 million, letters of surety from owners amounted UZS 709,000 million. Total colletarised amount UZS 1,400,149 million.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

CBU prudential ratio requires not to lend to more than 25% of Tier 1 capital to one borrower or the group of borrowers. Loans issued to one of the entity controlled by foreign capital breached the ratio, for details refer to Note 4.

Description of collateral held for loans carried at amortised cost is as follows at 31 December 2023:

	Loans to corporate customers		*Loans to Individuals*			
In millions of Uzbekistan Soums	**Large entities**	**Micro entities**	**Car loans**	**Consumer loans**	**Retail mortgage**	**Agro and micro retail**
Unsecured Loans:	307,280	1	-	3,626	-	-
Loans with other credit enhancement:						
- letter of surety	2,446,288	7,122	447,286	632,452	282,204	2,645
- insurance policy	356,557	4,996	204,966	48,425	5,842	103,919
Loans collateralized by:						
- real estate	2,468,881	2,530	447	194	372,281	11,396
- cash deposit	227,375	-	298	-	109	1
- motor vehicle	378,306	5,831	649,401	277	369	177,383
- equipment	746	-	-	-	-	-
- other	915,459	1,021	397,967	9,396	12,043	67
Collateralized loans	3,990,767	9,382	1,048,113	9,867	384,802	188,847
Loans and advances to customers	**7,100,892**	**21,501**	**1,700,365**	**694,370**	**672,848**	**295,411**

9 Loans and Advances to Customers (Continued)

Description of collateral held for loans carried at amortised cost is as follows at 31 December 2022:

	Loans to corporate customers		*Loans to individuals*			
In millions of Uzbekistan Soums	**Large entities**	**Micro entities**	**Car loans**	**Consumer loans**	**Retail mortgage**	**Agro and micro retail**
Unsecured Loans:	593,181	1,008	40,985	25,345	4,147	-
Loans with other credit enhancement:						
- letter of surety	2,119,645	5,170	500,919	452,727	209,110	3,488
- insurance policy	262,873	7,790	247,355	8,606	6,159	36,373
Loans collateralized by:						
- real estate	2,627,994	3,572	420	325	316,162	10,007
- cash deposit	252,403	-	1,339	-	133	11
- motor vehicle	304,570	6,533	574,644	1,366	167	85,657
- equipment	9,926	-	-	-	-	-
- other	919,063	101	-	-	-	152
Collateralized loans	4,113,956	10,206	576,403	1,691	316,462	95,827
Loans and advances to customers	**7,089,655**	**24,174**	**1,365,662**	**488,369**	**535,878**	**135,688**

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The effect of collateral for loans at 31 December 2023 is as follows:

	Over-collateralised assets		**Under-collateralised assets**	
In millions of Uzbekistan Soums	Carrying value of assets	Fair value of collateral accepted by the Bank	Carrying value of assets	Fair value of collateral accepted by the Bank
Loans and advances to corporate customers				
Large loans	514,613	1,824,178	49,613	11,300
Micro loans	658	4,753	-	-
Loans to individuals				
Car loans	5,898	31,230	-	-
Consumer loans	9,768	21,515	40	-
Retail mortgage	8,871	33,673	-	-
Agro and micro retail	1,734	6,827	-	-
Loans and advances to customers	**541,542**	**1,922,176**	**49,653**	**11,300**

The effect of collateral at 31 December 2022 as follows:

	Over-collateralised assets		**Under-collateralised assets**	
In millions of Uzbekistan Soums	Carrying value of assets	Fair value of collateral accepted by the Bank	Carrying value of assets	Fair value of collateral accepted by the Bank
Loans and advances to corporate customers				
Large loans	805,591	2,184,445	44,077	-
Micro loans	2,708	6,025	1,842	1,054
Loans to individuals				
Car loans	22,618	89,058	641	100
Consumer loans	15,176	47,350	901	25
Retail mortgage	2,859	18,962	-	-
Agro and micro retail	1,054	6,280	-	-
Loans and advances to customers	**850,006**	**2,352,120**	**47,461**	**1,179**

9 Loans and Advances to Customers (Continued)

The values of collateral considered in this disclosure are after a valuation haircut applied to consider liquidity and quality of the pledged assets.
The outstanding contractual amounts of loans and advances to customers written off that are still subject to enforcement activity was as follows at 31 December 2023 and 31 December 2022:

In millions of Uzbekistan Soums	**2023**	**2022**
Loans to corporate customers		
Large loans	113,055	56,814
Micro loans	2,920	1,085
Loans to individuals		
Car loans	1,237	903
Retail mortgage	4,172	9,535
Consumer loans	3,934	6,510
Agro and micro retail	6,408	527
Total	**131,726**	**75,374**

The Group's policy is to complete legal enforcement steps that were initiated even though the loans were written off as there is no reasonable expectation of recovery.

10 Investment in Debt Securities

In millions of Uzbekistan Soums	**31 December 2023**	**31 December 2023**
CBU Bonds	218,987	444,145
Uzbekistan government bonds	-	347,242
Total investments in debt securities at 31 December (gross carrying value)	**218,987**	**791,387**
Credit loss allowance	(1,191)	(791)
Total investments in debt securities at 31 December (carrying value)	**217,796**	**790,596**

Investment in debt securities comprise bonds of Uzbek government and Central Bank of Uzbekistan (Standard & Poor's credit rating for Uzbekistan stands at BB- with a stable outlook) with 16.5% interest rate and up to two years maturity. Investment in debt securities are accounted at amortised cost since business model is "hold to collect" and SPPI test was passed.

All investments in debt securities were in stage 1 as of 31 December 2023 and 31 December 2022 and there were no movements between stages.

As at 31 December 2022 the Bonds of Central Bank of Uzbekistan and Uzbek government for UZS 791,387 million are pledged to attract short term financing obtained from Central Bank of Uzbekistan under overnight repo agreements without right to sell or repledge.

Refer to Note 33 for the estimated fair value of investments in debt securities.

11 Investment in Equity Securities

Investments in equity securities at FVTPL. The Group designated investments disclosed in the following table as equity securities at FVTPL. Equity securities at FVTPL represent securities held for trading and other equity securities for which FVOCI election was not made on initial recognition.

At 31 December 2023 securities at FVTPL include equity securities with a carrying value of UZS 39 697 million (2022: UZS 8 790 million). Due to the nature of the local financial markets, it is not possible to obtain current market value for these investments. For these investments, fair value is estimated by reference to the discounted operating cash flows of the investee. Refer to Note 33 for the estimated fair value of investments in equity securities.

12 Investment in Associates and Joint Ventures

The table below summarises the movements in the carrying amount of the Group's investment in associates and joint ventures.

In millions of Uzbekistan Soums	2023	2022
Carrying amount at 1 January	**58,781**	**57,400**
Contribution to share capital of associate/joint venture	2,273	1,143
Share of (loss)/profit of associates/joint ventures	(553)	275
Dividends from associates/joint ventures	-	(37)
Carrying amount at 31 December	**60,501**	**58,781**

The Group's interests in its principal associates and joint venture were as follows:

Name	Principal activity	Place of business	31 December 2023		31 December 2022	
			% ownership interest held	Carrying amount	% ownership interest held	Carrying amount
"O'ZBEKISTON POCHTASI" SC	Postal services	Uzbekistan	29%	50,635	29%	50,398
IT bilimlarni rivojlantirish markazi (Joint control)	Educational facility	Uzbekistan	49%	6,906	49%	7,209
"PRO-TOK" LLC	Network of charging stations	Uzbekistan	20%	1,617	-	-
"Mohirlar xizmati" LLC	IT-outsourcing services	Uzbekistan	25%	522	-	-
"EDU MARKETS" LLC	IT	Uzbekistan	33%	467	33%	427
"CRADLE VISION TECH" LLC	IT	Uzbekistan	20%	354	20%	557
"UZDIGITAL TV" LLC	Internet TV	Uzbekistan	20%	-	20%	190
Total investment in associates and JV				**60,501**		**58,781**

During 2023, two new associates "PRO-TOK" LLC and "Mohirlar xizmati" LLC were newly establieshed by the subsidiary of the bank, "ALOQAVENTURES" LLC.

12 Investment in Associates and Joint Ventures (Continued)

Summarised financial information of each material associate is as follows at 31 December 2023 and for the year then ended:

In millions of Uzbekistan Soums	"UZDIGITAL TV" LLC	"O'ZBEKISTON POCHTASI" JSC	"EDU MARKETS" LLC	"CRADLE VISION TECH" LLC	"PRO-TOK" LLC	"MOHIRLAR XIZMATI" LLC	IT-BILIMLARNI RIVOJLANTIRISH MARKAZI (JV)	Total associates and joint ventures
Current assets	15,038	202,206	1,420	1,897	1,422	670	97,781	320,434
Non-current assets	27,297	101,497	47	-	-	-	8,411	137,252
Current liabilities	(36,401)	(100,735)	65	(127)	(105)	(79)	(432)	(137,814)
Non-current liabilities	(10,657)	(72,864)	-	-	-	-	(91,667)	(175,188)
Net assets	**(4,723)**	**130,104**	**1,532**	**1,770**	**1,317**	**591**	**14,093**	**144,684**
Group's share in %	20%	29%	33%	20%	20%	25%	49%	
Group's share in UZS'm	-	38,186	467	354	264	148	6,906	46,325
Goodwill	-	12,449	-	-	1,353	374	-	14,176
Carrying amount	**-**	**50,635**	**467**	**354**	**1,617**	**522**	**6,906**	**60,501**
Revenue	86,929	381,903	473	-	284	-	16	469,605
Profit or loss from continuing operations	(17,439)	807	120	(1,015)	(364)	(243)	(1,006)	(19,140)
Total comprehensive income	(17,439)	807	120	(1,015)	(364)	(243)	(1,006)	(19,140)

Summarised financial information of each material associate is as follows at 31 December 2022 :

In millions of Uzbekistan Soums	"UZDIGITAL TV" LLC	"O'ZBEKISTON POCHTASI" JSC	"EDU MARKETS" LLC	"CRADLE VISION TECH" LLC	"PRO-TOK" LLC	"MOHIRLAR XIZMATI" LLC	IT-BILIMLARNI RIVOJLANTIRISH MARKAZI (JV)	Total associates and joint ventures
Current assets	12,045	173,129	1,309	3,346	n/a	n/a	65,619	255,448
Non-current assets	24,301	95,606	-	-	n/a	n/a	119	120,026
Current liabilities	(29,100)	(90,243)	(15)	(561)	n/a	n/a	(1,026)	(120,945)
Non-current liabilities	(6,296)	(48,236)	-	-	n/a	n/a	(50,000)	(104,532)
Net assets	**950**	**130,256**	**1,294**	**2,785**	**n/a**	**n/a**	**14,712**	**149,997**
Group's share in %	20%	29%	33%	20%	n/a	n/a	49%	
Group's share in UZS'm	190	37,774	427	557	n/a	n/a	7,209	46,157
Goodwill	-	12,624		-	n/a	n/a	-	12,624
Carrying amount	**190**	**50,398**	**427**	**557**	**n/a**	**n/a**	**7,209**	**58,781**
Revenue	69,746	298,727	1	-	n/a	n/a	-	368,474
Profit or loss from continuing operations	(10,615)	719	(358)	(13)	n/a	n/a	4,712	(5,555)
Total comprehensive income	(10,615)	719	(358)	(13)	n/a	n/a	4,712	(5,555)

13 Other Assets

In millions of Uzbekistan Soums	31 December 2023	31 December 2022
Other financial assets at AC		
Non-interest income receivables	19,766	21,643
Receivable from money transfer systems	14,921	8,033
Commission receivable from customers	821	7,131
Other	3,428	950
Less: credit loss allowance	(2,305)	(1,470)
Total other financial assets at AC	**36,631**	**36,287**
Other financial assets at FVTPL		
Derivatives (Note 33)	3,605	-
Total other financial assets at FVTPL	**3,605**	**-**
Total other financial assets	**40,236**	**36,287**
Other non-financial assets		
Repossessed assets on loans and leasing	141,765	75,203
Prepaid expenses	86,101	25,242
Prepayment for taxes other than income tax	27,898	3,042
Inventory	3,935	5,638
Prepayments for premises and equipment	1,766	1,581
Other	455	1,296
Total other non-financial assets	**261,920**	**112,002**
Total other assets	**302,156**	**148,289**

Repossessed collateral represents real estate assets and equipment acquired by the Group in settlement of overdue loans. The assets received were measured at the lower of their carrying amount and fair value less costs to sell. The Group expects to dispose of the assets in the foreseeable future.

All of the above assets are expected to be recovered less than twelve months after the year-end. Other financial assets were included in Stage 1 for ECL measurement purposes, and were not past due.

Information on related party balances is disclosed in Note 35.

An analysis of changes in the ECLs for other financial assets for the year ended 31 December 2023 is as follows:

In millions of Uzbekistan Soums	Stage 1	Stage 3	Total
ECL at 1 January 2023	**(1,470)**	**-**	**(1,470)**
ECL charge	(2,305)	-	**(2,305)**
Financial assets derecognised during the period	1,470		**1,470**
ECL at 31 December 2023	**(2,305)**	**-**	**(2,305)**

An analysis of changes in the ECLs for other financial assets for the year ended 31 December 2022 is as follolows:

In millions of Uzbekistan Soums	Stage 1	Stage 3	Total
ECL at 1 January 2022	**(3,497)**	**(2,017)**	**(5,514)**
ECL charge	(1,470)	-	**(1,470)**
Financial assets derecognised during the period	3,497	2,017	**5,514**
ECL at 31 December 2022	**(1,470)**	**-**	**(1,470)**

14 Premises, Equipment, Intangible Assets and Right of use Assets

In millions of Uzbekistan Soums	Buildings, Premises and Land	Office and computer equipment	Construc-tion in progress and advances	Terminals under operating lease	Total premises and equipment	Intangible Assets	Right-of-use Assets	Total
Carrying amount at 1 January 2022	**127,386**	**92,968**	**829,753**	**3,847**	**1,053,954**	**53,780**	**11,801**	**1,119,535**
Additions	550	10,115	465,796	3,062	479,523	16,272	2,387	498,182
Capitalised borrowing costs	-	-	49,133	-	49,133	-	-	49,133
Net transfers	4,991	(1,672)	(3,319)	-	-	-	-	-
Disposals	(23,150)	1,293	(237)	-	(22,094)	(5,356)	-	(27,450)
Depreciation/ amortization charge	(2,606)	(27,996)	-	(2,279)	(32,881)	(6,940)	(2,758)	(42,579)
Carrying amount at 31 December 2022	**107,171**	**74,708**	**1,341,126**	**4,630**	**1,527,635**	**57,756**	**11,430**	**1,596,821**
Cost at 31 December 2022	124,585	168,648	1,341,126	17,679	1,652,038	76,335	16,548	1,744,921
Accumulated depreciation/ amortisation	(17,414)	(93,940)	-	(13,049)	(124,403)	(18,579)	(5,118)	(148,100)
Carrying amount at 31 December 2022	**107,171**	**74,708**	**1,341,126**	**4,630**	**1,527,635**	**57,756**	**11,430**	**1,596,821**
Additions	23,690	119,489	660,263	173	803,615	1,831	2,351	807,797
Capitalised borrowing costs	-	-	149,897	-	149,897	-	-	149,897
Net transfers	194,711	-	(194,711)	-	-	-	-	-
Disposals	(12,454)	(1,566)	-	-	(14,020)	-	-	(14,020)
Depreciation/ amortization charge	(3,780)	(24,343)	-	(1,940)	(30,063)	(14,837)	(3,385)	(48,285)
Carrying amount at 31 December 2023	**309,338**	**168,288**	**1,956,575**	**2,863**	**2,437,064**	**44,750**	**10,396**	**2,492,210**
Cost at 31 December 2023	330,532	286,571	1,956,575	17,852	2,591,530	78,166	18,899	2,688,595
Accumulated depreciation/ amortisation	(21,194)	(118,283)	-	(14,989)	(154,466)	(33,416)	(8,503)	(196,385)
Carrying amount at 31 December 2023	**309,338**	**168,288**	**1,956,575**	**2,863**	**2,437,064**	**44,750**	**10,396**	**2,492,210**

Construction in progress mainly consist of works performed by contractor in the amount of UZS 1,332,576 million (2022: UZS 802,935 million) and prepayments in the amount of UZS 35,702 million (2022: UZS 6,131 million) for construction of head quarter office in International business center "Tashkent City" in accordance with Investment agreement between the Bank and Shanghai Construction Group Co . The line also includes prepayment in the amount of UZS 129,807 million (2022: UZS 280,111 million) for the construction of a modern office building at the territory of the technological park (IT) in Tashkent.

The Group leases offices for its regional service centres. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options. All leases are recognised as a right-of-use asset and a corresponding liability (Note 18) from the date when the leased asset becomes available for use by the Group.

The Group leased payment terminals to its customers under operating lease arrangements for 2-3 years.

The Group capitalised borrowing cost as Construction of new premises. Total capitalised cost as at 31 December 2023 UZS 242,972 million (31 December 2022: UZS 92,206 million) Capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 5.09% (2022 – 3.30%).

15 Due to Other Banks

In millions of Uzbekistan Soums	31 December 2023	31 December 2022
Long - term placements of other domestic banks	609,083	582,798
Short - term placements of other domestic banks	345,549	645,466
Term placements of foreign banks	190,140	980,939
Sale and repurchase agreement with CBU	-	820,764
Total due to other banks	**1,144,772**	**3,029,967**

Refer to Note 33 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 29. Information on related party balances is disclosed in Note 35.

16 Customer Accounts

In millions of Uzbekistan Soums	31 December 2023	31 December 2023
State and public organisations		
- Term deposits	1,919,445	2,546,037
- Current/settlement accounts	677,531	612,383
Other legal entities		
- Term deposits	1,547,847	1,293,871
- Current/settlement accounts	1,208,486	1,517,425
Individuals		
- Term deposits	2,380,521	1,091,216
- Current/settlement accounts	784,896	578,600
Total customer accounts	**8,518,726**	**7,639,532**

Economic sector concentrations within customer accounts are as follows:

	2023		2022	
In millions of Uzbekistan Soums	**Amount**	**%**	**Amount**	**%**
Private individuals	3,165,417	37%	1,669,816	22%
Special funds	1,594,153	19%	1,309,618	17%
Financial sector	1,485,752	17%	2,142,205	28%
Other government entities	779,651	9%	686,029	9%
Services	623,482	7%	677,362	9%
Communication and transport	249,204	3%	277,451	4%
Manufacturing	202,417	2%	160,827	2%
Construction	173,657	2%	118,892	2%
Trade	143,418	2%	187,048	2%
Other	101,575	2%	410,284	5%
Total customer accounts	**8,518,726**	**100%**	**7,639,532**	**100%**

At 31 December 2023, the Group had 5 customers (2022: 6 customers) with aggregate balance of UZS 2,599,191 million (2022: UZS 3,235,103 million), which individually exceed 10% of Group equity.
At 31 December 2023, included in customer accounts are deposits of UZS 78,405 million (2022: UZS 216,881 million) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 33 for the disclosure of the fair value of each class of customer accounts. Interest rate analysis of customer accounts is disclosed in Note 29. Information on related party balances is disclosed in Note 35.

Special funds in the customer accounts represent funds of the government related non-profit organzations that are set aside or allocated for a particular government purpose or requirement which are intended to meet specific needs or obligations of the government before the community.

17 Other Borrowed Funds

In millions of Uzbekistan Soums	31 December 2023	31 December 2022
Borrowings from international financial institutions	1,305,179	2,272,399
Borrowings from domestic financial institutions	1,876,202	820,229
Borrowings from Central Bank of Uzbekistan ("CBU")	49,210	-
Total other borrowed funds	**3,230,591**	**3,092,628**

As at 31 December 2023 borrowings from international financial institutions included the following significant balances:

- In 2022 Aloqabank attracted funds of Banco Popolare di Sondrio with guarantee of Asian Development Bank (ADB) and insurance of SACE (export credit agency) in USD and EUR. The balance of borrowing as of 31 December 2023 is UZS 385,585 million (2022: UZS 325,883 million) with interest rate of 4.25% on average for USD loans and 2.90% for EUR loans.
- In 2020-2021 JICA (Japan International Cooperation Agency) provided credit line in US dollars (USD) and Uzbek soums to finance agricultural projects with agreement amount of JPY 540,000,000 equivalent to the Bank. The balance of the borrowing as of 31 December 2023 is UZS 57,385 million (2022: UZS 55,909 million) in USD and UZS 3,600 milllion (2022: UZS 3,600 milllion) in UZS maturing by December 2044 with average interest rate of 5% for USD loans and 15% for UZS per annum.
- In 2019 Exim Bank of China has provided financing line to the National Bank of Uzbekistan (NBU) to finance various investment projects in Uzbekistan. The NBU on-lent a part of this loan of USD 10,000,000 to the Bank. The balance of the borrowing as of 31 December 2023 is UZS 20,565 million (2022: UZS 57,994 million) and it matures by April 2024 with interest rate of SOFR 6m+4% per annum.
- In 2018 International Development Association (IDA) provided financing to the Republic of Uzbekistan for the development of livestock sector of agriculture. The government of Uzbekistan on-lent a part of this loan of USD 10,000,000 to the Bank. In 2022, part of the loan, USD 2,970,000 was reregistered as subordinated debt . The balance of the borrowing as of 31 December 2023 is UZS 74,403 million (2022: UZS 75,769 million) and it matures by May 2037 with interest rate of 4.3% per annum.
- In 2023 on 4 June Aloqabank attracted funds from Mashreqbank with agreement amount of USD 10,6 million. The balance of the borrowing as of 31 December 2023 is UZS 131,361 million and it matures by November 2024 with interest rate of SOFR+Fixed % per annum.
- USD and EUR denominated borrowings were attracted from Commerzbank to finance import of goods from OECD countries to Uzbekistan by Uzbek companies. The balance of the borrowing as of 31 December 2023 is UZS 564,504 million (2022: UZS 535,607 million) with interest rate from EURIBOR+0.9% to EURIBOR+1.3% and SOFR 6m+3.05% per annum respectively.
- In October 2023 the Group attracted funds from International Financial Club with agreement amount of CNY 100 million. The balance of the borrowing as of 31 December 2023 is UZS 173,600 million (2022:Nil) and it matures by April 2025 with fixed interest rate of 6.25% per annum.

As at 31 December 2023 borrowings from domestic financial institutions included the following significant balances:

- UZS denominated borrowing from Uzbekistan Fund for Reconstruction and Development (Immediate parent company of the Bank) for the amount of UZS 285,400 million was obtained in 2018, 2020, 2021 and 2023 for the financing of projects in services sector and project of young entrepreneurs. Borrowings will mature by June 2027, June and November 2028, June 2033 and issued with interest rate of Central Bank of Uzbekistan refinancing rate minus 4%, 7% and 0% per annum respectively. The balance of the borrowings of 31 December 2023 is UZS 576,370 million (2022: UZS 285,400 million).
- UZS denominated borrowing from Ministry of Finance of Republic of Uzbekistan for the initial amount of UZS 63,022 million was obtained in 2018, 2020 and 2022 for the financing of projects on construction of kindergardens. Borrowing matures by 2029, 2033, 2035 and 2042 and issued with interest rate of 0% and 6% per annum respectively. The balance of the borrowing as of 31 December 2023 is UZS 36,183 million (2022: UZS 58,801 million).

As of 31 December 2023 and 2022 and throughout the years then ended, the Group was in compliance with all covenants on the above loan facilities.

18 Other Liabilities

Other liabilities comprise the following:

In millions of Uzbekistan Soums	31 December 2023	31 December 2022
Other financial liabilities		
Accounts payable for construction	107,373	-
Accounts payable for services	64,378	14,494
Liabilities on money transfers of individuals	24,814	54,172
Lease liabilities	15,310	13,474
Provision for Bank's guarantees and letters of credit	2,829	4,865
Other	9,066	6,900
Total other financial liabilities	**223,770**	**93,905**
Other non-financial liabilities		
Settlements with employees	62,832	30,855
Other tax payable	-	2,037
Other	1,204	53
Total other non-financial liabilities	**64,036**	**32,945**
Total other liabilities	**287,806**	**126,850**

Refer to Note 33 for disclosure of the fair value of other financial liabilities. Information on related party balances is disclosed in Note 35.

19 Subordinated Debt

In 2022, part of the loans, borrowed from IBRD and IDA through the Republic of Uzbekistan in the amount of USD 10,025,000 and USD 2,970,000 were reregistered as subordinated debt. Interest rates are 2.62% and 4.30% per annum respectively and will mature on May 2037 and September 2042. The debt ranks after all other creditors in the case of liquidation. The balance of the borrowing as of 31 December 2023 is UZS 160,342 million (31 December 2022: 145,875 million).
Refer to Note 33 for the disclosure of the fair value of subordinated debt. Interest rate analysis of subordinated debt is disclosed in Note 29. Information on related party balances is disclosed in Note 35.

20 Share Capital

In millions of Uzbekistan Soums except for number of shares	Number of outstanding shares, in millions	Ordinary shares	Preference shares	Share premium	Total
At 1 January 2022	**7,881**	**953,354**	**2,253**	**3,912**	**959,519**
Acquisition of own shares	(21)	(2,530)	-	-	**(2,530)**
At 31 December 2022	**7,860**	**950,824**	**2,253**	**3,912**	**956,989**
Issue of new shares	1,985	240,189	-	-	240,189
At 31 December 2023	**9,845**	**1,191,013**	**2,253**	**3,912**	**1,197,178**

In 2022, on the basis of Presidential Decree No. 168 dated 18 March 2022, the owners decided to exchange their shares in the Bank for the Bank's 6% investment in equity instruments in Uzcard LLC for the amount of UZS 2,530 millon. The fair value of the instruments approximates the nominal amount of these shares acquired by the Bank. In 2023, JSC Uzbektelecom purchased 1,985 million shares for UZS 240,189 million.

The total authorised number of ordinary shares is 22,780 million shares (2022: 22,759 million shares), with a par value of UZS 121 per share (2022: UZS 121 per share).

The total outstanding number of ordinary shares is 9,827 million shares (2022: 7,842 million shares), with a par value of UZS 121 per share (2022: UZS 121 per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

The total authorised number of preference shares is 26 million shares (2022: 26 million shares), with a par value of UZS 121 per share (2022: UZS 121 per share).

20 Share Capital (Continued)

The total outstanding number of preference shares is 18 million shares (2022: 18 million shares), with a par value of UZS 121 per share (2022: UZS 121 per share). All issued preference shares are fully paid. Preference shares are entitled to receive dividend at amount of 40 percent of nominal amount at least regardless of the profitability of the bank.

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

21 Interest Income and Expense

In millions of Uzbekistan Soums	2023	2022
Interest income calculated using the effective interest method		
Loans and advances to customers	1,805,158	1,393,354
Debt securities	91,311	77,484
Due from other banks	43,388	37,960
Total interest income calculated using effective interest rate method	**1,939,857**	**1,508,798**
Other similar income		
Other	2,205	1,315
Total other similar income	**2,205**	**1,315**
Total interest income	**1,942,062**	**1,510,113**
Interest expense on financial liabilities calculated using the effective interest method		
Customer accounts	930,049	642,352
Due to other banks	189,278	196,461
Other borrowed funds	167,027	116,201
Lease liablities	3,748	2,784
Total interest expense calculated using the effective interest method	**1,290,102**	**957,798**
Net margine on interest and similar income	**651,960**	**552,315**

22 Fee and Commission Income and Expense

Fee and commission income and expense for 2023 and 2022 as follows

In millions of Uzbekistan Soums	2023	2022
Fee and commission income not relating to financial instruments at FVTPL		
Settlement transactions	582,343	326,992
International money transfers	40,778	46,128
Cash transactions	39,659	28,485
Guarantees and letters of credit issued	15,501	11,668
Foreign currency conversion services	2,061	1,814
Other	10,285	7,539
Total fee and commission income	**690,627**	**422,626**
Fee and commission expense not relating to financial instruments at FVTPL		
Settlement transactions	398,100	209,364
Domestic payment systems	90,347	39,297
Foreign currency conversion services	3,486	8,734
Cash transactions	4,025	3,567
Transactions with securities	1,341	474
Other	16,790	9,412
Total fee and commission expense	**514,089**	**270,848**
Net fee and commission income	**176,538**	**151,778**

*The table was revised to align with 2023 presentation.

22 Fee and Commission Income and Expense (Continued)

Significant increase in income and expense from settlement transactions is due to growth in use of online payment applications and the Group is one of the largest partner of companies by servicing transit and current accounts.

23 Other Operating Income

In millions of Uzbekistan Soums	2023	2022
Gain on disposal of property and equipment	252,622	831
Rental income from renting card transaction terminals of the Bank	2,091	1,284
Dividend income	674	955
Gains less losses from equity securities at fair value through profit or loss	223	284
Other	5,619	4,705
Total other operating income	**261,229**	**8,059**

During 2023, Group sold its building located at Amir Temur avenue, 4, Tashkent used for operations of its Head Office and recognized gain in the amount of UZS 241,700 million from sale.

24 Administrative and Other Operating Expenses

In millions of Uzbekistan Soums	2023	2022
Staff costs	400,210	304,420
Charity and sponsorship expenses	48,622	39,076
Depreciation of premises and equipment	48,285	42,579
Membership fees	34,011	11,391
Security service costs	23,407	19,239
Advertising costs	16,560	5,259
Office supplies	14,213	10,920
Repairs and maintenance	11,036	5,337
Professional services	9,804	12,918
Communication expenses	8,484	6,731
Representation expenses	5,268	1,114
Taxes other than income tax	5,247	15,253
Short-term rent expenses	5,152	1,563
Business trip and travel expenses	4,008	3,224
Other	16,051	12,683
Total administrative and other operating expenses	**650,358**	**491,707**

Staff costs contain statutory pension contributions of UZS 40,465 million (2022: UZS 31,073 million).
The fee for the non-audit services provided by the auditor's of the Group's net of VAT for 2023 is UZS 128,800 million, (2022: Nil). The audit services fees net of VAT is included in Professional services line of the table above and amounted UZS 2,760,000 million (2022: UZS 1,723,000 million).

25 Income Taxes

(a) Components of income tax expense / (benefit)

Income tax expense comprises the following:

In millions of Uzbekistan Soums	2023	2022
Current tax charge	128,773	78,737
Deferred tax (credit) / charge	(21,977)	(10,555)
Total income tax expense for the year	**106,796**	**68,182**

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

The income tax rate applicable to the majority of the Group's 2023 income is 20% (2022: 20%). A reconciliation between the expected and the actual taxation charge is provided below.

In millions of Uzbekistan Soums	2023	2022
Profit before tax	**465,304**	**265,388**
Theoretical tax charge at the applicable statutory rate - 20% (2022: 20%)	93,061	53,078
- Non deductible expenses	20,388	23,611
- Tax exempt income	(20,779)	(15,654)
- Other	14,126	7,147
Income tax expense for the year	**106,796**	**68,182**

25 Income Taxes (Continued)

Non-deductible expenses in the table include 20% of the statutory ECL charge for UZS 5,871 million (2022: 6,098 million), and non-deductible charity and donation exceeding the tax code regulation limit make up the rest. Tax-exempt income in the table above consists of interest income from government bonds and CBU bonds, totaling UZS 18,122 million (2022: UZS 15,852 million), and remaining 20% of the recovery of statutory ECL provisions.

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

In millions of Uzbekistan Soums	2023	(Charged)/ credited to profit or loss	2022	(Charged)/ credited to profit or loss	2021
Tax effect of deductible/(taxable) temporary differences					
Loans and advances	24,167	20,881	3,286	3,695	(409)
Due from banks ECL	2,473	1,085	1,388	1,388	-
Premises, equipment and intangible assets	6,052	(6,194)	12,246	2,916	9,330
Recognition of impairment loss from the investment in associate	288	288	-	(597)	597
Investment in debt securities: recognition of interest income using EIR method	18	(140)	158	158	-
Other assets	(431)	(1,303)	872	671	201
Customer accounts overcharged commission income	1,802	(938)	2,740	2,740	-
Other borrowed funds	348	174	174	174	-
Difference due to accruals of bonuses and reserve for unused vacations	15,585	8,124	7,461	(590)	8,051
Net deferred tax asset/(liability)	**50,302**	**21,977**	**28,325**	**10,555**	**17,770**
Recognised deferred tax asset	50,733	30,552	28,325	11,742	18,179
Recognised deferred tax liability	(431)	(8,575)	-	(1,187)	(409)
Net deferred tax asset/(liability)	**50,302**	**21,977**	**28,325**	**10,555**	**17,770**

26 Reconciliation of Liabilities Arising from Financing Activities

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

	Liabilities from financing activities			
In millions of Uzbekistan Soums	Other borrowed funds	Subordinated debt	Lease liablities	Total
Liabilities from financing activities at 1 January 2022	**2,281,503**	**-**	**13,592**	**2,295,095**
New leases recognized	-	-	2,387	**2,387**
Proceeds from liabilities	4,516,114	-	-	**4,516,114**
Repayment of liablities	(3,630,308)	-	(4,343)	**(3,634,651)**
Foreign exchange adjustments	84,284	2,280	-	**86,564**
Reclassification other borrowings to subordinated debt	(143,227)	143,227	-	-
Accrual of interest	25,863	4,308	1,838	**32,009**
Interest paid	(41,601)	(3,940)	-	**(45,541)**
Liabilities from financing activities at 1 January 2023	**3,092,628**	**145,875**	**13,474**	**3,251,977**
Proceeds from liabilities	1,131,889	-	-	**1,131,889**
Repayment of liablities	(1,250,411)	-	(1,912)	**(1,252,323)**
Foreign exchange adjustments	233,908	12,537	-	**246,445**
Accrual of interest	163,957	3,070	3,748	**170,775**
Interest paid	(141,380)	(1,140)	-	**(142,520)**
Liabilities from financing activities at 31 December 2023	**3,230,591**	**160,342**	**15,310**	**3,406,243**

27 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 millions of Uzbekistan Soums	31 December 2023	31 December 2022
Profit or loss for the year attributable to the ordinary shareholders of the Bank	359,133	197,781
Weighted average number of ordinary shares in issue (thousands)	8,888,087	7,852,411
Total basic and diluted earnings per share attributable to the owners of the bank (expressed in UZS per share)	40	25

28 Segment Analysis

The Group made changes to its segment reporting structure in 2022. As a result, the Group's retail and corporate operations have been integrated, and their performance is no longer measured separately. Instead, they are now reported as a single segment.

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

The chief operating decision-maker ("CODM") has been determined as the Group's Chairman of the Management Board. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM regularly uses financial information based on the IFRS and profit before tax in accordance with the IFRS for operational decision-making and resource allocation.

The Management has determined a single operating segment being banking services based on the internal reports and the following factors were considered upon changing in the segment reporting:

Simplification: By consolidating the two segments into a single segment and measuring the performance based on IFRS profit before tax, the Group can simplify its financial reporting process. This reduces complexity, streamline disclosures, and make it easier for stakeholders to understand the financial performance of the Group as a whole.

Cost and Resource Efficiency: Maintaining separate segment reporting requires additional resources and costs for data collection, analysis, and reporting. By moving to a single segment, the Group can potentially reduce these expenses and allocate resources more efficiently.

29 Financial Risk Management

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

Risk management activities of the Bank are carried out in accordance with requirements of the Central Bank of the Republic of Uzbekistan on risk management and corporate governance in commercial banks, as well as internal Policies of the Group on risk management and limits.

Credit risk. The Group exposes itself 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 meet an obligation.

29 Financial Risk Management (Continued)

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated by collateral and other credit enhancements.

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

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

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guarantee.

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

Some other specific control and mitigation measures are outlined below.

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

On credit instruments and transactions carried out in domestic currency:

- up to UZS 2,000 million loans – under the underwriter's decision
- loans above UZS 2,000 million and less than UZS 5,000 million – based on a positive decision of the RCSC's Credit Commissions;
- loans higher than UZS 5,000 million and up to 15 (fifteen) percent of the Bank's net assets – based on a decision of the Bank Credit Committee;
- loans accounting for 15 (fifteen) percent to 50 (fifty) percent of the Bank's net assets – based on a decision of the Bank Supervisory Board;
- in the cases specified by the current legislation – based on a decision made at the General Meeting of the Bank Shareholders.

On credit instruments and transactions carried out in foreign currency:

- loans up to USD 200,000 (two hundred thousand) equivalent - under the underwriter's decision;
- loans above USD 200 000 (two hundred thousand) equivalent and less than USD 500,000 (five hundred thousand) equivalent - based on a positive decision of the RCSC's Credit Commissions;
- loans above USD 500,000 (five hundred thousand) equivalent and up to 15 (fifteen) percent of the Bank's net asset - based on a decision of the Bank Credit Committee;
- loans accounting for 15 (fifteen) percent equivalent to 50 (fifty) percent equivalent of the Bank's net assets - based on a decision of the Bank Supervisory Board;
- in the cases specified by the current legislation - based on a decision made at the General Meeting of the Bank Shareholders.

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

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

Collateral before being accepted by the Group is thoroughly analysed and physically verified, where applicable. Debt securities, treasury and other eligible bills are generally unsecured.

29 Financial Risk Management (Continued)

The principal collateral types for loans and advances are:

- Cash deposits;
- Motor vehicle;
- Guarantees of large state controlled organisations;
- Letter of surety of large state controlled organisations;
- Residential house;
- Equipment;
- Building; and
- Insurance policy of large state companies.

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.

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

- The maximum risk to single borrower of group of affiliated borrowers shall not exceed 25 percent of the Bank's tier 1 capital. (Refer to the Notes 4 and 30 for the details of the breach of prudential normatives);
- Total amount of unsecured credits shall not exceed 5 percent of Bank's tier 1 capital;
- Total amount of all large credits cannot exceed Bank's tier 1 capital by more than 8 times; and
- Total loan amount to related party shall not exceed Bank's tier 1 capital.

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

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies two approaches – an Internal Risk-Based (IRB) rating system or risk grades estimated by external international rating agencies (Standard & Poor's - "S&P", Fitch, Moody's).

The Group's internal credit rating grades are as follows:

Standard	1	Timely repayment of "standard" loans is not in doubt. The borrower is a financially stable company, which has an adequate capital level, high level profitability and sufficient cash flow to meet its all existing obligations, including present debt. When assessing the reputation of the borrower such factors as the history of previous repayments, marketability of collateral (movable and immovable property guarantee) are taken into consideration.
Substandard	2	As a whole, the financial position of a borrower is stable, but some unfavorable circumstances or tendencies are present, which, if not disposed of, raise some doubts about the borrower's ability to repay on time. "Standard" loans with insufficient information in the credit file or missing information on collateral could be also classified as "Substandard" loans.
Unsatisfactory	3	"Unsatisfactory" loans have obvious shortcomings, which make doubtful the repayment of the loan under the terms, envisaged by the initial agreement. For loans classified as "Unsatisfactory", the primary source of repayment is not sufficient and the Bank has to seek additional loan repayment sources, such as the sale of collateral.
Doubtful	4	"Doubtful" are loans which, in addition to having the characteristics of "Unsatisfactory" loans, have additional shortcomings, which make it doubtful that the loan will be repaid in full under the existing circumstances. The probability of incurring loss in respect of such loans is high

29 Financial Risk Management (Continued)

Bad loans	5	Loans classified as "hopeless" are considered uncollectible and have such a little value that their continuance as assets of the Bank is not worth. This classification does not mean that the loans have absolutely no likelihood of recovery, but rather means that the Bank should cease recognising such loans and make efforts to get rid of such debt through selling collateral or make every effort to collect the outstanding loan

Unsatisfactory, Doubtful and Hopeless are classified as impaired loans. Group used those classification also for Other financial assets.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for the following financial instruments: interbank placements and investments in debt securities.

Expected credit loss (ECL) measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the committed amounts to an on-balance sheet exposure within a defined period. The Group's management estimates that 12-month and lifetime CCFs are materially the same. PD is an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's *lifetime period*. The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

For loan commitments and financial guarantee contracts, it is the contractual period over which an entity has a present contractual obligation to extend credit.

Management models *Lifetime ECL*, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL*, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information*, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The main signs of debt financial instrument being credit-impaired (stage 3):

For corporate and private individual borrowers and other financial Instruments, except for Inter-bank operations:

- the borrower is more than 90 days past due on its contractual payments;
- recognition of the borrower's debt as "hopeless" according to the credit quality classification of the Central Bank of Uzbekistan;
- presence of an event of impairment (default) at the reporting date, which affected the classification of other financial instruments of the debtor in the Bank as Stage 3;

29 Financial Risk Management (Continued)

- initiation/presence of legal proceedings on the borrower's debt to the Bank (bank being both as a plaintiff and a defendant).

For Inter-bank operations:

- the borrower is more than 7 days past due on its contractual payments;
- recognition of the borrower's debt as "hopeless" according to the credit quality classification of the Central Bank of Uzbekistan;
- presence of an event of impairment (default) at the reporting date, which affected the classification of other financial instruments of the debtor in the Bank as Stage 3.
- for non-resident banks – a downgrade of an international credit agency by 2 or more points from the date of comparison, or a recall of all international credit ratings of a debtor bank

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. For loans issued to individuals and corporate entities and interbank loans at AC, SICR is assessed on an individual basis by monitoring the triggers stated below. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Group's Risk Management Department. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The main factors either of which indicates that a significant increase in credit risk occurred are:

For loans issued to legal entities and individual entrepreneurs:

- the borrower is more than 30 days past due on its contractual payments;
- property disputes between beneficiaries, each owning more than 20% of the share (shares) of the Debtor in an amount exceeding 30% of the amount owed, corporate conflict between beneficiaries
- decrease of the borrower's credit quality class compared to its class as at the date of comparison by 2 or more points and / or to the level of "unsatisfactory";
- property disputes between beneficiaries, each owning more than 20% of the share (shares) of the Debtor in an amount exceeding 30% of the amount owed, corporate conflict between beneficiaries;
- availability of one or several alarms according to the list of alarms;
- debt restructuring caused by the deterioration of the debtor's financial condition, the terms of which imply:

  - Provision of deferment of interest repayment for a period not exceeding 90 days and / or

  - change of the repayment schedule of the principal debt, in which the total payments in the next 12 months are reduced by no more than 50% in comparison with the initial repayment schedule and / or

  - Extension of the loan agreement by no more than 12 months compared with the original maturity assignment to Stage 2 of borrower's other financial instruments in the Bank (due to the presence of a SICR event), provided that the date of assignment to Stage 2 of these instruments is later than the date of initial recognition of the analyzed financial instrument

For loans to Individuals:

- the borrower is more than 30 days past due on its contractual payments;
- decrease of the credit classification of the borrower to the level of "unsatisfactory"
- debt restructuring caused by the deterioration of the debtor's financial condition, the terms of which imply:

29 Financial Risk Management (Continued)

- Provision of deferment of interest repayment for a period not exceeding 90 days and / or

- change of the repayment schedule of the principal debt, in which the total payments in the next 12 months are reduced by no more than 50% in comparison with the initial repayment schedule and/or

- Extension of the loan agreement by no more than 12 months compared with the original maturity

For interbank operations:

- delay of payment obligations for a period of more than 36 hours;
- for resident banks - downgrading of the credit quality of a debtor bank from the date of comparison of recognition by 2 or more points (according to the international and / or national credit rating);
- for non-resident banks - a downgrade of an international credit agency by 2 or more points from the date of comparison, or a withdrawal of the international credit rating of a debtor bank (except when a non-resident bank has more than one international credit rating)
- assignment to Stage 2 of the debtor's other financial instruments in the Bank (due to the presence of a SICR event), provided that the date of assignment to Stage 2 of these instruments is later than the date of recognition of the financial instruments being analysed.

The level of ECL that is recognised in these consolidated financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs.

The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income. If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.

ECL for POCI financial assets is always measured on a lifetime basis. The Group therefore only recognises the cumulative changes in lifetime expected credit losses.

The Group has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated according to the Resolution of the Board of the Central Bank of Uzbekistan 2696 "Approval of the regulation on the procedure for classification of the quality of assets and the formation of provisions to cover the possible losses on assets, as well as their use in commercial banks". but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and. (iii) assessment based on external ratings. The Group performed individual assessment of ECL for borrowers with the outstanding loans receivables above UZS 20,000 million in Stage 3 only. The management assesses that threshold of UZS 20,000 million is appropriate given the size of loan portfolio and internal risk assessment procedures. These loans are excluded from historical data used for collective assessment that does not contradict IFRS 9. The Group performs an assessment on a portfolio basis for the remaining loans, such as corporate and individual loans, which are not considered to be individually significant. This approach stratifies the loan pool into homogeneous segments based on borrower-specific information, such as delinquency status, the historical data on losses, location and other predictive information.

The Group performs assessments based on external ratings for interbank loans

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Group defines at least two possible outcomes for each assessed loan, one of which leads to a credit loss even if the probability of such a scenario may be very low. Individual assessment is primarily based on the expert judgement of experienced officers from the loan and risk management departments. Expert judgements are regularly tested in order to decrease the difference between estimates and actual losses.

29 Financial Risk Management (Continued)

When assessment is performed on a portfolio basis, the Group determines the staging of the exposures and measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered are: type of customer (such as corporate or individual), product type (car loans, consumer loans etc.). The different segments also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Risk Management Department.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future year during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The key principles of calculating the credit risk parameters. Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Group uses different statistical approaches depending on the segment and product type to calculated lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes (Markov chain), developing lifetime PD curves based on the historical default data.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics; or
- individually defined LGD depending on different factors and scenarios.

The Group calculates LGD based on recovery statistics of defaulted loans. LGD is calculated for corporate entities and private individuals separately, as their risk and recovery profiles are considered to be different.

ECL measurement for financial guarantees and loan commitments. The ECL measurement for these instruments includes the same steps as described above for on-balance sheet exposures and differs with respect to EAD calculation. The EAD is a product of credit conversion factor ("CCF") and amount of the commitment. CCF for undrawn credit lines of corporate customers, credit cards issued to individuals and for financial guarantees is defined based on statistical analysis of past exposures at default.

Principles of assessment based on external ratings. Certain exposures have external credit risk ratings and these are used to estimate credit risk parameters PD and LGD from the default and recovery statistics published by the respective rating agencies.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Group manages its market risk through risk-based limits established by the Group Supervisory Board on the value of risk that may be accepted. The risk-based limits are subject to review by the Group Council on a quarterly basis. Overall Group's position is split between Corporate and Retail banking positions. The exposure of Corporate and Retail banking operations to market risk is managed through the system of limits monitored by the Treasury Department 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.

29 Financial Risk Management (Continued)

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily
The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

In millions of Uzbekistan Soums	Monetary financial assets	Monetary financial liabilities	Derivatives	Net balance sheet position
2023				
UZS	8,149,402	(8,570,064)	-	(420,662)
US Dollars	4,090,161	(3,894,419)	(167,155)	28,587
Euros (EUR)	649,561	(614,351)	-	35,210
Swiss francs (CHF)	896	-	-	896
Chineese Yuan (CNY)	-	(175,469)	170,760	(4,709)
Other	19,608	(23,898)	-	(4,290)
Total	**12,909,628**	**(13,278,201)**	**3,605**	**(364,968)**
2022				
UZS	8,791,621	(8,167,678)	-	623,943
US Dollars	4,741,943	(5,281,737)	-	(539,794)
Euros (EUR)	503,607	(520,446)	-	(16,839)
Swiss francs (CHF)	409	(412)	-	(3)
Other	32,789	(31,634)	-	1,155
Total	**14,070,369**	**(14,001,907)**	**-**	**68,462**

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

In millions of Uzbekistan Soums	At 31 December 2023 Impact on profit or loss and equity	At 31 December 2022 Impact on profit or loss and equity
US Dollars strengthening by 10% (2022: 10%)	2,859	(53,979)
US Dollars weakening by 10% (2022: 10%)	(2,859)	53,979
EUR strengthening by 10% (2022: weakening by 10%)	3,521	(1,684)
EUR weakening by 10% (2022: strengthening by 10%)	(3,521)	1,684

Rates used for the above sensitivity analysis are based on the actual change of foreign exchange rates for respective currencies during each year. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the Group.

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

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

29 Financial Risk Management (Continued)

In millions 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 2023					
Total financial assets	34,387	97,859	107,433	1,038,696	**1,278,375**
Total financial liabilities	(272,140)	(120,667)	(231,668)	(897,003)	**(1,521,478)**
Net interest sensitivity gap at 31 December 2023	**(237,753)**	**(22,808)**	**(124,235)**	**141,693**	**(243,103)**
31 December 2022					
Total financial assets	188,340	197,757	141,255	414,349	**941,701**
Total financial liabilities	(22,890)	(256,256)	(120,357)	(646,639)	**(1,046,142)**
Net interest sensitivity gap at 31 December 2022	**165,450**	**(58,499)**	**20,898**	**(232,290)**	**(104,441)**

Financial assets with floating interest rates. At 31 December 2023, if:

- interest rates at that dates had been 200 basis points lower (2022: 200 basis points lower) with all other variables held constant, interest income for the year would have been UZS 25,568 million (2022: UZS 18,834 million) lower.
- if interest rates at that dates had been 200 basis points higher (2022: 200 basis points higher) with all other variables held constant, interest income for the year would have been UZS 25,568 million (2022: UZS 18,834 million) higher

Financial liabilities with floating interest rates. At 31 December 2023, if:

- If interest rates had been 200 basis points lower (2022: 200 basis points lower), with all other variables held constant, interest expense would have been UZS 30,430 million (2022: UZS 20,923 million) lower.
- If interest rates had been 200 basis points higher (2022: 200 basis points lower), with all other variables held constant, interest expense would have been UZS 30,430 million (2022: UZS 20,923 million) lower.

Financial liabilities with a floating rate comprise of other borrowed funds and Subordinated Debts, of which 45% (2022: 34%) are at floating rates. Amounts denominated in USD represent 62% of population and amounts denominated in EUR represents 38% of population.
The table below summarises interest rates at the respective reporting date based on reports reviewed by key management personnel.

	2023				2022	
In % p.a.	UZS	USD	EUR	Other	UZS	USD
Assets						
Cash and cash equivalents	-	-	-	-	0%-14%	4%-5%
Due from other banks	0%-10%	0%-4%	-	-	10%	0%-4%
Investment in debt securities	16.5%	-	-	-	0%-16.5%	-
Loans and advances to customers	1%-37%	3%-16%	5%-11%	-	1-36,5%	3-13%
Liabilities						
Due to other banks	3%-19%	5.25%-9%	-	-	0%-20%	3.25%-6.5%
Customer accounts	0%-30%	0%-6.5%	-	-	0%-30%	0%-6%
Other borrowed funds	0%-15%	2%-10.09%	4.78%-5.34%	6.25%	0-13%	2-15%
Subordinated debt	-	4.3%-6.07%	-	-	-	3-4%
Lease liablities	24.07%	-	-	-	22.48%	-

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

Other price risk. The Group is exposed to prepayment risk through providing fixed rate loans, including mortgages, which give the borrower the right to early repay the loans. The Group's current year profit or loss and equity at the current reporting 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 (2021: no material impact). The Group has no significant exposure to equity price risk.

29 Financial Risk Management (Continued)

Geographical risk concentrations. The geographical concentration of the Group's financial assets and liabilities at 31 December 2023 is set out below:

In millions of Uzbekistan Soums	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	1,318,116	54,350	2,417	99,418	1,474,301
Due from other banks	586,087	2,467	64,223	3,039	655,816
Loans and advances to customers	10,485,387	-	-	-	10,485,387
Investment in debt securities	217,796	-	-	-	217,796
Investments in equity securities	39,697	-	-	-	39,697
Other financial assets	40,236	-	-	-	40,236
Total financial assets	**12,687,319**	**56,817**	**66,640**	**102,457**	**12,913,233**
Liabilities					
Due to other banks	954,632	607	75,012	114,521	1,144,772
Customer accounts	8,518,726	-	-	-	8,518,726
Other borrowed funds	1,925,412	730,266	399,444	175,469	3,230,591
Subordinated debt	160,342	-	-	-	160,342
Other financial liabilities	223,770	-	-	-	223,770
Total financial liabilities	**11,782,882**	**730,873**	**474,456**	**289,990**	**13,278,201**
Net balance sheet position as 31 December 2023	**904,437**	**(674,056)**	**(407,816)**	**(187,533)**	**(364,968)**
Credit related commitments (Note 31)	**1,110,566**	-	-	-	**1,110,566**

The geographical concentration of the Group's financial assets and liabilities at 31 December 2022 is set out below:

In millions of Uzbekistan Soums	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	2,840,545	133,294	11,988	78,298	3,064,125
Due from other banks	504,492	2,245	14,259	10,149	531,145
Loans and advances to customers	9,639,426	-	-	-	9,639,426
Investment in debt securities	790,596	-	-	-	790,596
Investments in equity securities	8,790				8,790
Other financial assets	36,287	-	-	-	36,287
Total financial assets	**13,820,136**	**135,539**	**26,247**	**88,447**	**14,070,369**
Liabilities					
Due to other banks	2,049,028	607	27,788	952,544	3,029,967
Customer accounts	7,639,532	-	-	-	7,639,532
Other borrowed funds	820,228	1,026,264	-	1,246,136	3,092,628
Subordinated debt	145,875	-	-	-	145,875
Other financial liabilities	93,905	-	-	-	93,905
Total financial liabilities	**10,748,568**	**1,026,871**	**27,788**	**2,198,680**	**14,001,907**
Net balance sheet position as 31 December 2022	**3,071,568**	**(891,332)**	**(1,541)**	**(2,110,233)**	**68,462**
Credit related commitments (Note 31)	**1,411,330**	-	-	-	**1,411,330**

Other risk concentrations. Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to borrowers with aggregated loan balances in excess of 10% of net assets. Refer to Note 9.

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

29 Financial Risk Management (Continued)

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

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

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

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

The table below shows liabilities at 31 December 2023 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows. These undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Group expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected 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 end of the reporting period.

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

Customer accounts are classified in the below 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 maturity analysis of financial instruments at 31 December 2023 is as follows:

In millions 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	160,849	674,028	19,035	430,733	**1,284,645**
Customer accounts	2,959,888	1,549,514	2,151,381	4,059,419	**10,720,202**
Other borrowed funds	356,151	515,103	608,140	2,013,066	**3,492,460**
Subordinated debt	771	3,533	4,504	246,265	**255,073**
Other financial liabilities	209,178	3,513	4,211	11,982	**228,884**
Guarantees issued	622,190	-	-	-	**622,190**
Import credit lines	161,237	-	-	-	**161,237**
Undrawn credit lines	327,139	-	-	-	**327,139**
Total potential future payments for financial obligations	**4,797,403**	**2,745,691**	**2,787,271**	**6,761,465**	**17,091,830**

29 Financial Risk Management (Continued)

The maturity analysis of financial instruments at 31 December 2022 is as follows:

In millions 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	1,004,220	333,438	1,188,004	637,731	**3,163,393**
Customer accounts	3,209,056	1,836,283	1,688,736	2,180,080	**8,914,155**
Other borrowed funds	928,573	722,812	504,059	1,133,412	**3,288,856**
Subordinated debt	377	1,778	2,143	221,465	**225,763**
Other financial liabilities	80,974	2,689	3,149	12,162	**98,974**
Guarantees issued	326,918	-	-	-	**326,918**
Import credit lines	360,092	-	-	-	**360,092**
Undrawn credit lines	724,320	-	-	-	**724,320**
Total potential future payments for financial obligations	**6,634,530**	**2,897,000**	**3,386,091**	**4,184,850**	**17,102,471**

The Group does not use the above maturity analysis based on undiscounted contractual maturities of assets, liabilities and contingent liabilities to manage liquidity. Instead, the Group monitors expected maturities and the resulting expected liquidity gap as at 31 December 2023 as follows:

In millions 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	1,474,301	-	-	-	1,474,301
Due from other banks	178,452	259,717	65,024	152,623	655,816
Loans and advances to customers	811,978	1,951,181	1,533,529	6,188,699	10,485,387
Investment in debt securities	72,652	-	72,637	72,507	217,796
Investments in equity securities	-	-	-	39,697	39,697
Other financial assets	36,631	-	-	3,605	40,236
Total assets	**2,574,014**	**2,210,898**	**1,671,190**	**6,457,131**	**12,913,233**
Liabilities					
Due to other Banks	153,373	653,769	-	337,630	1,144,772
Customer accounts	2,865,908	1,136,985	1,780,996	2,734,837	8,518,726
Other borrowed funds	332,921	220,297	346,519	2,330,854	3,230,591
Subordinated debt	-	-	-	160,342	160,342
Other financial liabilities	223,770	-	-	-	223,770
Guarantees issued	622,190	-	-	-	622,190
Import credit lines	161,237	-	-	-	161,237
Undrawn credit lines	327,139	-	-	-	327,139
Total liabilities	**4,686,538**	**2,011,051**	**2,127,515**	**5,563,663**	**14,388,767**
Net liquidity gap	**(2,112,524)**	**199,847**	**(456,325)**	**893,468**	**(1,475,534)**
Cumulative liquidity gap at 31 December 2023	**(2,112,524)**	**(1,912,677)**	**(2,369,002)**	**(1,475,534)**	

The Group's expected liquidity gap is negative as at 31 December 2023. Management regularly performs stress tests to assess the potential outcomes due to liquidity mismatches and evaluates results to prepare action plans. In addition, Central Bank monitors Bank's compliance with prudential ratios.

The prudential ratios include Liquidity coverage ratio, and the Bank's liquidity position was in compliance with the required minimum as at 31 December 2023.

Management believes that in spite of a substantial portion of customer accounts is on demand, the fact that significant portion of these customer accounts are of large state controlled telecommunication entities which are either the Group's shareholders or related entities under common control and the past experience of the Group, indicate that these customer accounts provide a long-term and stable source of funding for the Group.

29 Financial Risk Management (Continued)

The maturity analysis of financial instruments at 31 December 2022 is as follows:

In millions 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	3,064,125	-	-	-	3,064,125
Due from other banks	109,905	55,804	-	365,436	531,145
Loans and advances to customers	979,402	1,798,737	1,590,488	5,270,799	9,639,426
Investment in debt securities	-	639,668	100,909	50,019	790,596
Investments in equity securities	-	-	-	8,790	8,790
Other financial assets	36,287	-	-	-	36,287
Total assets	**4,189,719**	**2,494,209**	**1,691,397**	**5,695,044**	**14,070,369**
Liabilities					
Due to other Banks	987,726	294,082	1,165,361	582,798	3,029,967
Customer accounts	3,144,996	1,554,165	1,511,579	1,428,792	7,639,532
Other borrowed funds	918,606	685,653	469,554	1,018,815	3,092,628
Subordinated debt	-	-	-	145,875	145,875
Other financial liabilities	80,740	1,631	2,052	9,482	93,905
Guarantees issued	326,918	-	-	-	326,918
Import credit lines	360,092	-	-	-	360,092
Undrawn credit lines	724,320	-	-	-	724,320
Total liabilities	**6,543,398**	**2,535,531**	**3,148,546**	**3,185,762**	**15,413,237**
Net liquidity gap	**(2,353,679)**	**(41,322)**	**(1,457,149)**	**2,509,282**	**(1,342,868)**
Cumulative liquidity gap at 31 December 2022	**(2,353,679)**	**(2,395,001)**	**(3,852,150)**	**(1,342,868)**	

30 Management of Capital

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the Central Bank of Uzbekistan, and (ii) to safeguard the Group's ability to continue as a going concern. Compliance with capital adequacy ratios set by the Central Bank of Uzbekistan 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 Central Bank of Uzbekistan, banks have to maintain ratios of:

- Ratio of regulatory capital to risk weighted assets ("Regulatory capital ratio") above the prescribed minimum level of 13 percent (2022: 13 percent);
- Ratio of Bank's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above the prescribed minimum level of 10 percent (2022: 10 percent);
- Ratio of Bank's tier 1 main capital to risk weighted assets ("Main capital adequacy ratio") above the prescribed minimum level of 8 percent (2022: 8 percent);
- Ratio of Bank's tier 1 capital to total assets less intangibles ("Leverage ratio") above the prescribed minimum level of 6 percent (2022: 6 percent).

Based on information provided internally to key management personnel, the Group is in compliance with the above ratios of regulatory capital and tier 1 capital to risk weighted assets at 31 December 2023 and was not in compliance with these ratios as at 31 December 2022. Total capital is based on the Group's reports prepared under Uzbekistan Accounting Legislation and related instructions and comprises:

In millions of Uzbekistan Soums	31 December 2023 (unaudited)	31 December 2022 (unaudited)
Tier 1 capital	2,030,476	1,463,720
Tier 2 capital	872,149	481,291
Total regulatory capital	**2,902,625**	**1,945,011**
Risk - weighted assets	**17,647,513**	**15,578,589**
Capital adequacy ratio	11.5%	9.4%
Regulatory capital ratio	16.4%	12.5%

30 Management of Capital (Continued)

As at 31 December 2023 the balances provided to one of the borrower exceeded CBU set maximum 25% of the Bank's Tier 1 Capital. This in turn resulted in non-compliance with the "Maximum exposure to a single borrower or group of related borrowers to Tier 1 Capital" ratio. Bank subsequently, communicated this information to Regulator. The loan was provided in accordance with the government instructions to support textile industry. Additionally, as of the date of issuing the Group's consolidated financial statements, the maximum exposure to a single borrower or a group of related borrowers stood at 26% of the Tier 1 Capital

As at 31 December 2023, the ratio of Bank's all investment amounts in real estate to the Bank's Tier 1 Capital exceeded CBU set maximum 100%. Which in turn resulted in non-compliance with the "Maximum exposure to a real estate investment" ratio. Bank subsequently, communicated this information to Regulator. The substantial investment in real estate relates to the construction of the Bank's new office building located in Tashkent city which is carried out in accordance with government instructions. Currently, the Bank is planning to sell of the new bank office building. Information on Events after the end of the reporting period is disclosed in Note 36.

31 Contingencies and Commitments

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

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

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2023 no provision for potential tax liabilities had been recorded (2022: Nil). The Group estimates that it has no potential obligations from exposure to other than remote tax risks (2022: Nil).

Capital expenditure commitments. At 31 December 2023 the Group has contractual capital expenditure commitments in respect of construction of its Head quarter office in International business center "Tashkent City" (Note 14) for the amount of UZS 337,439 million (2022: UZS 522,412 million). The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover these and any similar commitments.

Covenants of the Bank's loan agreements with ICD. The Group is subject to certain covenants in regards to its Line of Financing Agreement with Islamic Corporation for the Development of the Private Sector (the "ICD") with the purpose to finance investment projects of small and medium sized enterprises within the Republic of Uzbekistan. The Bank has the authority to act as the ICD's agent to utilize the line of financing not exceeding USD 30,000 thousand for the purpose of investing in the ICD's eligible projects and thus the outstanding balances are accounted for in the credit related commitments under guarantees issued. Guarantees related commitments for total outstanding amount of UZS 197,297 millon were appropriately disclosed in Note 29.

Covenants of the Bank's loan agreements with ITFC. The Group is subject to certain covenants in regards to its Line of Trade Financing Agreement with International Islamic Trade Finance Corporation (the "ITFC") with the purpose to finance investment projects of small and medium sized enterprises within the Republic of Uzbekistan. The Bank has the authority to act as the ITFC's agent to utilize the line of financing not exceeding USD 15,000 thousand for the purpose of investing in the ICD's eligible projects and thus the outstanding balances are accounted for in the credit related commitments under guarantees issued. Guarantes related commitments for total outstanding amount of UZS 117,218 millon were appropriately disclosed in Note 29.

31 Contingencies and Commitments (Continued)

As of 31 December 2023, the Group was in breach of CBU covenants "Maximum exposure to a single borrower or group of related borrowers to Tier 1 Capital" and "Maximum exposure to a real estate investment" (Note 4 and 30).

Management believes that the Group is in compliance with all other covenants at 31 December 2023.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.Outstanding credit related commitments are as follows:

In millions of Uzbekistan Soums	Note	31 December 2023	31 December 2022
Guarantees issued		622,190	326,918
Import credit lines		161,237	360,092
Undrawn credit lines		327,139	724,320
Total gross credit related commitments		**1,110,566**	**1,411,330**
Less: Provision for guarantees issued	18	(61)	(31)
Less: Provision for letter of credits	18	(577)	(1,762)
Less: Provision for loan commitments	18	(2,191)	(3,072)
Less: Commitment collateralised by cash deposits		(78,405)	(216,881)
Total credit related commitments, net of provision and cash covered exposures		**1,029,332**	**1,189,584**

31 Contingencies and Commitments (Continued)

The quality of contigiencies and commitments for 2023:

	Loan commitments			Guarantees issued			Letters of credit			TOTAL
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross amount as at 31 December 2022	**708,339**	**12,798**	**3,183**	**326,918**	**-**	**-**	**184,037**	**176,055**	**-**	**1,411,330**
- Transfer from stage 1	(48,977)	48,975	2	-	-	-	-	-	-	-
- Transfer from stage 2	-	-	-	-	-	-	9,691	(9,691)	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-	-	-
New assets issued or acquired	14,888	-	-	538,072	-	-	38,216	-	-	**591,176**
Matured or derecognized assets (except for write off)	(396,088)	(12,798)	(3,183)	(242,800)	-	-	(70,707)	(166,364)	-	**(891,940)**
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-
Gross amount as at 31 December 2023	**278,162**	**48,975**	**2**	**622,190**	**-**	**-**	**161,237**	**-**	**-**	**1,110,566**

	Loan commitments			Guarantees issued			Letters of credit			TOTAL
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance for ECL as at 31 December 2022	**2,060**	**93**	**919**	**31**	**-**	**-**	**120**	**1,642**	**-**	**4,865**
- Transfer from stage 1	(609)	608	1	-	-	-	-	-	-	-
- Transfer from stage 2	-	-	-	-	-	-	339	(339)	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-	-	-
New assets issued or acquired	389	-	-	44	-	-	238	-	-	**671**
Matured or derecognized assets (except for write off)	(258)	(93)	(919)	(14)	-	-	(120)	(1,303)	-	**(2,707)**
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-
Loss allowance for ECL as at 31 December 2023	**1,582**	**608**	**1**	**61**	**-**	**-**	**577**	**-**	**-**	**2,829**

31 Contingencies and Commitments (Continued)

The quality of contigiencies and commitments for 2022:

	Loan commitments			Guarantees issued			Letters of credit			TOTAL
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross amount as at 1 January 2021	**717,987**	**887**	**5,788**	**243,690**	**-**	**-**	**514,564**	**66,870**	**1,009**	**1,550,795**
- Transfer from stage 1	(3,832)	1,175	2,657	-	-	-	(564)	564	-	-
- Transfer from stage 2	88	(211)	123	-	-	-	19,582	(19,582)	-	-
- Transfer from stage 3	505	-	(505)	-	-	-	-	-	-	-
New assets issued or acquired	503,429	-	-	181,680	-	-	257,748	154,785	-	**1,097,642**
Matured or derecognized assets (except for write off)	(509,838)	10,947	(4,880)	(98,452)	-	-	(607,293)	(26,582)	(1,009)	**(1,237,107)**
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-
Gross amount as at 31 December 2022	**708,339**	**12,798**	**3,183**	**326,918**	**-**	**-**	**184,037**	**176,055**	**-**	**1,411,330**

	Loan commitments			Guarantees issued			Letters of credit			TOTAL
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance for ECL as at 31 December 2021	**5,156**	**23**	**975**	**-**	**-**	**-**	**2,563**	**460**	**231**	**9,408**
- Transfer from stage 1	(382)	4	378	-	-	-	(8)	8	-	-
- Transfer from stage 2	-	(36)	36	-	-	-	159	(159)	-	-
- Transfer from stage 3	2	-	(2)	-	-	-	-	-	-	-
New assets issued or acquired	2,185	-	-	45	-	-	152	1,458	-	3,840
Matured or derecognized assets (except for write off)	(4,901)	102	(468)	(14)	-	-	(2,746)	(125)	(231)	(8,383)
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-
Loss allowance for ECL as at 31 December 2022	**2,060**	**93**	**919**	**31**	**-**	**-**	**120**	**1,642**	**-**	**4,865**

32 Derivative Financial Instruments

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

	31 December 2023		31 December 2022	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange swaps: fair values, at the end of the reporting period, of				
- CNY receivable on settlement (+)	170,760	-	-	-
- USD payable on settlement (-)	(167,155)	-	-	-
Net fair value of foreign exchange swaps	**3,605**	**-**	**-**	**-**

33 Fair Value Disclosures

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

	Fair value as at					
Financial assets/financial liabilities	**31 December 2023**	**31 December 2022**	**Fair value hierarchy**	**Valuation model(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Investments in debt securities	39,697	8,790	Level 3	Discounted cash flows. Discount rate estimated based on CBU refinancing rate	Discount rate, future cash flows	The greater discount- the smaller fair value
Other financial assets	3,605	-	Level 3	Discounted cash flows. Discount rate estimated based on constructed build up curves	Discount rate	The greater discount- the smaller fair value

The fair value of the equity instruments at fair value through profit or loss was determined as the present value of future dividends by assuming dividend growth rate of zero per annum. The Management built its expectation based on previous experience of dividends received on financial assets at fair value through other comprehensive income over multiple years, and accordingly calculated the value of using the average rate of return on investments. The Management believes that this approach accurately reflects the fair value of these securities, given they are not traded. Such financial instruments were categorised as Level 3.

33 Fair Value Disclosures (Continued)

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2023 are as follows:

In millions of Uzbekistan Soums	Level 1	Level 2	Level 3	Carrying value
Cash and cash equivalents	427,420	1,046,881	-	1,474,301
Due from other banks	-	249,584	406,232	655,816
Loans and advances to customers	-	-	10,485,387	10,485,387
Investment in debt securities	-	-	217,796	217,796
Investments in equity securities	-	-	39,697	39,697
Other financial assets	-	-	40,236	40,236
TOTAL	**427,420**	**1,296,465**	**11,189,348**	**12,913,233**

In millions of Uzbekistan Soums	Level 1	Level 2	Level 3	Carrying value
Due to other banks	-	1,144,772	-	1,144,772
Customer accounts	-	2,670,913	5,847,813	8,518,726
Other borrowed funds	-	-	3,230,591	3,230,591
Subordinated debt	-	-	160,342	160,342
Other financial liabilities	-	-	223,770	223,770
TOTAL	**-**	**3,815,685**	**9,462,516**	**13,278,201**

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2022 are as follows

In millions of Uzbekistan Soums	Level 1	Level 2	Level 3	Carrying value
Cash and cash equivalents	474,202	2,589,923	-	3,064,125
Due from other banks	-	74,896	456,249	531,145
Loans and advances to customers	-	-	9,639,426	9,639,426
Investment in debt securities	-	-	790,596	790,596
Investments in equity securities	-	-	8,790	8,790
Other financial assets	-	-	36,287	36,287
TOTAL	**474,202**	**2,664,819**	**10,931,348**	**14,070,369**

In millions of Uzbekistan Soums	Level 1	Level 2	Level 3	Carrying value
Due to other banks	-	3,029,967	-	3,029,967
Customer accounts	-	2,708,408	4,931,124	7,639,532
Other borrowed funds	-	-	3,092,628	3,092,628
Subordinated debt	-	-	145,875	145,875
Other financial liabilities	-	-	93,905	93,905
TOTAL	**-**	**5,738,375**	**8,263,532**	**14,001,907**

Financial asset at fair value through profit and loss are equity securities and equity investments, registered in Uzbekistan and not publicly traded. Due to the nature of the local financial markets, it is not possible to obtain current market value for these investments. For these investments, fair value is estimated by reference to the discounted operating cash flows or dividends from the investee.

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. For assets, the Group used assumptions about counterparty's incremental borrowing rate and prepayment rates. Liabilities were discounted at the Group's own incremental borrowing rate. Liabilities due on demand were discounted from the first date that the amount could be required to be paid by the Group.

The Group's liabilities to its customers are subject to deposit guaranteeing scheme as described in Note 1. The fair value of these liabilities reflects these credit enhancements.

34 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently.

The following table provides a reconciliation of financial assets with these measurement categories as of 31 December 2023:

In millions of Uzbekistan Soums	Amortised Cost	FVTPL	Total
Cash and cash equivalents	1,474,301	-	1,474,301
Due from other banks	655,816	-	655,816
Loans and advances to customers	10,485,387	-	10,485,387
Investment in debt securities	217,796	-	217,796
Investments in equity securities	-	39,697	39,697
Other financial assets	36,631	3,605	40,236
Total financial assets at 31 December 2023	**12,869,931**	**43,302**	**12,913,233**

The following table provides a reconciliation of financial assets with measurement categories at 31 December 2022:

In millions of Uzbekistan Soums	Amortised Cost	FVTPL	Total
Cash and cash equivalents	3,064,125	-	3,064,125
Due from other banks	531,145	-	531,145
Loans and advances to customers	9,639,426	-	9,639,426
Investment in debt securities	790,596	-	790,596
Investments in equity securities	-	8,790	8,790
Other financial assets	36,287	-	36,287
Total financial assets at 31 December 2022	**14,061,579**	**8,790**	**14,070,369**

As of 31 December 2023 and 31 December 2022, all of the Group's financial liabilities except for derivatives were carried at AC. Derivatives are carried at FVTPL.

35 Related Party Transactions

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

The Group considers that the tax accruals and payments is part of government fiscal policy and therefore does not provide additional useful information for the users of the financial statements. For details please refer to Note 25.

At 31 December 2023, the outstanding balances with related parties were as follows:

In millions of Uzbekistan Soums	Immediate parent company	Other significant shareholders	Associates	Entities under common control	Key management personnel	Other related parties	Total
Cash and cash equivalents	-	-	-	108,919	-	-	**108,919**
Due from other banks	-	-	-	131,840	-	-	**131,840**
Loans and advances to customers (contractual interest rate: 5.85%-36%)	-	682,603	8,451	-	83	120,289	**811,426**
Credit loss allowance	-	(4,097)	(51)	-	(1)	(722)	**(4,871)**
Investment in debt securities	-	-	-	217,796	-	-	**217,796**
Other assets	-	5	5	3,695	-	-	**3,705**
Due to other banks (contractual interest rate: 3-19%)	-	-	-	769,377	-	-	**769,377**
Customer accounts (contractual interest rate: 2-22%)	-	1,579,920	73,457	943,407	33	159	**2,596,976**
Other borrowed funds (contractual interest rate: 2%-15%)	405,869	619,093	-	21,415	-	-	**1,046,377**

The income and expense items with related parties for 2023 were as follows:

In millions of Uzbekistan Soums	Immediate parent company	Other significant shareholders	Associates	Entities under common control	Key management personnel	Other related parties	Total
Interest income	-	122,071	1,404	15,452	40	57,369	**196,336**
Interest expense	36,943	252,419	6,643	91,027	750	-	**387,782**
Fee and commission income	-	4,753	919	-	-	37	**5,709**
Salaries and other benefits	-	-	-	-	12,179	-	**12,179**
Social security costs	-	-	-	-	1,396	-	**1,396**

35 Related Party Transactions (Continued)

At 31 December 2022, the outstanding balances with related parties were as follows:

In millions of Uzbekistan Soums	Immediate parent company	Other significant shareholders	Associates	Entities under common control	Key management personnel	Other related parties	Total
Cash and cash equivalents	-	-	-	692,666	-	-	**692,666**
Due from other banks	-	-	-	252,533	-	-	**252,533**
Loans and advances to customers (contractual interest rate: 5.85-28%)	-	-	-	-	-	265,650	**265,650**
Credit loss allowance	-	-	-	-	-	(527)	**(527)**
Investment in debt securities	-	-	-	790,596	-	-	**790,596**
Due to other banks (contractual interest rate: 3-18%)	-	-	-	953,415	-	-	**953,415**
Customer accounts (contractual interest rate: 2-21%)	-	1,816,367	46,800	1,295,253	-	-	**3,158,420**
Other borrowed funds (contractual interest rate: 3%-14%)	286,417	507,185	-	57,994	-	-	**851,596**

The income and expense items with related parties for 2022 were as follows:

In millions of Uzbekistan Soums	Immediate parent company	Other significant shareholders	Associates	Entities under common control	Key management personnel	Other related parties	Total
Interest income	-	2,509	-	22,799	-	21,850	**47,158**
Interest expense	26,251	64,134	-	38,826	-	-	**129,211**
Fee and commission income	-	-	1,086	-	-	-	**1,086**

Transactions with the state also include taxes which are detailed in Note 24. Key management compensation is presented below:

In millions of Uzbekistan Soums	2023	2022
Salaries	549	371
Other benefits	11,630	7,935
Social security contributions	1,396	952
Salaries payable	-	45
Bonuses payable	1,772	156

35 Related Party Transactions (Continued)

The Uzbekistan government has control over the Group. The Group decided to apply the exemption from disclosure of individually insignificant transactions and balances with the government and parties that are related to the entity because the Uzbek state has control, joint control or significant influence over such party.

The Group lends to and received deposits from a large number of government related entities. Such loans and deposits are individually insignificant and are generally entered into on an arm's length basis.

36 Events after the End of the Reporting Period

The plan to sell Bank's building located in Tashkent city. In accordance with the Uzbekistan government resolution dated February 28, 2024 No.114-F/9, it was decided on valuation and subsequent sale of the new bank office building located in"Tashkent city" to a potential investor. Assistance in valuation to be executed with the involvement of an international experts from the "Big Four" companies. As of date of issue of the financial statements construction still in progress, which includes a 26-storey Class A bank office building in the Tashkent City International Business Center and expected to be completed in 2024.As at 31 December 2023, the amount of the capitalization in construction in progress is UZS 1,332,576 million.

37 Abbreviations

The list of the abbreviations used in these consolidated financial statements is provided below:

Abbreviation	Full name
AC	Amortised Cost
CCF	Credit Conversion Factor
CBU	Central Bank of Republic of Uzbekistan
EAD	Exposure at Default
ECL	Expected Credit Loss
EIR	Effective interest rate
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX, Forex	Foreign Currency Exchange
IFRS	IFRS® Accounting Standards
LGD	Loss Given Default
PD	Probability of Default
POCI financial assets	Purchased or Originated Credit-Impaired financial assets
SICR	Significant Increase in Credit Risk
SPPI	Solely Payments of Principal and Interest
SPPI test	Assessment whether the financial instruments' cash flows represent Solely Payments of Principal and Interest