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

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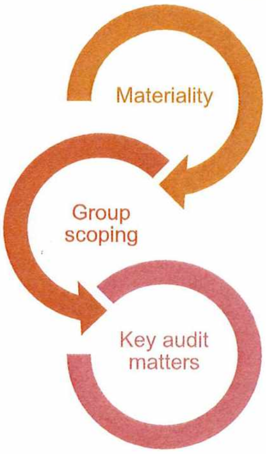
Our audit approach

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.

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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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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.

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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.

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- 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

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.

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- 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

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**