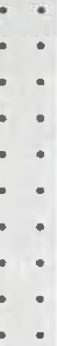




**Biznesni
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**CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2023 AND
INDEPENDENT AUDITOR'S REPORT**



JOINT-STOCK COMMERCIAL BANK "BUSINESS DEVELOPMENT BANK"

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JOINT-STOCK COMMERCIAL BANK "BUSINESS DEVELOPMENT BANK"

Statement of Management's Responsibilities for the Preparation and Approval of the Consolidated Financial Statements for the Year Ended 31 December 2023

Management of Joint-Stock Commercial Bank "Business Development Bank" is responsible for the preparation of the consolidated financial statements that present fairly the financial position of Joint-Stock Commercial Bank "Business Development Bank" and its subsidiaries (collectively – the "Group") as at 31 December 2023, and the related consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and of material accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Uzbekistan and accounting policies of the Group;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

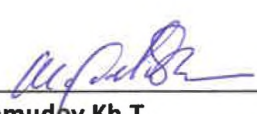
The consolidated financial statements for the year ended 31 December 2023 were approved by the Management Board of the Group on 14 June 2024.

On behalf of the Management Board:


Annaklichev S.S.
Chairman of the Management Board

14 June 2024
Tashkent, Uzbekistan




Makhmudov Kh.T.
Chief Accountant

14 June 2024
Tashkent, Uzbekistan

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Supervisory Board of Joint-Stock Commercial Bank "Business Development Bank"

Opinion

We have audited the consolidated financial statements of Joint-Stock Commercial Bank "Business Development Bank" (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying 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 International Financial Reporting Standards ("IFRSs").

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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Liquidity

We draw attention to Notes 3 and 16 to the consolidated financial statements which describes the non-compliance with certain financial covenants of its long-term loan agreements set by various international financial institutions. Our opinion is not modified in respect of this matter.

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.



Turgunboy Tokhirov, Qualified Auditor/Engagement Partner

Why the matter was determined to be a key audit matter

Allowance for loans and advances to customers for expected credit losses

As disclosed in Note 8 to the consolidated financial statements, the gross value of loans and advances to customers ("loans") amounted to UZS 23,057,867 million with related allowances for expected credit losses of UZS 2,870,205 million as at 31 December 2023.

Depending on the significance of loans, the management determines the expected credit losses ("ECL") on a collective or individual basis.

During the year, the Bank has restructured loans of some borrowers under its own initiative and/or as a result of government's support of certain sectors of the economy. The changes in loan repayment schedules have increased judgment in relation to classification of loans into various impairment stages as stipulated under IFRS 9.

The underlying information used in the ECL model on loans assessed on a collective basis may include errors. The errors could be due to an incomplete list of loans that have been restructured. As the status of loan restructuring is one of the significant criteria for determination of stage categorization, an incomplete list of restructured loans might result in understatement of expected credit losses.

Individual assessment of expected credit losses for significant borrowers involves an analysis of overdue interest or principal, including determining whether a significant increase in credit risk or credit impairing events have occurred on loans since their initial recognition. The understatement of the value of the overdue days when determining stages for individually significant borrowers might result in improper staging which may significantly affect the allowance for the expected credit losses for individually significant borrowers.

How the matter was addressed in the audit

We obtained an understanding of the processes and relevant control procedures over ECL provisioning, in particular, identification of significant increase in credit risk ("SICR" or "stage 2") and credit-impaired loans ("stage 3"), and the ECL modelling, including controls with respect to the completeness of the list of restructured loans and whether their stages are properly identified in the ECL calculation model.

We also assessed the Group's impairment methodology for compliance with the requirements of IFRS 9.

For loans collectively assessed for impairment, with the assistance of internal credit risk specialists, we assessed the integrity and mathematical accuracy of the ECL models.

We obtained a list of loans that have been restructured and assessed accuracy and completeness of data and ascertained that stages of the restructured loans were accurately reflected in the Group's loan portfolio. To test completeness of the list of such loans, we had selected a sample of loans from the loan portfolio and verified that classification of those loans was accurate.

We tested, on a sample basis, the accuracy and completeness of input data in the models, including principal balances, allocation of loans by days in arrears, and checked other parameters of the model, such as delinquency of interest or principal, including off-balances, restructuring events, existence of litigation processes and statistics for recoveries of loans.

For individually assessed loans, we analyzed the appropriateness of loans' staging by selecting a sample of these loans and testing whether conditions, including existence of overdue days, restructuring and current financial performance of the borrower for classification into respective stages were met.

We checked, on a sample basis, the fair value of collateral used for the calculation of allowances for ECL for individually significant loans in stage 3.

Additionally, for significant loans classified as stage 3, the analysis involves estimation of future cash flows under the different scenarios weighted for their probabilities. Information used for such analysis includes expected value of collateral, costs and time required to sell the collateral.

Allowance for ECL is determined to be a key audit matter due to the significance of Loans and advances to customers' balances and the degree of judgement and estimation uncertainty, as discussed in Note 4, 8 and Note 30 to the consolidated financial statements.

We also analyzed, on a sample basis, the Group's documented credit assessment of the borrowers, challenging assumptions underlying the ECL calculation, including future cash flow projections and the market valuation of collateral, as evidenced by available market and internal information.

We evaluated the adequacy and completeness of disclosures in the consolidated financial statements relating to the loans in accordance with IFRS requirements.

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 International Financial Reporting Standards ("IFRSs"), 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.

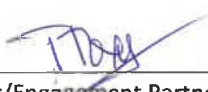
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 skepticism 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.



Turgunboy Tokhirov, Qualified Auditor/Engagement Partner

- 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.

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 of findings from procedures performed in accordance with the requirements of Law of the Republic of Uzbekistan No. LRU-580 dated 5 November 2019 "On Banks and Banking Activity"

Management of the Group is responsible for the Bank's compliance with prudential ratios set by the Central Bank of the Republic of Uzbekistan ("Central Bank") and ensuring that internal control and organization of risk management systems comply with the Central Bank requirements.



Turgunboy Tokhirov, Qualified Auditor/Engagement Partner

In accordance with Articles 74 of Law of the Republic of Uzbekistan No. LRU-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 set by the Central Bank;
- whether the elements of the Bank's internal control and organization of risk management systems comply with the Central Bank requirements.

These procedures were selected based on our judgment, and were limited to an analysis and study of documents; a comparison of the Bank's approved requirements, procedures and methodologies with the Central Bank requirements, as well as recalculations, comparisons and reconciliations of numerical data and other information.

Our findings from the procedures performed are as follows.

Based on our procedures with respect to the Bank's compliance with prudential ratios set by the Central Bank, we found that the Bank's prudential ratios, as at 31 December 2023, were within the limits set by the Central Bank.

We have not performed any procedures on the underlying accounting data of the Bank, 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 consolidated cash flows for the year then ended in accordance with IFRS.

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

- in accordance with the Central Bank requirements and recommendations, as at 31 December 2023, the Bank's internal audit function was subordinated and accountable to the Supervisory Board, and the risk management function of the Bank was not subordinated and accountable to subdivisions assuming corresponding risks;
- the frequency of reports prepared by the Bank's internal audit function during 2023 complied with the Central Bank requirements. 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 an information security function in place as required by the Central Bank, and an information security policy was approved by the Bank's Management Board. The 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 an assessment and analysis of information security risks, and the results of actions to manage such risks;



- the Bank's internal documentation, effective as at 31 December 2023, that sets out methodologies to identify and manage the Bank's significant risks, and carry out stress-testing, was approved by the Bank's authorised management bodies in accordance with the Central Bank requirements and recommendations;
- as at 31 December 2023, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank's capital;
- the frequency during 2023 of reports prepared by the Bank's risk management functions, and which cover the Bank's management of significant risks, was in compliance with the Bank's internal documentation. Those reports included observations made by the Bank's risk management functions as to their assessment of the Bank's significant risks, risk management system and recommendations for improvement;
- as at 31 December 2023, the Supervisory Board and Executive Management of the Bank had responsibility to monitor the compliance with risk and capital adequacy limits set by Bank internal documentation. To exercise control over the effectiveness of the Bank's risk management procedures and their consistent application during 2023, the Supervisory Board and Executive Management of the Bank regularly discussed the reports prepared by the risk management and internal audit functions of the Bank, and considered proposed measures to eliminate weaknesses.

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



"Deloitte & Touche" Audit Organisation LLC is included in the register of audit organisations of the Ministry of Economy and Finance of the Republic of Uzbekistan from 8 June 2021

Turgunboy Tokhirov
Qualified Auditor/Engagement Partner
Auditor qualification certificate authorizing audit of companies, #05422 dated 20 August 2016 issued by the Ministry of Economy and Finance of the Republic of Uzbekistan

Auditor qualification certificate authorizing audit of banks, #6/11 dated 29 March 2021 issued by the Central Bank of the Republic of Uzbekistan

14 June 2024
Tashkent, Uzbekistan

Acting Director
"Deloitte & Touche" Audit Organisation LLC

JOINT-STOCK COMMERCIAL BANK "BUSINESS DEVELOPMENT BANK"

Consolidated Statement of Financial Position

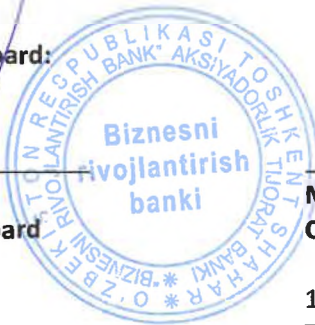
(in millions of Uzbekistan Soums)

	Notes	31 December 2023	31 December 2022
ASSETS			
Cash and cash equivalents	6	1,964,087	2,046,066
Due from other banks	7	1,880,717	612,256
Loans and advances to customers	8	20,187,662	19,255,052
Investment securities measured at amortised cost	9	1,486,963	1,246,670
Financial assets at fair value through other comprehensive income	10	56,502	21,284
Property and equipment	11	422,398	348,561
Intangible assets	11	19,746	22,817
Deferred income tax asset	27	469,263	293,160
Current income tax prepayment		25,177	11,183
Other assets	12	101,321	35,904
Assets classified as held for sale	13	66,029	63,489
TOTAL ASSETS		26,679,865	23,956,442
LIABILITIES AND EQUITY			
LIABILITIES			
Due to other banks	14	1,206,552	2,292,335
Customer accounts	15	5,916,366	4,911,716
Borrowings from government and international financial institutions	16	16,984,347	14,666,621
Debt securities in issue	17	86,799	104,498
Other liabilities	18	1,016,996	50,946
Liabilities associated with assets held for sale	13	-	26,281
TOTAL LIABILITIES		25,211,060	22,052,397
EQUITY			
Share capital	19	1,861,514	1,859,887
Share premium	19	942	942
(Accumulated loss)/Retained earnings		(397,152)	39,425
Investment revaluation reserve		3,501	3,791
TOTAL EQUITY		1,468,805	1,904,045
TOTAL LIABILITIES AND EQUITY		26,679,865	23,956,442

On behalf of the Management Board:

Annaklichev S.S.
Chairman of the Management Board

14 June 2024
Tashkent, Uzbekistan



Makhmudov Kh.T.
Chief Accountant

14 June 2024
Tashkent, Uzbekistan

The notes on pages 13-86 form an integral part of these consolidated financial statements.

JOINT-STOCK COMMERCIAL BANK "BUSINESS DEVELOPMENT BANK"

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(in millions of Uzbekistan Soums)

	Notes	2023	2022
Interest income	21	3,362,389	2,613,455
Interest expense	21	(1,973,008)	(1,540,908)
NET INTEREST INCOME		1,389,381	1,072,547
Provision for expected credit losses	30	(1,340,834)	(739,732)
Net loss on initial recognition of assets at rates below market		(21,678)	-
NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS		26,869	332,815
Fee and commission income	22	200,634	192,507
Fee and commission expense	22	(51,970)	(45,922)
Net gain on foreign exchange operations	23	45,571	39,730
Other income	24	10,640	5,793
Gain on disposal of subsidiary	26	14,389	-
Impairment losses on other operations	12,13	(42,747)	-
Income from insurance operations		-	15,290
Expense from insurance operations		-	(977)
Change in insurance reserves, net	13	-	(10,364)
NET NON-INTEREST INCOME		176,517	196,057
OPERATING INCOME		203,386	528,872
Operating expenses	25	(808,135)	(786,747)
LOSS BEFORE INCOME TAX		(604,749)	(257,875)
Income tax benefit	27	134,359	52,615
LOSS FOR THE YEAR		(470,390)	(205,260)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in the fair value of equity instruments classified as FVTOCI		(363)	4,137
Income tax relating to the equity instruments classified as FVTOCI		73	(827)
Other comprehensive (loss)/income for the year		(290)	3,310
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(470,680)	(201,950)
Basic and diluted loss per ordinary share (expressed in UZS per share)	28	(30)	(14)

On behalf of the Management Board:

Annaklichev S.S.
Chairman of the Management Board

14 June 2024
Tashkent, Uzbekistan



Makhmudov Kh.T.
Chief Accountant

14 June 2024
Tashkent, Uzbekistan

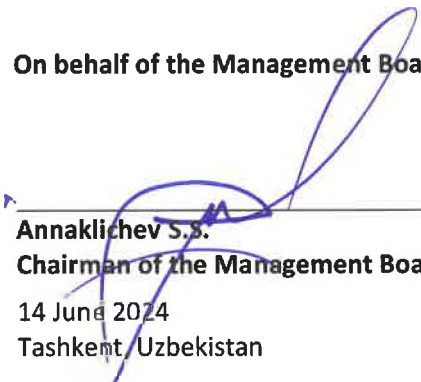
The notes on pages 13-86 form an integral part of these consolidated financial statements.

JOINT-STOCK COMMERCIAL BANK "BUSINESS DEVELOPMENT BANK"


Consolidated Statement of Changes in Equity (in millions of Uzbekistan Soums)

	Note	Share capital	Share premium	Retained earnings	Investment revaluation reserve	Other reserves	Total equity
31 December 2021		1,859,887	942	244,828	481	125	2,106,263
Loss for the year		-	-	(205,260)	-	-	(205,260)
Other comprehensive income for the year, net of income tax		-	-	-	3,310	-	3,310
Change in other insurance reserves		-	-	125	-	(125)	-
Dividends declared - preference shares	19	-	-	(268)	-	-	(268)
31 December 2022		1,859,887	942	39,425	3,791	-	1,904,045
Loss for the year		-	-	(470,390)	-	-	(470,390)
Other comprehensive income for the year, net of income tax		-	-	-	(290)	-	(290)
Transfer of subsidiary	1	-	-	34,081	-	-	34,081
Shares issued		1,627	-	-	-	-	1,627
Dividends declared - preference shares	19	-	-	(268)	-	-	(268)
31 December 2023		1,861,514	942	(397,152)	3,501	-	1,468,805

On behalf of the Management Board:


Annaklichev S.S.
 Chairman of the Management Board
 14 June 2024
 Tashkent, Uzbekistan




Makhmudov Kh.T.
 Chief Accountant
 14 June 2024
 Tashkent, Uzbekistan

The notes on pages 13-86 form an integral part of these consolidated financial statements.

JOINT-STOCK COMMERCIAL BANK "BUSINESS DEVELOPMENT BANK"

Consolidated Statement of Cash Flows

(in millions of Uzbekistan Soums)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received		2,991,213	2,519,816
Interest paid		(1,910,124)	(1,481,916)
Fees and commissions received		224,372	181,495
Fees and commissions paid		(51,970)	(45,922)
Income received from trading in foreign currencies		41,045	37,630
Income from insurance operations received		-	15,290
Expense from insurance operations paid		-	(977)
Other income received		4,519	2,911
Staff costs paid		(491,642)	(489,675)
Operating expenses paid		(222,098)	(220,859)
Income tax paid		(55,665)	(74,335)
Cash flows from operating activities before changes in operating assets and liabilities		529,650	443,458
Net (increase)/decrease in:			
- due from other banks		(12,505)	(298,850)
- loans and advances to customers		(1,552,629)	(2,695,921)
- other assets		14,130	63,436
Net increase/(decrease) in:			
- due to other banks		(1,189,047)	830,947
- debt securities		(17,599)	9,999
- customer accounts		(290,527)	725,414
- other liabilities		916,475	7,104
Net cash used in operating activities		(1,602,052)	(914,413)

JOINT-STOCK COMMERCIAL BANK "BUSINESS DEVELOPMENT BANK"

Consolidated Statement of Cash Flows (Continued)

(in millions of Uzbekistan Soums)

	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(174,071)	(110,877)
Proceeds from sale of property and equipment		3,517	2,136
Acquisition of financial assets at fair value through other comprehensive income		(35,581)	(1,222)
Acquisition of investment securities measured at amortised cost		(718,028)	(1,090,442)
Proceeds from disposal of Investment securities measured at amortised cost		500,298	653,616
Proceeds from disposal of subsidiary and its associates	26	51,597	-
Dividend income received		4,516	2,335
Net cash used in investing activities		(367,752)	(544,454)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(246)	(263)
Proceeds from borrowings from government and international financial institutions	20	6,129,352	5,060,618
Repayment of borrowings from government and international financial institutions	20	(4,317,580)	(2,884,841)
Net cash inflow from financing activities		1,811,526	2,175,514
Effect of changes in foreign exchange rate on cash and cash equivalents		75,102	20,722
Effect of changes in expected credit losses		1,197	(2,424)
Net (decrease)/increase in cash and cash equivalents		(81,979)	734,945
CASH AND CASH EQUIVALENTS, at the beginning of the year	6	2,046,066	1,311,121
CASH AND CASH EQUIVALENTS, at the end of the year	6	1,964,087	2,046,066

On behalf of the Management Board:

Annaklichev S.S.
Chairman of the Management Board

14 June 2024
Tashkent, Uzbekistan



M. Qulobekov
Makhmudov Kh.T.
Chief Accountant

14 June 2024
Tashkent, Uzbekistan

The notes on pages 13-86 form an integral part of these consolidated financial statements.