IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached document and you are advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing the document you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Joint-Stock Commercial Bank “Uzbek Industrial and Construction Bank” (the “**Issuer**”) or BancTrust Investment Bank Limited, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Raiffeisen Bank International AG and Société Générale (together, the “**Joint Bookrunners**”) named herein as a result of such access. The attached document is intended for the addressee only.

THE ATTACHED DOCUMENT IS IN PRELIMINARY FORM ONLY, IS NOT COMPLETE AND CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE.

THE ATTACHED DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT. NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE NOTES (THE “**NOTES**”) REFERENCED IN THE ATTACHED DOCUMENT HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES; DIRECTLY OR INDIRECTLY, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Confirmation of your Representation: In order to be eligible to view the attached document or make an investment decision with respect to the Notes, prospective investors must be either (1) qualified institutional buyers (“**QIBs**”) (within the meaning of Rule 144A under the Securities Act) or (2) purchasing outside the United States in accordance with Regulation S under the Securities Act. The attached document is being sent to you at your request, and by accessing the attached document you shall be deemed to have represented to the Issuer and the Joint Bookrunners that (1) either (a) you and any customers you represent are QIBs or (b) you and any customers you represent are located outside the United States and the electronic mail address that you have provided and to which this email has been delivered is not located in the United States, its territories and possessions, any state of the United States or the District of Columbia and (2) you consent to delivery of the attached document by electronic transmission.

In addition, in the United Kingdom, the attached document is being distributed only to and is directed only at: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (b) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and (c) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (“**FSMA**”)) in connection with the issue or sale of any securities of the Issuer or any member of its Group (as defined herein) may otherwise lawfully be communicated or caused to be communicated (all such persons together referred to as “**relevant persons**”). Any investment or investment activity to which the document relates is available only in the United Kingdom to relevant persons and will be engaged in only with such persons.

This document has been delivered to you on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

Manufacturer target market (MiFID II product governance and UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No European Economic Area (EEA) or the United Kingdom (UK) PRIIPs key information document has been prepared as the Notes will not be made available to retail investors in the EEA or in the UK.

Neither this electronic transmission nor the attached document constitutes or contains any offer to sell or invitation to subscribe or make commitments for or in respect of any securities in any jurisdiction where such an offer or invitation would be unlawful. This document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Joint Bookrunners, the Trustee, the Principal Paying Agent, the Paying Agents, the Registrar nor any person who controls any of them, nor any director, officer, employee or agent of any of them, nor any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between this document distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners.

No representation or warranty, expressed or implied, is made or given by or on behalf of the Joint Bookrunners, the Trustee, the Principal Paying Agent, the Paying Agents, the Registrar nor any person who controls any of them, nor any director, officer, employee or agent of any of them, nor any affiliate of any such person, as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

The Notes will not be offered for circulation, distribution, placement, sale or purchase in the territory of the Republic of Uzbekistan.

JOINT-STOCK COMMERCIAL BANK
"UZBEK INDUSTRIAL AND CONSTRUCTION BANK"

(*incorporated in the Republic of Uzbekistan*)

U.S.$400,000,000 8.950% Notes due 2029

Issue Price 98.820%

Joint-Stock Commercial Bank "Uzbek Industrial and Construction Bank" (the "**Issuer**"), a bank incorporated under the laws of the Republic of Uzbekistan, is issuing an aggregate principal amount of the U.S.$400,000,000 8.950% Notes due 2029 (the "**Notes**"). The Notes will be constituted by, subject to, and have the benefit of a trust deed to be dated 24 July 2024 (as may be amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Citibank, N.A., London Branch as trustee (the "**Trustee**") for the benefit of Noteholders (as defined in the "*Terms and Conditions of the Notes*").

Interest on the Notes will accrue from 24 July 2024 (the "**Closing Date**") and will be payable semi-annually in arrear on 24 January and 24 July of each year (each an "**Interest Payment Date**"), commencing on 24 January 2025 (the "**Interest Commencement Date**").

The Notes mature on 24 July 2029 (the "**Maturity Date**") but may be redeemed before then at the option of the Issuer in whole but not in part, at any time, but on one occasion only, on giving not less than 30 nor more than 60 days' irrevocable notice, at a price equal to the principal amount thereof, plus the Make Whole Premium (as defined in the "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at Make Whole*"). The Issuer may also redeem the Notes in whole, but not in part, at their principal amount together with any accrued and unpaid interest, if the Issuer has or will become obliged to pay certain additional amounts as further described under "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for tax reasons*". If a Change of Control Put Event (as defined in the "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Control*") occurs, the Issuer shall, at the option of a holder of any Note, redeem or purchase such Note on the Change of Control Put Date (as defined in the "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Control*") at 100% of its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Change of Control Put Date. See "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Control*".

Application has been made to the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the "**Financial Conduct Authority**") for the Notes to be admitted to the official list of the Financial Conduct Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK MiFIR**"). This Prospectus will be valid until the date of admission of the Notes to trading on the Market. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

Investing in the Notes involves risks. See "Risk Factors" starting on page 7 for a discussion of certain factors that should be considered in connection with an investment in the Notes.

The Notes are rated BB- by S&P Global Ratings UK Limited ("**S&P**") and BB- by Fitch Rating Ltd ("**Fitch**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Fitch is established in the United Kingdom and registered under the Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA, as amended (the "**UK CRA Regulation**"). S&P is established in the United Kingdom and registered under the UK CRA Regulation.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States (such Notes, the "**Regulation S Notes**") in reliance on Regulation S under the Securities Act ("**Regulation S**") and within the United States (such Notes, the "**Rule 144A Notes**") to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance on and in compliance with Rule 144A. Prospective purchasers are hereby notified that sellers of any Rule 144A Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Prospectus, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Notes will be offered and sold in registered form and without interest coupons attached in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Notes will be represented by beneficial interests in an unrestricted global Note (the "**Global Note**"), in registered form and without interest coupons attached. The Global Note which will be registered in the name of a nominee for and will be deposited with a common depositary for Euroclear Bank SA/NA ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") on or about the Closing Date.

The Global Notes will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive, registered, form, without interest coupons. See "*Summary of the Provisions relating to the Notes when in Global Form*". Interests in the Rule 144A Global Note will be subject to certain restrictions on transfer. See "Transfer Restrictions". Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. It is expected that delivery of the Global Notes will be made on or about the Closing Date. Except as described herein, definitive certificates for Notes will not be issued in exchange for beneficial interests in the Global Notes.

Joint Bookrunners and Joint Lead Managers

BancTrust & Co. | **Citigroup** | **J.P. Morgan** | **Raiffeisen Bank International** | **Société Générale Corporate & Investment Banking**

Prospectus dated 22 July 2024

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This prospectus (the "**Prospectus**") comprises a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") and has been prepared for the purpose of giving information with regard to the Issuer and its consolidated subsidiaries taken as a whole (the "**Group**"), the Notes, which, according to the particular nature of the Issuer, the Group and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group, the rights attaching to the Notes and of the reasons for the issuance and its impact on the Issuer and the Group. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

THE NOTES ARE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS. AN INVESTMENT IN THE NOTES IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK AND MAY RESULT IN THE LOSS OF ALL OR PART OF THE INVESTMENT.

No person is authorised to give any information or to make any representation in connection with the offer or sale of the Notes other than as contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by the Issuer, the Trustee, any Agent (as defined herein) or any Joint Bookrunner (as defined in "*Subscription and Sale*"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the business and affairs of the Issuer or the Group since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or that the information contained in it is correct as at any time subsequent to the date on which it is supplied. No representation or warranty, express or implied, is made by any Joint Bookrunner, any Agent or the Trustee as to the accuracy or completeness of such information. None of the Joint Bookrunners, the Agents or the Trustee accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Issuer or the Notes. Each of the Joint Bookrunners, the Agents and the Trustee accordingly disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

None of the Joint Bookrunners, the Agents, the Trustee or any of their respective directors, affiliates, advisers and agents accepts any responsibility for any "green", "ESG", "sustainable", "social" or similar assessment of the Notes or makes any representation or warranty or assurance: (a) as to whether such Notes will meet any investor expectations or requirements regarding such "green", "ESG", "sustainable", "social" or similar labels; (b) as to the suitability and reliability of any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of the Notes; or (c) as to whether such Notes will fulfil any green, social, environmental or sustainability criteria or guidelines with which any prospective investors are required, or intend, to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental or sustainability impact of any projects or uses, the subject of or related to the Bank's Sustainability Finance Framework (the "**Framework**"). None of the Joint Bookrunners, the Agents, the Trustee or any of their respective directors, affiliates, advisers or agents is responsible for the use or allocation of proceeds (or an amount equal thereto) for the Notes, nor the impact, monitoring or public reporting of such use of proceeds (or an amount equal thereto) nor do any of the Joint Bookrunners, the Agents, the Trustee or any of their respective directors, affiliates, advisers or agents undertake to ensure that there are at any time sufficient Eligible Projects to allow for allocation of a sum equal to the net proceeds of the issue of such Notes in full. In addition, none of the Joint Bookrunners, the Agents, the Trustee or any of their respective directors, affiliates, advisers or agents is responsible or has undertaken the assessment of the Framework including, without limitation, the assessment or verification of the eligible categories for Eligible Projects.

Pursuant to the recommendation in the voluntary process guidelines for issuing green bonds published by the International Capital Markets Association ("**ICMA**") (the "**Green Bond Principles**") and in the voluntary process guidelines for issuing social bonds by the ICMA (the "**Social Bond Principles**") that issuers use external review to confirm their alignment with key features of the Green Bond Principles and Social Bond Principles, at the Bank's request, Sustainable Fitch, a Fitch Solutions Company ("**Sustainable Fitch**") has issued a second party opinion dated 11 July 2024 (the "**Opinion**") in relation to the Bank's Framework. The Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in the Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Joint Bookrunners, the Agents, the Trustee or any of their respective directors, affiliates, advisers and agents as to the suitability or reliability of the Opinion or any report, assessment, opinion or certification of any third party (whether or not solicited by the Bank) which may be made available in connection with the Framework. As at the date of this Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. The Opinion and any other such opinion or certification is not, nor should be deemed to be, a recommendation by the Joint Bookrunners, the Agents, the Trustee or any of their respective directors, affiliates, advisers and agents or any other person to buy, sell or hold the Notes and is current only as of the date it is issued. The criteria and/or considerations that formed the basis of the Opinion or any such other opinion or certification may change at any time and the Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Prospectus.

This Prospectus does not constitute an offer to sell, or a solicitation to subscribe for or purchase, by or on behalf of the Issuer, any Joint Bookrunner or any other person, any of the Notes in any jurisdiction where it is unlawful for such person to make such offer or solicitation. The distribution of this Prospectus and the offer and sale of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe such restrictions. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. Further information with regard to restrictions on offers and sales of the Notes and the distribution of this Prospectus is set out under "*Subscription and Sale*".

No action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus (in any form) in any jurisdiction where action is required for such purposes.

None of the Issuer, the Joint Bookrunners, the Agents, the Trustee, or any of its or their respective representatives or affiliates makes any representation to any offeree or purchaser of Notes offered hereby regarding the legality of an investment by such offeree or purchaser under applicable legal, investment or similar laws. The contents of this Prospectus should not be construed as legal, financial, business or tax advice. Each prospective investor should consult his or her own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Notes.

To the fullest extent permitted by law, the Joint Bookrunners, the Agents and the Trustee accept no responsibility whatsoever for the Notes, the Trust Deed or the Paying Agency Agreement (each as defined herein) (including the effectiveness thereof) or the contents of this Prospectus or for any other statement made or purported to be made by a Joint Bookrunner, an Agent or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Bookrunner, each Agent and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the Notes, the Trust Deed, the Paying Agency Agreement, this Prospectus or any such statement.

In connection with the offering of the Notes, the Joint Bookrunners and any of their affiliates, acting as investors for their own accounts, may purchase Notes and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Notes and other securities of the Issuer or related investments in connection with the offering of the Notes or otherwise. Accordingly, references in this Prospectus to the Notes being issued, offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, the Joint Bookrunners and any of their affiliates acting as investors for their own accounts. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Recipients of this Prospectus are authorised to use it solely for the purpose of considering an investment in the Notes and may not reproduce, forward or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Notes.

Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restrictions. Any consents or approvals that are needed in order to purchase any Notes must be obtained. The Issuer and the Joint Bookrunners are not responsible for compliance with these legal requirements. The appropriate characterisation of any Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase such Notes, is subject to significant interpretative uncertainties. None of the Issuer, the Agents, the Trustee, the Group or the Joint Bookrunners or any of the respective representatives is making any representation to any offeree or purchaser of the Notes regarding the legality of an investment by such offeree or purchaser under relevant legal investment or similar laws. Such investors should consult their legal advisers regarding such matters.

The Joint Bookrunners and their respective affiliates may have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non-public market financing for, and enter into derivative transactions with, the Issuer and its affiliates (including its shareholders).

Prior to making any decision as to whether to invest in the Notes, prospective investors should read this Prospectus. In making an investment decision, prospective investors must rely upon their own examination of the Issuer and the Group and the terms of this Prospectus, including the risks involved. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes and, in particular, the information contained or incorporated by reference in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the merit and risks of an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic considerations, interest rate volatility and other factors that may affect its investment and its ability to bear the applicable risks.

If investors are in any doubt about the contents of this Prospectus, investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser.

Any investment in Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Fund of Guarantee of Citizens' Deposits in Banks of the Republic of Uzbekistan.

This Prospectus has been approved by the Financial Conduct Authority, as competent authority under the UK Prospectus Regulation. The Financial Conduct Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus. Such approval should not be considered as an endorsement of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability in investing in the Notes.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET

Solely for the purpose of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

NOTICE TO THE UNITED KINGDOM INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO PROSPECTIVE U.S. INVESTORS

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the United States or any other regulatory authority in the United States nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to QIBs in reliance on the exemption from registration provided by Rule 144A (see "*Subscription and Sale*"). Prospective purchasers are hereby notified that sellers of any Rule 144A Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "*Transfer Restrictions*".

STABILISATION

In connection with the issue of the Notes, Citigroup Global Markets Limited (the "**Stabilising Manager**") or any person acting on behalf of the Stabilising Manager may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

CERTAIN INFORMATION CONTAINED IN THIS PROSPECTUS

In this Prospectus, the Issuer relies on and refers to publicly available information released by official and unofficial sources other than the Issuer. These sources include, but are not limited to, the Central Bank of Uzbekistan (the "**CBU**"), research reports, analyst reports, press releases, securities filings and industry publications, including the State Committee of the Republic of Uzbekistan on Statistics and IMF. Although the Issuer believes that this information is reliable, it has not independently verified this information and cannot guarantee its accuracy and completeness. In addition, some of the information contained in this Prospectus has been derived from official data published by the Uzbekistan Government (the "**Uzbekistan Government**" or "**Government**"). Official statistics and other data published by Uzbekistan federal, regional and local governments are substantially less complete or transparent than those of Western countries. Official statistics may also be compiled on the basis of methodologies different from those used in Western countries. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced. As far as the Issuer is aware and is able to ascertain from information published by the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus includes market data and industry forecasts and projections that have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. The forecasts and projections are based on industry surveys and the preparers' expertise in the industry, and there is no assurance that any of the forecasts or projections will be achieved. Similarly, the Issuer believes that the surveys and market research others have performed are reliable, but the Issuer has not independently verified this information.

In addition, the Issuer has included its own estimates, assessments, adjustments and judgements in preparing some market information, which have not been verified by an independent third party. Market information included herein is, therefore, unless otherwise attributed exclusively to a third party source, subjective to a certain degree. Market information or that market information prepared by other sources may differ materially from the market information included herein.

The contents of the Issuer's websites (https://www.sqb.uz/en/) or any other websites referred to in this Prospectus do not form any part of the content of this Prospectus.

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language, Uzbek, in order that the correct technical meaning may be ascribed to them under applicable law.

LIMITATIONS ON ENFORCEMENT OF ARBITRAL AWARDS AND JUDGMENTS

Substantially all of the Issuer's directors and executive officers reside in Uzbekistan. All or a substantial portion of their and the Group's assets are located in Uzbekistan. As a result, it may not be possible for you to:

- effect service of process outside Uzbekistan upon substantially all of the Issuer's directors and executive officers; or
- enforce non-Uzbek court judgments obtained against the Issuer or substantially all of its directors and executive officers in non-Uzbek courts in any action.

In addition, it may be difficult for you to enforce, in original actions brought in courts in jurisdictions located outside the United Kingdom, liabilities predicated upon English law, as applicable.

The United Kingdom is not party to a treaty on mutual recognition and enforcement of judgments with the Republic of Uzbekistan and even if an applicable international treaty is in effect, the recognition and enforcement in Uzbekistan of a foreign judgment will in all events be subject to exceptions and limitations provided for in the laws of the Republic of Uzbekistan. In the absence of such agreements, the courts of Uzbekistan may recognise and enforce a foreign judgment on the basis of the principle of reciprocity. The Uzbek legislation does not include clear rules on the application of the principle of reciprocity. Thus, there can be no assurance that the courts of Uzbekistan will recognise and enforce a judgment rendered by courts of a jurisdiction with which Uzbekistan has no agreement on the basis of the principle of reciprocity.

The Trust Deed will be governed by English law and will provide the option for disputes, controversies and causes of action brought by any party thereto against the Issuer to be settled by arbitration in accordance with the LCIA Rules in London, England. The Republic of Uzbekistan and the United Kingdom are parties to the United Nations (New York) Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the "**New York Convention**"). However, an Uzbek court may refuse the recognition and enforcement of foreign arbitral awards in full or part if one of the following grounds exists:

- a party to the arbitration agreement is in any way incapable by the law applicable to it or the arbitration agreement is invalid under the chosen governing law, and in the absence of such governing law — according to the law of the country where a foreign arbitral award has been rendered;
- a party against which a foreign arbitral award is rendered has not been timely and duly notified about the proceedings, their time and place or due to other reasons could not provide its explanations;
- a foreign arbitral award is rendered in a dispute not provided for or not subject to the terms of the arbitration agreement or arbitration clause in the contract, or contains rulings on matters beyond the scope of the arbitration agreement or arbitration clause in the contract, unless rulings on matters covered by the arbitration agreement either by such agreement or reservation may be separated from those not covered by such agreement or reservation;
- a composition of the arbitration body or the arbitration process did not comply with the agreement of the parties or, in the absence thereof, did not comply with the law of the country where the arbitration took place;
- a foreign arbitral award is not final for the parties or cancelled, or suspended by the competent authority of the state where it was rendered, or of the country the laws of which are being applied;
- a dispute was resolved by an incompetent foreign court or arbitration.

The court may also refuse to recognise and enforce a foreign arbitral award if:

- enforcement of a foreign arbitral award will contradict the "public order" of the Republic of Uzbekistan;
- the subject matter of the dispute may not be subject to arbitration under the laws of the Republic of Uzbekistan;
- the statute of limitations for the enforcement of a foreign arbitral award has expired.

Recognition and enforcement of foreign arbitral awards in Uzbekistan may still be difficult, in particular, if the enforcement of a foreign arbitral award conflicts with the "public policy" of Uzbekistan. The laws of Uzbekistan do not provide any clear guidelines for determining what the "public policy" of Uzbekistan actually is. The ambiguity of the "public policy" concept may be used by Uzbek courts to deny recognition and enforcement of foreign arbitral awards rendered against Uzbekistan or threatening its interests.

In addition, an Uzbek court will ignore any dispute resolution agreement of the parties if it finds that under the Uzbekistan legislation it has exclusive jurisdiction over such disputes.

Although Uzbek law recognises choice of law principles for contractual obligations, the choice of foreign law will not exclude the application of mandatory rules of Uzbek law which cannot be derogated from by the agreement of the parties. According to Uzbek law, regardless of the choice of law applicable to the relations of the parties, certain mandatory rules of Uzbek law still shall be applied.

In Uzbekistan, upon receipt of a foreign arbitral award, the party seeking to enforce the award must submit an application for the recognition and enforcement of the foreign arbitral award to the relevant economic courts in the Republic of Uzbekistan. The court will review the award to ensure there are no grounds (as discussed above) to refuse recognition and enforcement. Upon a finding that the foreign arbitral award is satisfactory, the court will adapt a ruling on recognition and enforcement and issue a writ of execution, which must be submitted to the Bureau of Mandatory Enforcement within three years of the court's ruling on the foreign arbitral award.

As a condition for admissibility in evidence of any documents, the courts of Uzbekistan will require the submission of such documents either (i) as originally executed counterparts, or (ii) as duly notarised copies. In addition, in case of an official document issued outside Uzbekistan, unless a valid international agreement of Uzbekistan provides otherwise, such official document will be admissible in evidence by a court of Uzbekistan if (i) such official document is legalised by an Uzbek consul in the country of its issuance and a duly certified Uzbek language translation of such official document is notarised by an Uzbek notary or (ii) the apostil is affixed to such official document by the competent authority of the country of its issuance subject to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents dated 5 October 1961 and a duly certified Uzbek language translation of such official document is notarised by an Uzbek notary.

See "*Risk Factors– Risks Related to Republic of Uzbekistan – Enforcement of judgements or arbitral awards against the Bank can be difficult*".

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus, are not historical facts but constitute "forward-looking statements" within the meaning of section 27A of the Securities Act and Section 21E of the U.S. Exchange Act of 1934. Forward-looking statements include statements regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets in which the Group participates or seeks to participate, and any statements preceded by, followed by or that include the words "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements include, amongst other things, statements concerning:

- overall business conditions;
- changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations);
- economic and political conditions in Uzbekistan;
- the timing, impact and other uncertainties of future actions;
- inflation, interest rate fluctuations, foreign currency and exchange rate fluctuations and other capital market conditions in Uzbekistan;
- the condition and performance of the economy, including the Uzbekistan's banking sector;
- the effects of, and changes in, the policy of the Government of the Republic of Uzbekistan;
- the timing and terms of privatisation of the Bank;
- the effects of changes in laws, regulations and taxation or accounting standards or practices in Uzbekistan;
- the Bank's ability to maintain or increase market share for its products and services and control expenses;
- the Bank's ability to meet its funding obligations and develop and maintain additional sources of financing;
- the Bank's ability to continue to diversify its client base;
- the impact of the growth of the Bank's loan portfolio on its revenue potential and overall asset quality;
- technological changes; and
- the Bank's ability to manage the risks associated with the aforementioned factors.

The forward-looking statements included in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the Group's actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Group will operate in the future. You should be aware that a number of important factors provided above could cause the industry's or the Group's own actual results or performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

This list of important factors is not exhaustive. Additional factors that could cause actual results, performance or achievements to differ materially include those discussed under "*Risk Factors*". When considering forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as at the date on which they are made, and the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The Issuer does not make any representation or warranty that the results anticipated by such forward-looking statements will be achieved.

PRESENTATION OF FINANCIAL INFORMATION

Presentation of Financial Information

The Group's financial information set forth herein has, unless otherwise indicated, been extracted, without material adjustment, from the Group's unaudited condensed consolidated interim financial information for the three-month period ended 31 March 2024 (the "**Interim Financial Statements**") and the Group's audited consolidated financial statements for the years ended 31 December 2023, 2022 and 2021 (the "**Annual Financial Statements**" and, together with the Interim Financial Statements, the "**Financial Statements**"), set forth on pages F-2 through F-158 of this Prospectus. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). The Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**").

The Uzbek soum is the functional currency of the Bank and the presentation currency for the Financial Statements. The Financial Statements and financial information included elsewhere in this document have, unless otherwise noted, been presented in Uzbek soums.

Independent Auditors

The Annual Financial Statements included in the Prospectus have been audited by Audit Organization "PricewaterhouseCoopers" LLC ("**PwC**") who has issued an unqualified independent auditor's report on the Annual Financial Statements appearing herein.

PwC has a licence authorising the audit of companies registered by the Ministry of Finance of the Republic of Uzbekistan under registration number No. 00780 dated 5 April 2019 and a certificate authorising the audit of banks registered by the CBU under registration number No. 9 dated 14 February 2014.

The Interim Financial Statements included elsewhere in this Prospectus have been reviewed by PwC, as stated in the report appearing herein. PwC reported that they reviewed the Interim Financial Statements, included in this Prospectus and issued an unqualified review report. However, their report states they did not audit and they do not express an audit opinion on the Interim Financial Statements. Accordingly, the degree of reliance on their report on the Interim Financial Statements should be restricted in light of the limited nature of the review procedures applied.

Changes in Presentation

In 2023 the Bank reclassified "Proceeds from borrowings due to other banks" and "Repayment of borrowings due to other banks" from the financing activities to the operating activities section of the consolidated statement of cash flows, under the net change - "due to other banks" line. In addition, the Bank reclassified "Proceeds from disposal of repossessed assets" from "Cash flows from investing activities" to the operating activities section of the consolidated statement of cash flows, under the net change – "non-current assets held for sale" line. The Bank's management believes these classifications align with current market practice and provide more reliable and relevant information. This change has been applied retrospectively and has resulted in restatement of comparative figures for the years ended 31 December 2022 and 2021. Please see Note 3 of the Annual Financial Statements for further details regarding the effect of the changes in presentation on the financial statements for the years ended 31 December 2022 and 2021.

Restatement of Prior Year Figures

In preparing the Annual Financial Statements, the Bank has made (i) certain restatements to the consolidated statement of financial position as at 31 December 2022 and 2021 and the corresponding statement of profit or loss for the year ended 31 December 2022 due to a modified retrospective approach in the initial application of IFRS 17 "Insurance Contracts" and (ii) corrections of errors in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 and consolidated statements of cash flows for the year ended 31 December 2022. Please refer to Note 3 of the Annual Financial Statements for further details regarding the effect of adoption of new standards and the effect of error corrections.

In addition, when preparing the Interim Financial Statements, the Bank's management undertook a detailed review of the Bank's debt agreements and identified that in one case there was a clause that the Bank did not comply with as at 31 March 2024 or at 31 December 2023. The implication of this was that this debt and a number of other facilities where there are conditions in the relevant facility agreements, should no longer be considered, for financial reporting purposes, as long term as at 31 March 2024 and 31 December 2023. There was a similar situation as at 31 December 2022 and 2021. Therefore, the Bank's management took action and notified the transaction agent on 27 June 2024 to voluntarily prepay this debt and did so on 2 July 2024. See Note 23 of the Interim Financial Statements and "*Risk Factors —Risks Related to the Bank's Legal, Regulatory, Compliance and Governance Framework — The Bank is required to comply with certain financial and other restrictive covenants, and in the past breached certain covenants in its facility agreements*".

Certain Definitions and Currencies

In this Prospectus, all references to:

- "**the Group**" or "**the Bank**" are to JSCB "Uzbek Industrial and Commercial Bank" group of companies;
- "**CBU**" are to the Central Bank of Uzbekistan;
- "**CIS**" are to the Commonwealth of Independent States and its member states as at the date of this Prospectus, being Russia, Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Uzbekistan;
- "**EU**" are to the European Union;
- "**Listing Rules**" are to the rules of the Financial Conduct Authority relating to admission of to the Official List.
- "**US**" are to the United States of America; and
- "**UFRD**" are to the Fund for Reconstruction and Development of the Republic of Uzbekistan.

In this Prospectus, the following currency terms are used:

- "**UZS**", "**Uzbek soums**" or "**soums**" means the lawful currency of the Republic of Uzbekistan;
- "**U.S.$**" or "**U.S. dollar**" means the lawful currency of the United States; and
- "**EUR**", "**Euro**" "**euro**" or "**€**" means the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty of Rome establishing the European Economic Community, as amended.

References in the Prospectus to "billions" are to thousands of millions.

Exchange Rate

The table below sets forth, for the periods and dates indicated, certain information regarding the exchange rate between the Uzbek soum and the U.S. dollar, based on the official exchange rate quoted by the CBU. Fluctuations in the exchange rates between the Uzbek soum and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

	Uzbek soum per U.S.$1.00			
	High	**Low**	**Average(1)**	**Period end**
Year				
2024 (up to and including 10 July 2024)	12,727.96	12,384.0	12,555.98	12,630.03
2023	12,389.97	11,246.81	11,800.24	12,338.77
2022	11,571.99	10,800.55	11,045.70	11,225.46
2021	10,848.58	10,449.44	10,623.44	10,837.66
2020	10,476.92	9,500.54	10,064.73	10,476.92
2019	9,537.55	8,336.25	8,837.00	9,507.56

Source: CBU

Note:

(1) The average rate is calculated based on annualised weekly exchange rates to determine the annual or monthly average rate (as the case may be).

Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Key Performance Indicators

The key performance indicators ("**KPIs**") or alternative performance measures ("**APMs**") described below have been calculated based on data derived from the Financial Statements and unaudited accounting records and management accounts. Where used, the relevant metrics are identified as APMs and accompanied by an explanation of each such metric's components and calculation method.

This Prospectus includes certain financial measures that are not measures of performance specifically defined by IFRS. These include (without limitation) the following financial measures: return on average assets, return on average equity, cost-to-income ratio, net interest margin, allowance for loan losses/ gross loans, total liquid assets/total assets, Regulatory Capital Ratio, Capital Adequacy Ratio, NPL ratio, non-performing loans coverage, and problem loans/gross loans. See "*Selected Consolidated Financial Information*" for the information on the basis of calculation of the non-IFRS financial measures. In addition, this Prospectus includes certain of the Bank's selected statistical information in "*Selected Statistical and Other Information*", including average balance of interest-earning assets, average balance of non-interest-earning assets, average balance of total assets, average balance of interest-bearing liabilities, average balance of non-interest-bearing liabilities, average balance of equity, average balance of equity and non-interest-bearing liabilities, average balance of equity and liabilities, average yield on interest-earning assets, average rate paid on interest-bearing liabilities, ratio of net charge-offs, total weighted average yield, average balance of term deposits, average balance of current/settlement accounts, average balance of total deposits and current/settlement accounts, average rate paid on term deposits. See "*Selected Statistical and Other Information*" for the information on the basis of calculation of the selected statistical information.

The KPIs and APMs disclosed in this Prospectus should not, however, be considered as an alternative to, in isolation from or as substitutes for financial information reported under IFRS. The KPIs and APMs disclosed in this Prospectus were not audited, reviewed or otherwise reported on by independent auditors and are not measures specifically defined by IFRS and the Group's use of these measures may vary from other companies in its industry due to differences in accounting policies or differences in the calculation methodology of similar measures by other companies in its industry.

Translations

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. All translations in this Prospectus are direct and accurate translations of the original text.

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OVERVIEW OF THE BANK

This overview highlights certain information concerning the business of the Bank and the Notes. It does not contain all information that may be important to an investor in the Notes or an investment decision in relation to the Notes. This overview should be carefully read in conjunction with, and is qualified in its entirety by reference to, the more detailed information in this Prospectus, including the Financial Statements. Investors should also consider the matters set forth in "Risk Factors" before deciding to invest in the Notes. Certain statements in this Prospectus include forward-looking statements which also involve risk and uncertainties as described under "Cautionary Statement Regarding Forward-Looking Statements".

Overview

Established in 1922, the Bank is one of the leading universal banks in the Republic of Uzbekistan. According to the CBU, in 2023 the Bank ranked as the second largest commercial bank in Uzbekistan by total assets (11.4% market share) and the second largest by loan portfolio size (12.1% market share). The Bank offers a comprehensive range of banking services, including corporate lending, state and municipal organisations lending and retail lending, deposit-taking, cash handling, international money transfers, letters of credit, guarantees, foreign exchange operations and other products, including insurance products and consulting services. The Bank conducts its banking operations from its head office in Tashkent and 87 branches within Uzbekistan as at 31 March 2024.

The Bank has historically operated as a state financing vehicle on the basis of funding provided by state agencies, such as the UFRD and the Ministry of Economy and Finance of the Republic of Uzbekistan, for subsidised financing of investment projects in a number of strategic industries, mainly oil and gas & chemicals and energy, and has otherwise in its day-to-day operations relied on funding provided by the Uzbekistan Government in the form of predominantly subsidised loans, deposits, capital injections and state guarantees, as well as funding received as borrowings from the international financial institutions ("**IFIs**"). Since 2018, as part of the on-going economic reforms in Uzbekistan, the Bank is undergoing a transitional reform of its banking organisation dependent on state control, support and funding to more of a market-orientated commercial structure. Under this transition strategy, the Uzbekistan Government has been gradually decreasing its influence on the business and loan portfolio of the Bank, as well as reducing the state support financing available to the Bank as well as the state guarantees that borrowers of the Bank have benefitted from and which the Bank has received as credit support. See "*– Competitive Strengths – History of Strong Shareholder Support*". Furthermore, as part of the transition the Bank has taken steps to diversify its loan portfolio and client base to increase the share of higher-margin loans attributable to developing sectors of the Uzbekistan's economy, such as manufacturing, agriculture and retail, to give attention to development of small and medium enterprises in the loan and deposit portfolios, as well as to develop further its long-standing relationships with large corporate customers in oil and gas & chemicals and energy sectors on more commercial and market orientated terms. Additionally, the Bank began implementation of green financing by establishing the "green banking" department and further developing this strategic line of business, providing funding for green projects, introducing green products for corporate and retail customers.

In accordance with the Decree on Strategy of Reforming the Banking System the Bank is expected to be privatized through a sale of the Government's stake. In accordance with the Presidential Decree No. PP-253 dated 31 July 2023 the Government's stake in the charter capital of the Bank is mandated to decrease to below 50% by the end of 2024 through sale to a strategic buyer meeting certain requirements. As of the date of this Prospectus, the Privatisation process is at the preparatory stage, and the deadline to complete the Privatisation by the end of 2024 is likely to be extended to a later date.

As at 31 March 2024, the Bank's total assets comprised 75,071,626 million soums. As at 31 March 2024, total loans and advances to customers, gross amounted to 61,983,319 million soums, with gross loans to corporate customers, gross loans to state and municipal organisations and gross loans to individuals accounting for 64.3%, 22.4% and 13.3% of total loans and advances to customers, gross, respectively. For the three months ended 31 March 2024 and 2023, the Bank generated profit of 217,202 million soums and 193,605 million soums, respectively, and 856,154 million soums, 633,655 million soums and 856,988 million soums for the years ended 31 December 2023, 2022 and 2021.

The Bank was incorporated as a joint-stock commercial bank in 1991 and is domiciled in the Republic of Uzbekistan. It is registered in Uzbekistan to carry out banking and foreign exchange activities and operates under the banking license No. 17 issued by the CBU on 25 December 2021. Its registered and head office is located at Shaxrisabskaya str. 3, 100000 Tashkent city, Republic of Uzbekistan. The telephone number of the registered office and the head office of the Bank is +998 (71) 200-43-43. As at the date of this Prospectus, the Bank has the following long-term ratings: BB- from Fitch and BB- from S&P.

Competitive Strengths

The Bank's management believes that the Group has a number of competitive advantages, including the following:

- Leading position in the Uzbekistan banking market and growing client base
- Streamlining business with advanced IT solutions
- Active contribution to the development of efficient economy through "Green banking" projects
- Comprehensive banking network
- Strong balance sheet with prudential capital ratios and robust asset quality
- Strong corporate governance and experienced management with a deep understanding of the local and global markets

Strategy

The following are the key elements of the Bank's strategy:

- Continued diversification of the loan portfolio and funding base
- Diversified product range and IT development
- Further development of risk-management and credit policies
- Further development of high-quality corporate governance and qualified personnel
- Promoting ESG and green financing

Risk Factors

An investment in the Notes involves a high degree of risk. For a detailed discussion of the risks and other factors to be considered when making an investment decision with respect to the Notes, see "*Risk Factors*" and "*Cautionary Statement Regarding Forward-Looking Statements*". Prospective investors in the Notes should carefully consider the risks and other information contained in this Prospectus prior to making any investment decision with respect to the Notes. Prospective investors should note that the risks described in this Prospectus are not the only risks the Bank faces. The Bank has described only the risks it considers to be material. However, there may be additional risks that it currently considers immaterial or of which it is currently unaware.

OVERVIEW OF THE OFFERING

*The following overview contains basic information about the Notes and is not intended to be complete. For a more complete understanding of the Notes, please refer to the Terms and Conditions of the Notes ("**Conditions**"). Capitalised terms not defined in this section have the meanings given to them in the Conditions.*

Issuer	Joint-Stock Commercial Bank "Uzbek Industrial and Construction Bank"
Joint Bookrunners and Joint Lead Managers	BancTrust Investment Bank Limited, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Raiffeisen Bank International AG and Société Générale
Notes Offered	U.S.$400,000,000 aggregate principal amount of 8.950% Notes due 2029
Trustee	Citibank, N.A., London Branch
Principal Paying Agent and Transfer Agent	Citibank, N.A., London Branch
Registrar	Citibank Europe PLC, Germany Branch
Issue Price	98.820%
Closing Date	24 July 2024
Maturity Date	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount 24 July 2029
Interest Rate	The Notes bear interest at the rate of 8.950% per annum payable in equal instalments semi-annually in arrear on 24 January and 24 July in each year, commencing on 24 January 2025
Risk Factors	An investment in the Notes involves a high degree of risk. See "*Risk Factors*".
Use of Proceeds	The Issuer will use the proceeds received from the issue and sale of the Notes for general corporate purposes and for purchases of the 2024 Notes validly tendered by holders in connection with the tender offer on the terms and subject to conditions set out in the Tender Offer Memorandum dated 12 July 2024. For more information, see "*Use of Proceeds*". The Issuer intends to allocate an amount equivalent to the net proceeds of the Notes to finance or re-finance, in whole or in part, Eligible Social Projects and/or Eligible Green Projects in accordance with the use of proceeds criteria and selection process described in the Issuer's Framework.
Form	The Notes will be in registered form, without interest coupons attached, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Notes will be issued in the form of a Regulation S Global Note and a Rule 144A Global Note, each in registered form and without interest coupons attached. The Regulation S Global Note will be deposited with the common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of such common depositary. The Rule 144A Global Note will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee of DTC. Ownership interests in the Regulation S Global Note and Rule 144A Global Note will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg, DTC and their

respective participants. Notes in definitive form will be issued only in limited circumstances.

Ranking of the Notes

The Notes constitute direct, general, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may arise by mandatory operation of law and subject to Condition 4, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Negative Pledge and Covenants

Conditions contain restrictions on or impose requirements to be complied with when conducting certain activities of the Issuer and its subsidiaries, including, without limitation:

(a) limitation on the incurrence of security interest;

(b) requirement for the maintenance of capital adequacy and financial ratios;

(c) limitation on prepayment of subordinated debt and paying dividends on or redeeming or repurchasing share capital or making other distributions;

(d) requirement for the provision of certain financial information;

(e) limitations on engaging in mergers and consolidations;

(f) limitation on asset sales;

(g) limitation on engaging in affiliate transactions;

(h) requirement for the maintenance of authorisations; and

(i) limitation on change of business.

There are significant exceptions to the requirements contained in these covenants, as more fully described in Condition 4 and Condition 5.

Events of Default

If an Event of Default occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer that the Notes are, and that they shall immediately become, due and repayable at their principal amount together with accrued interest, as more fully described in Condition 10.

Optional Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice, at the principal amount thereof together with accrued and unpaid interest to (but excluding) the date fixed by the Issuer for redemption, if the Issuer is or would be required to pay additional amounts (as defined in the Conditions) (subject to certain conditions) as a result of any change in, or amendment to, the laws or regulations of the Republic of Uzbekistan, occurring on or after the Issue Date as more fully described in Condition 7(b).

Make-Whole call option

The Issuer may, at its option, redeem the Notes, in whole but not in part, at any time on giving not less than 30 and not more than 60 days irrevocable notice, at a price equal to the principal amount thereof, plus the Make Whole

	Premium, plus any accrued and unpaid interest, up to but excluding the date of redemption, as more fully described in Condition 7(c).
Optional Redemption by the Noteholders upon a Change of Control	If a Change of Control occurs, the holder of each Note will have the option to require the Issuer to redeem that Note on the Change of Control Put Date at 100% of its principal amount together with interest accrued to (but excluding) Change of Control Put Date, as more fully described in Condition 7(f).
Withholding Tax	All payments in respect of interest and principal on the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If any such taxes, duties, assessments or governmental charges are payable, the Issuer shall (subject to certain exceptions) pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received had no such deduction or withholding been required, as more fully described in Condition 9.
Listing of Notes	Application has been made to the Financial Conduct Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The Market is a regulated market for the purposes of UK MiFIR.
Original Issue Discount	The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. If the stated principal amount of the Notes exceeds their "issue price" by an amount equal to or more than a statutorily defined de minimis amount, the Notes will be treated as issued with OID for U.S. federal income tax purposes. In such case, U.S. Holders (as defined in "*Certain U.S. Federal Income Tax Considerations*") would be required to include any amounts representing OID in gross income (as ordinary income) on a constant yield to maturity basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable regardless of their regular method of accounting for U.S. federal income tax purposes. For further discussion, see "*Certain U.S. Federal Income Tax Considerations*."
Ownership Restrictions	None of DTC, Euroclear or Clearstream, Luxembourg, will monitor compliance with any transfer or ownership restrictions.
Governing Law and Arbitration	The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them shall be governed by and construed in accordance with English law and contain provisions for arbitration in London, England.
Selling Restrictions	United States, United Kingdom, Uzbekistan, Singapore and any other jurisdiction relevant to the offering of the Notes. See "*Subscription and Sale*".
Ratings	The Notes are rated BB- by Fitch and BB- by S&P. Fitch is established in the United Kingdom and registered under the UK CRA Regulation. S&P is established in the United Kingdom and registered under the UK CRA Regulation. Credit ratings assigned to the Notes do not necessarily mean that the Notes are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different

	types of notes do not necessarily mean the same thing. Credit ratings do not relate to the liquidity of the Notes or consider whether there is a market for the Notes. Any change in the credit rating of the Notes or of the Issuer could adversely affect the price that a subsequent purchaser would be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.
Security Identification	Regulation S Notes: ISIN: XS2849506402 Common Code: 284950640 Rule 144A Notes: ISIN: US917935AA60 Common Code: 284379870 CUSIP: 917935AA6
Legal Entity Identifier	213800C2NIFPFTXYIU69

RISK FACTORS

An investment in the Notes involves risks. Accordingly, you should carefully consider the risks described below, as well as the other information in this Prospectus, before making an investment decision. The risks and uncertainties below are not the only ones the Bank faces. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could also impair its business operations. Factors which the Issuer believes are specific to the Issuers, the Bank and/or the Notes and material for an informed investment decision with respect to investing in the Notes issued under are described below. In each category below the Issuer set out the most material risks, in its assessment, taking into account the negative impact of such risks on the Issuer and the Bank and the probability of their occurrence. If any of the following risks actually materialises, the Bank's business, results of operations and financial condition could be materially and adversely affected and it could affect the Issuer's ability to meet its obligations under the Notes.

The risks below have been classified into the following categories:

(i) Risks Related to the Bank's Business and Industry;

(ii) Risks Related to the Bank's Strategy;

(iii) Risks Related to the Bank's Legal, Regulatory, Compliance and Governance Framework;

(iv) Risks Related to the Republic of Uzbekistan; and

(v) Risks Related to the Notes.

Risks Related to the Bank's Business and Industry

The banking sector in Uzbekistan and the Bank are undergoing a transition period

The Bank has historically operated as a financing vehicle on the basis of funding provided by the state agencies, such as the UFRD and the Ministry of Economy and Finance of the Republic of Uzbekistan, for financing subsidised investment projects in a number of strategic industries, mainly oil and gas & chemicals and energy, and has otherwise in its day-to-day operations relied on primarily subsidised funding provided by the Uzbekistan Government in the form of loans, deposits, capital injections and state guarantees, as well as funding received as borrowings from the IFIs.

Since 2018, as part of on-going economic reforms in Uzbekistan, the banking sector has been undergoing a transitional reform away from a model based on state control, support and funding to a more market-orientated and commercial model. In line with such reform, the Uzbekistan Government has been gradually decreasing its influence on the business and loan portfolio of the Bank, as well as reducing the state support available to the Bank and the state guarantees that borrowers of the Bank have benefitted from and which the Bank has received as credit support. See "*Business – Competitive Strengths – History of strong shareholder support*".

The Decree of the President of the Republic of Uzbekistan No. IP-5992 "On the Strategy of Reforming the Banking System for 2020-2025" dated 12 May 2020 (the "**Decree on Strategy of Reforming the Banking System**") was adopted to facilitate the implementation of these reforms. The purpose of the Decree is to increase the efficiency and ensure financial stability of the banking system. Additionally, it aims to reduce the Government's ownership in the banking sector by privatising the majority of the nine state-owned banks, leaving only: "National Bank for Foreign Economic Activity of the Republic of Uzbekistan", JSCB "Agrobank" and JSC "Microcreditbank". See "*—Future privatisation of the Bank may not be completed or, if completed, may affect its business, financial condition or prospects*". To address the potential effect of such transition, the Bank has taken steps to diversify its loan portfolio and client base to increase the share of higher-margin loans attributable to developing sectors of Uzbekistan's economy such as manufacturing, agriculture and retail banking customers, to prioritise the development of small and medium enterprises and retail share in the loan and deposit portfolios, as well as to further develop its long-standing relationships with large corporate clients in the oil and gas & chemicals and energy sectors on more commercial and market orientated terms. However, in line with the general economic reforms in Uzbekistan, many of the Bank's existing corporate clients are undergoing either privatisations or similar transition processes, which are expected to result, among other things, both in these corporate clients experiencing volatility in their businesses and having to obtain funding on commercial market terms. There can be no assurance that following the transition of the Bank to a market based pricing policy and reduction of state support, long-term corporate clients of the Bank, who previously benefitted from state guarantees of their borrowings but are unlikely to do so going forward, will retain their low-risk credit profile nor can there be any assurance that, following privatisation or transition to more independent management, the credit profiles of such corporate clients will not be negatively affected or such existing corporate clients would not attract financing from or place their deposits with the Bank's competitors offering better terms on banking products.

The transition of the Bank and the banking industry generally to a more market-orientated and commercial model will also likely result in increased competition for the Bank with other state-owned banks, foreign and private banks for the same client base. See "*– The Bank operates in a competitive industry*" below. Moreover, expansion of the Bank's client base to new industries and sectors holds an additional degree of operational and credit risk, as the Bank may not have sufficient knowledge, procedures and resources to adequately evaluate and measure creditworthiness of new types of customers, including retail and new sectors. See "*– The Bank may not be able to implement its strategy to grow its business, and may be subject to risks relating to its expansion*" and "*- The Bank may not be able to accurately assess the credit risk of potential and current borrowers or maintain the quality of its loan portfolio*" below.

Furthermore, despite the Bank's successful implementation of certain aspects of its transitional strategy since 2018, the Bank is still in the midst of a transitional period and, while it is fully committed to continuous development and improvement of its business, any further transformational efforts of the Bank might be hindered by a number of internal, market and macroeconomic risks. There can be no assurance that the Bank will succeed in implementation of all the necessary stages of transformation or achieve the growth or profitability that it would expect. Failure to implement its transition strategy could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Future privatisation of the Bank may not be completed or, if completed, may affect its business, financial condition and prospects

The Decree of the President of the Republic of Uzbekistan No. IP-5992 "On the Strategy of Reforming the Banking System for 2020-2025" dated 12 May 2020 provides for the privatisation of the Bank through a sale of the Government's stake. In accordance with Presidential Decree No. UP-253 dated 31 July 2023, the Government is mandated to reduce its stake in the Bank to less than 50% (the "**Privatisation**") by the end of 2024. As of the date of this Prospectus, the Privatisation process is at the preparatory stage, and the deadline to complete the Privatisation by the end of 2024 is likely to be extended to a later date.

If the Privatisation were to take place:

(i) the holders of the Notes will have the option to require the Bank to redeem the Notes at 100% of their principal amount together with interest accrued if (x) as a result of such Privatisation an investor, other than an Acceptable Investor (as defined in Condition 7(f)), becomes a beneficial owner (directly or indirectly) of at least 50% plus one share of the issued share capital of, or otherwise control, the Bank, and (y) an Adverse Ratings Event (as defined in Condition 7(f)) occurs. See also "*Risks Related to the Notes — The Notes must be redeemed prior to maturity for certain reasons*";

(ii) the holders of the Bank's U.S.$300,000,000 5.75 per cent. notes due 2024 (the "**2024 Notes**"), to the extent still outstanding, will have the option to require the Bank to redeem the 2024 Notes at 100% of their principal amount together with interest accrued. The Bank is intending to refinance the 2024 Notes with the proceeds of this Offering, see "*Use of Proceeds*"; and

(iii) the Bank's lenders may terminate their commitments to further lend to the Bank or accelerate the loans and declare all amounts borrowed due and payable triggering events of default in other finance documents, if the Bank fails to refinance any such facilities or receive prior consent or waiver from the relevant lenders. See "*—Risks Related to the Group's Legal, Regulatory, Compliance and Governance Framework — The Bank is required to comply with certain financial and other restrictive covenants*".

The Bank may face liquidity constraints fulfilling its obligations under the relevant Notes or loans and it may encounter challenges in arranging additional financing. Failure of the Bank to fulfil its obligations under the relevant Notes or loans may also cause acceleration of the Bank's indebtedness and cross defaults, which could result in an Event of Default under the Notes, have a material adverse effect on the Bank's business, and result in additional costs to renegotiate the loan agreements and other difficulties in managing its operations.

In addition, the Bank is subject to certain contractual requirements as to the timing of the Privatisation:

(i) holders of the Bank's U.S.$100,000,000 floating rate notes due 2028 (the "**2028 Notes**") have the option to require the Issuer to redeem the 2028 Notes at 100% of their principal amount together with interest accrued if the Republic of Uzbekistan continues to beneficially own (directly or indirectly) at least 50% of the issued share capital of, or otherwise control, the Bank post 31 December 2024; and

(ii) the Bank's lenders, including Asian Development Bank ("**ADB**") under a U.S.$50 million facility agreement, IFC under a U.S.$75 million facility agreement and European Bank for Reconstruction and Development ("**EBRD**") under a U.S.$50 million facility agreement, may accelerate the loans and declare all amounts borrowed due and payable triggering events of default in other finance documents, if the Privatisation has not occurred by 31 December 2024. See "*Financial Review — Funding — Convertible Loan Agreements*".

While the Bank has recently received from the IFC and EBRD the extension to the Privatisation timeframe until 31 December 2024, there can be no assurance that the Privatisation will be completed within the approved timeframe or at all, which, absent waivers or extensions, could trigger the early repayment option under the 2028 Notes and may cause acceleration of the Bank's indebtedness and cross defaults, which, in turn, may also trigger an event of default under the Notes.

If any of these events occur as a result of the Privatisation and/or the Bank's failure to complete the Privatisation within the required timeframe or at all, the Bank cannot give any assurance that available assets would be sufficient to repay in full all of the Bank's affected indebtedness, or that the Bank would be able to secure alternative financing. Even if the Bank could obtain alternative financing, the Bank's management cannot give any assurance that such financing would be on terms that are favourable or acceptable to the Bank.

In addition, the Bank is subject to certain contractual requirements under the 2028 Notes and other agreements with respect to potential investor(s) in the Privatisation, including, but not limited to, that such investor(s) should not be subject of any sanctions and should have a credit rating no lower than the sovereign rating of the Republic of Uzbekistan. However, should the Privatisation take place and depending on who the new investor is, the reduced ownership stake of the Government in the Bank may also adversely affect credit ratings of the Bank, hindering its ability to attract funding on the local and international capital markets at favourable terms. See "*—Any downgrade in the ratings of the Bank may adversely affect the Bank's business*". Further, a new shareholder or management may seek to change the Bank's strategic direction, including, but not limited to, altering the mix of services that the Bank offers, expanding into product areas that the Bank is not currently active in or, conversely, reducing the Bank's activity in certain areas.

If any of these events occur, they could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects and the trading price of the Notes.

The Bank and some of its customers would be adversely affected if it and they do not continue to receive funding from the Uzbekistan Government

In terms of both funding and income, the Bank and some of its main state-owned corporate clients have been historically reliant on the Uzbekistan Government to a very significant extent. The Uzbekistan Government has been and remains a very significant source of the Bank's funding, as well as the ultimate controlling entity in respect of major clients of the Bank, such as JSC Uztransgaz, JSC Uzbekenergo and JSC Uzneftgaz.

As at 31 March 2024, the Bank's assets related to the Government (and government-owned entities) and state and municipal organisations amounted to 23.7% of the Bank's total assets, and were mainly represented by loans and advances to customers (18.5%), investment securities (3.4%) and amounts due from other banks (1.7%). As at 31 March 2024, the share of liabilities attracted from the Government and state and municipal organisations amounted to 21.7% of the Bank's total liabilities, and was mainly represented by other borrowed funds (6.5%) and customer accounts (11.2%). Since 2019, the Bank has not received funding from the Uzbekistan Government in the form of capital injections.

In view of a planned Privatisation of the Bank, the share of liabilities attracted from state and municipal organisations may significantly decrease, and, if not accompanied by a corresponding increase in funding from alternative sources, this could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects. Similarly, any unplanned or unexpected reduction in state funding to any of the Bank's state-owned customers or radical shift in government policy towards the Bank resulting in the loss of the state-owned customers may result in a decrease in operational volumes for the Bank or failure of such customers to serve their obligations under the existing loans and other arrangements with the Bank, which could in turn have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

In addition, reduced support from the Government may also adversely affect credit ratings of the Bank and/or the Bank's state-owned customers, hindering their ability to attract funding on the local and international capital markets at favourable terms, which could in turn have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank operates in a competitive industry

In recent years, Uzbekistan's banking sector has become increasingly competitive. According to the CBU, as at 31 March 2024, there were 35 commercial banks operating in Uzbekistan. The Bank competes with a number of these banks, including the NBU, Agrobank, Asaka Bank, Xalq Banki, Kapital Bank and Ipoteka Bank in respect of retail and micro finance loans and in the corporate sector. In addition, the mortgage market is highly competitive in Uzbekistan, with some competitors implementing aggressive pricing policies in order to retain or build their market share. Furthermore, according to the CBU, as at 31 March 2024, there were six banks with foreign capital in Uzbekistan, which, following the liberalisation of the economy and transitional development of the banking sector, pose an increased competitive challenge for the local market. Although the Bank believes it continues to offer highly competitive products for its retail customers, there can be no assurance that the Bank's retail customers will not transfer a significant portion of their deposits and/or loans to one or more of the Bank's competitors or that the Bank will gain a significant share of new customers in the market.

Increased competition may have a negative impact on the Bank, particularly if the Bank's competitors possess greater financial resources (especially in the case of banks with foreign capital investment or banks which are representative offices or subsidiaries of non-resident foreign banks, by way of access to funding from foreign capital or their parent entity), have access to lower-cost funding, provide a broader offering of products, or if the Bank's competitors merged to significantly enhance their financial resources, access to funding and product offerings. Consequently, an increase in competition could lead to significant pressure on the Bank's market share and has already led to, and may, in the future, continue to lead to, increased pricing pressures on the Bank's products and services, which could in turn have a material adverse effect on the Bank's business results of operations, financial condition and prospects.

The Bank may be unable to attract sufficient new customers, engage and retain its existing customers

The successful implementation of the Bank's growth strategy depends on the Bank's ability to attract new customers and expand its existing customers' base by offering new competitive products and services. In the period under review the Bank has maintained one of the leading positions on the Uzbekistan banking market and has expanded its deposit portfolio, but there can be no assurance that the Bank may be able to demonstrate such growth results in the future.

The Bank continues to invest significant resources in its infrastructure and development and other areas in order to enhance its existing products and services, as well as introduce new products and services aimed at increasing the number of customers. The changes and developments taking place in the banking industry in Uzbekistan may also require the Bank to re-evaluate its business model and adopt significant changes to its long-term strategies. As the market for the Bank's services mature, or as new or existing competitors introduce new products, services or functionality that compete with the Bank's, the Bank may face external pressures and be unable to innovate and adapt to these changes and therefore to retain current customers or attract sufficient new customers.

The Bank's ability to attract, retain and grow its customer base will require it to successfully create new products, both independently and jointly with third parties, and, therefore, the Bank may face risks associated with expansion into areas in which it has limited experience or no experience. The Bank may also introduce significant changes to its existing products or develop and introduce new and unproven products and services, which may require significant investments of time, money and resources. For example, in 2019, the Bank became the first bank in Uzbekistan to begin developing "green banking"; in 2020, the Bank introduced the JOYDA mobile platform, which is a banking application and marketplace for retail customers, and in 2022 it launched the SQB Business program, an online banking solution for small and medium enterprises ("**SMEs**"). See "*Business — Business Operations — Corporate Banking —Corporate Products and Services —Green Banking*". The future performance of these and other new products or services, however, is inherently uncertain, and as a result of potential underperformance of these products or services the Bank may fail to attract or retain customers or generate sufficient return to justify its investments, which may adversely affect its business, financial condition and results of operations.

In addition, the Bank's efforts to attract and retain customers and its plan to establish a SuperApp platform (a retail-only application that integrates the Bank's payment system, insurance products, brokerage and investment services) will also require substantial development costs and engagement of significant human resources and third-party service providers, and these processes could be impaired for a variety of reasons, including unavailability of necessary technology, high costs and adverse reaction to changes in general economic conditions or other factors. If the Bank's efforts to attract and retain customers are not successful, or if its customers reduce or discontinue their usage of the Bank's products and services, the Bank's business, financial condition and results of operations may be materially adversely affected.

There can be no assurance of future sustained growth in the Bank's loan portfolio, which could adversely affect growth in net interest income

As at 31 December 2023, total loans and advances to customers, gross increased by 9,109,387 million soums, or 17.8%, as compared to 31 December 2022, which in turn was an increase of 6,768,594 million soums, or 15.2%, as compared to 31 December 2021. The size of the Bank's loan portfolio in soums increased as a result of the increases in corporate loans and loans to individuals driven by the growth in lending activity, as well as due to the appreciation of U.S. Dollar to soum. There can be no assurance that the Bank will be able to grow its loan portfolio in the future or that any future growth will be in line with its historical rates of loan portfolio growth. The pace of the Bank's loan portfolio growth may be constrained by, among other factors, the Bank's ability to increase lending volumes to customers that meet its credit quality standards. If the Bank is unable to further expand its loan portfolio, the Bank may be unable to generate sufficient interest income to offset any decline in net interest margins, which could have a material adverse effect on the business, results of operations, financial condition or the Bank's ability to fulfil its obligations under the Notes.

The Bank's corporate loan portfolio is concentrated

The Bank's largest corporate customers include state-owned enterprises in such strategically important sectors, as oil and gas ("**Uzbekneftegaz**"), energy ("**Uzbekenergo**"), chemicals ("**Uzkimyosanoat**"), and others. These customers have a long history of cooperation with the Bank mainly as a result of subsidised funding provided to these companies by the Government through the Bank. As a result, the corporate loan portfolio of the Bank is concentrated.

As at 31 March 2024, the Bank had loans outstanding to 15 borrowers in the amount of 20,073,436 million soums (32.4% of total loans and advances to customers, gross) with aggregate loan amounts which exceeded 10% of the Bank's equity. As at 31 December 2023, loans to 16 borrowers with aggregate loan amounts which exceeded 10% of the Bank's equity accounted for 20,498,189 million soums (33.9% of total loans and advances to customers, gross), as compared to 14 borrowers in the amount of 17,320,728 million soums (33.8% of total loans and advances to customers, gross) as at 31 December 2022 and to 13 borrowers in the amount of 15,577,715 million soums (35.0% of total loans and advances to customers, gross) as at 31 December 2021. The average maturity of the loan book attributable to these borrowers is 9.2 years. As at 31 March 2024, 47.1% of the loans granted to state and municipal organisations, gross were covered by state guarantees.

Strategic sectors of the Uzbekistan's economy, including manufacturing, oil and gas & chemicals, have historically accounted for the most prominent share of the Bank's loan portfolio, accounting for 56.6% of the total loans and advances to customers, gross as at 31 March 2024, 55.6% as at 31 December 2023, 56.7% as at 31 December 2022 and 59.6% as at 31 December 2021. In line with the strategy of diversification of the loan portfolio, over the period under review the Bank has increased the share of actively developing sectors of the economy in its loan book, such as trade and services (the share in the Bank's loan portfolio (total loans and advances to customers, gross) increased from 10.0% as at 31 December 2021 to 11.8% as at 31 March 2024) and loans to individuals (the share in the Bank's loan portfolio (total loans and advances to customers, gross) increased from 9.8% as at 31 December 2021 to 13.3% as at 31 March 2024), while maintaining its long-standing relationships with the companies in the Bank's sectors of expertise, including oil and gas & chemicals and energy. Accordingly, the Bank's significant exposure to the oil and gas & chemicals and retail sectors, combined with any downturn or adverse trends in these sectors, could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank aims to strictly adhere to the concentration limits set by the CBU for client exposures and regularly monitors the concentration in its loan portfolio and the financial performance of its largest borrowers. The maximum exposure to a single borrower or a group of related borrowers for unsecured loan portfolio of commercial banks shall not exceed 25% of a bank's Tier 1 capital. See "*The Banking Sector and Banking Regulation in the Republic of Uzbekistan – Mandatory Ratios*". As at 31 March 2024, the Bank was in compliance with the above mandatory ratio.

The Bank also aims to mitigate the risk of credit losses from large exposures by using collateral to minimise loss given default on its largest exposures, reducing guarantee exposures and maintaining a well-diversified loan book. There can be no assurance, however, that any such measures will be successful. In addition, microeconomic shocks or industry-specific fluctuations may adversely affect the quality and realisable value of collateral in respect of the Bank's loan portfolio, for example real estate in Uzbekistan. See "*– Collateral values may decline or may not be of such high credit value*" and "*- Risks Related to the Republic of Uzbekistan – The Bank may be adversely affected by changes in Uzbekistan's economic, political and other conditions*". Any loss of a key corporate borrower or deterioration in the quality of the Bank's corporate loan portfolio could, in turn, have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank's loan portfolio is heavily U.S. dollar denominated, and the quality of the Bank's loan portfolio may deteriorate as a result of slower economic growth and depreciations and devaluations of the soum

As at 31 March 2024 and 31 December 2023, 67.0% and 65.8% of the Bank's loan portfolio, respectively, was denominated in foreign currency (U.S. dollars and euro). In 2017, the CBU, with the intention to liberalise the currency market in Uzbekistan, devalued the soum against the U.S. dollar by about 92%, causing a devaluation in the soum from 4,210.35 soums per U.S.$1 to 8,100 soums per U.S.$1. The Bank sustained low NPLs (loans overdue for 90 days and longer) and default levels in its loan portfolio following the devaluation.

In the period under review the soum further devalued from 10,476.92 soums per U.S.$1 as at 1 January 2021 to 12,620.09 soums per U.S.$1 as at 31 March 2024. Any further depreciation of the Uzbek soum against the U.S. dollar may result in customers having difficulty repaying their loans. In particular, should the share of loans in the Bank's portfolio issued on market terms with higher margins but not collateralised by state guarantees increase significantly in line with the Bank's strategy, the exchange rate risk of the portfolio will increase accordingly. The Bank's impairment charges and, in turn, the cost of credit risk may increase, even if a single large borrower defaults or a material concentration of smaller borrowers default. In addition, fluctuations of the soum against the U.S. dollar may cause the value of the Bank's loan portfolio to fluctuate. As a significant portion of the Bank's customers with foreign currency-denominated loans depends on soum-denominated income, any depreciation of the soum against the currency of the loan may result in customers facing difficulties repaying their loans. Any of these events could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is subject to operational risk inherent in banking activities

The Bank is subject to the risk of incurring losses or undue costs due to the inadequacy or failure of internal processes or systems or human error, or from errors made during the execution or performance of operations, clerical or record-keeping errors, business disruptions (caused by various factors such as software or hardware failures and communication breakdowns), failure to execute outsourced activities, criminal activities (including credit fraud and electronic crimes), unauthorised transactions, robbery and damage to assets. The financial services industry is exposed to the risk of misconduct by employees, which could involve, among other things, the improper use or disclosure of confidential information, violation of laws and regulations concerning financial abuse and money laundering, or embezzlement and fraud, any of which could result in regulatory sanctions or fines, as well as serious reputational or financial harm for the Bank. The Bank is occasionally susceptible to service interruptions caused by third party services such as telecommunications, which are beyond the Bank's control. Such interruptions may result in interruption to services of the Bank's branches and/or impact customer service. Given the Bank's high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. In addition, a number of banking transactions are not fully automated, which may further increase the risk that human error or employee tampering will result in losses that may be difficult for any bank to detect quickly or at all. The proper functioning of banking systems, risk management, internal controls, accounting, customer service and other information technology systems, such as loan origination, are critical to the Bank's operations.

Although the management believes that the Bank's risk management policies and procedures are adequate and that the Bank is currently in compliance in all material respects with all laws, standards and recommendations applicable to it, any failure of the Bank's risk management system to detect unidentified or unanticipated risks, or to correct operational risks, or any failure of third parties to adequately perform key outsourced activities, such as card processing and the transportation of cash, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank faces liquidity and funding risk

The Bank is exposed to liquidity risk when the maturities of its assets and liabilities do not coincide. Liquidity risk is inherent in banking operations and may be heightened by a number of factors, including an over-reliance on, or an inability to access, a particular source of funding, changes in credit ratings or market-wide phenomena, such as financial market instability. Credit markets worldwide have in recent years experienced, and may continue to experience, a reduction in liquidity and long-term funding as a result of global economic and financial factors, as well as geopolitical events. The availability of credit in emerging markets in particular, is significantly influenced by the level of investor confidence and, as such, any factors that affect investor confidence could affect the price or availability of funding for the Bank.

Other borrowed funds is the main source of funding for the Bank and amounted to 58.0% of the Bank's total funding as at 31 March 2024. The Bank has several open credit lines with international financial organisations, see "*Financial Review – Liquidity and Capital Resources – Funding*". However, the Bank may face increased cost of funding and shortage in available liquidity should the Bank breach its covenants under the existing borrowing facilities. See "*– The Bank is required to comply with certain financial and other restrictive covenants*" below. Further, a significant portion of the Bank's funding is derived from customer accounts, accounting for 23.1% of the Bank's total funding as at 31 March 2024. According to Uzbekistan law, term deposits may be withdrawn by individual depositors at any time. Accordingly, there can be no assurance that if unexpected withdrawals of deposits by the Bank's customers result in liquidity gaps, the Bank will be able to cover such gaps. In the event of any downturn in confidence in the Bank or the banking sector in Uzbekistan in general, customers could seek to withdraw their deposits and consequently the Bank may not have the necessary funds to meet its liabilities as they fall due, which will have a material adverse effect on its business, financial condition, results of operations and prospects. Furthermore, as at 31 March 2024, 37.5% of the Bank's customer accounts were denominated in foreign currencies, therefore, should soum depreciate significantly against U.S. dollar and other foreign currency due to macroeconomic or political events, the Bank's customer accounts may increase in soum terms, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

The Bank seeks to manage its liquidity risk by, among other things, maintaining a diverse funding base comprising short-term sources of funding (including corporate and retail customer deposits, inter-bank borrowings and borrowings from the foreign banks) and longer-term sources of funding (including term corporate deposits, borrowing from international multi-development and international banks, issuance of bonds). These liquidity sources and the Bank's current liquidity may be affected by unfavourable financial market conditions. If assets held by the Bank to provide liquidity become illiquid or devalue substantially, the Bank may be required, or may choose, to rely on other sources of funding to finance its operations and future growth. Only a limited amount of funding, however, is available in Uzbekistan's inter-bank market, and recourse to other funding sources may pose additional risks, including the possibility that other funding sources may be more expensive and less flexible. In addition, the cost of funding in Uzbekistan may significantly increase in the case of unfavourable financial market conditions, economic reforms implemented by the Uzbekistan Government or other macroeconomic changes. For example, CBU's main policy interest rate (the “**refinancing rate**”) increased from 9.0% as at 31 December 2016 to 16.0% as at 31 December 2018, leading to growth of interest rates on the interbank money market. In the period under review, the refinancing rate experienced some fluctuations, but remained consistently high, amounting to 14.0% as at 31 December 2021, 15.0% as at 31 December 2022 and 14.0% as at 31 December 2023, with a peak of 17.0% recorded in 2022. Following the increase in the refinancing rate, the average interest rate on the interbank money market was 14.0% in 2021, 14.1% in 2022 and 14.8% in 2023, thus maintaining the high cost of funding for the Bank on the local inter-bank lending market. Should the cost of funds on the inter-bank lending market further increase and the availability of this source of funding to the Bank diminish, or should the Bank fail to procure timely sources of other funding at market rates, it may hinder the Bank’s ability to service its liabilities and have a material adverse effect on its business, financial condition, results of operations and prospects.

The Bank’s operations are subject to various market risks

Assets and liabilities of the Bank are denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. As at 31 March 2024, 33.0% of the Bank’s loans and advances to customers were denominated in soums, 43.5% in U.S. dollars and the remaining 23.5% in Euro. Volatility in the money market and significant exchange rate fluctuations may have a material adverse effect on the Bank’s business, financial condition, results of operations and prospects. See “*Financial Review – Factors Affecting the Financial Statements – Currency Fluctuations*” and “*Risk Management*”.

The Bank faces interest rate risk resulting from movements in interest rates that affect income or the value of financial instruments. For example, instruments on both the asset and liability side may exhibit different sensitivities to changes in interest rates, including changes in long-term and short-term interest rates relative to one another. If, for example, interest rates were to rise, this could negatively affect the value of the Bank assets with longer tenors that may have relatively lower fixed interest rates locked up until maturity relative to possible liabilities with shorter tenors. If the Bank is unable for any reason to reprice or adjust the rates on its interest earning assets in response to changes in rates on its interest-bearing liabilities in an expedited or an effective manner as a result of economic or other reasons, then the Bank’s interest income margins would be adversely affected. An increase in interest rates may reduce the demand for loans from the Bank and its ability to originate loans. In addition, higher interest rates increase the Bank’s deposit and borrowing costs and the Bank may be required to seek alternative sources of liquidity and funding, which may only be available at increased cost or have limited or no availability. A decrease in the general level of interest rates may affect the Bank through, among other things, increased pre-payments on its loan portfolio and increased competition for deposits. Although the Bank monitors interest rate fluctuations and its asset – liability matching in order to mitigate such interest rate risk, interest rate movements on both domestic and international markets may have a material adverse effect on the Bank’s business, financial condition, results of operations and prospects.

The Bank may face counterparty, systemic or contagion risk from other financial institutions

Financial service institutions that transact with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as “systemic risk” and may adversely affect financial intermediates, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Bank interacts on a daily basis. The Bank routinely executes a high volume of transactions with numerous counterparties in the financial services industry, including brokers and dealers and commercial banks, resulting in significant credit concentration. As a result, the Bank is exposed to counterparty risk and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. This could, in turn, have a material adverse effect on the Bank’s ability to raise new funds and have a material adverse effect on the Banks’s business, financial condition, results of operations and prospects.

Moreover, problems at certain financial institutions in Uzbekistan or in other countries could cause general market concerns over the health of financial institutions. Moreover, these problems could lead to reduced access to liquidity and funding for financial institutions and/or decline in the value of their debt or equity instruments, possibly including the Notes, such risk being sometimes referred to as “contagion effect”. A default by, or even concerns about the stability of one or more financial service institutions, including institutions to which the Bank may not have direct exposure, or which may not even be among its counterparties, could lead to further significant systematic liquidity problems, or losses or defaults by other financial institutions that could materially and adversely affect the Bank’s business, financial condition, results of operations and prospects.

The Bank may not be able to accurately assess the credit risk of potential and current borrowers or maintain the quality of its loan portfolio

Credit risk assessment is generally more difficult for Uzbekistan's banks than for banks operating in certain other jurisdictions due to the scarcity of reliable information in Uzbekistan about potential borrowers. In particular, it is difficult to make long-term forecasts with respect to a corporate borrower's financial position because the financial performance of Uzbekistan companies is generally more volatile and their credit quality is less predictable than those of similar companies in more mature markets and economies. Further, many potential corporate borrowers do not prepare audited accounts in accordance with IFRS and/or do not have extensive or externally verified credit histories. In addition, the availability of accurate and comprehensive financial and general credit information on SMEs in Uzbekistan is even more limited, which makes it more difficult for the Bank to accurately assess the credit risk associated with such lending. The Bank periodically reviews its credit policies designed to manage the risk. The Bank's Credit Committee makes decisions on extension of loans, guided by the Bank's Credit Policy and takes into consideration conclusions of the Risk Management Department, Underwriting Department, Business Department, Compliance Department, Legal Department and Network Inspection Department. The credit quality review process is continuous and provides early identification of possible changes in the creditworthiness of customers, including regular collateral revaluations, potential losses and corrective actions needed to reduce risk, which may include obtaining additional collateral in accordance with underlying loan agreements.

Although the Bank has implemented various automated scoring systems, which allows retail clients to receive loans online via JOYDA, and a separate scoring algorithm designed for its SME clients, the Bank currently does not apply a single scoring or evaluation system to all types of loans across all business segments or within one particular segment, and a manual credit quality review remains an integral element of credit quality assessment procedure for all corporate and most of SME loans, which may subject the Bank to additional operational risk. The Bank also continues to provide retail loans offline in its offices and makes approval decisions based on data provided by the borrowers, as well as third parties (such as the Credit Bureau "Credit Information Analytical System" and the borrower's employer).

There is a risk that the Bank's procedures, controls and IT employed in loan origination and verification may generate errors, or the Bank's officer may fail to adhere to compliance procedures, which may lead to incorrect assessments of the level of risk of particular retail borrowers. Retail loan approval decisions in JOYDA are made based on information obtained from external databases, which contain information such as customer income, credit history, financial hardships, restrictions imposed on the person's property, and involvement of a person in litigation. Such external databases include the Bureau of Compulsory Enforcement, the INPS (Individual Savings Pension Account, which aggregates data on the monthly income of individuals), the ASOKI (the system which facilitates the retrieval and analysis of information from the Credit Bureau "Credit Information Analytical System") external database, which provides information regarding the credit history of an individual. There is no guarantee that external data bases used by JOYDA will be readily available at any given moment of time to provide necessary information, or that information about the borrower contained therewith is completely reliable and up to date. Scoring techniques and checks used by the Bank to evaluate the creditworthiness of applicants for its loan products may not always present a complete and accurate picture of each customer's financial condition. The Bank's scoring models may be based on inaccurate assumptions or assumptions that can quickly become out of date, as well as past trends and behavioural patterns that may not repeat in the future. The Bank may be unable to accurately evaluate the current financial condition of each prospective borrower or independently assess information provided by prospective borrowers when providing offline retail loans, and thus may be unable to determine the long-term economic outlook for each such borrower. Furthermore, the availability and reliability of information of external data bases, the limited availability of recent and reliable credit information on retail and SME borrowers constrains the Bank's ability to detect and prevent fraudulent activities by potential borrowers, including the use of false information in order to obtain loans, which could lead in decreased loan recovery for the Bank. Notwithstanding the risk assessment procedures and systems that the Bank has in place, there is no assurance that such procedures and systems, credit loss allowance and supporting collateral will be sufficient to protect the Bank against increased levels of defaults, losses or potential write-offs. Furthermore, the quality of the Bank's loan portfolio may deteriorate due to external factors beyond the Bank's control such as negative developments in Uzbekistan's economy or in the economies of its neighbouring countries, the unavailability or limited availability of credit information on certain of its customers, as well as any failure of its risk management procedures or rapid expansion of its loan portfolio. See "– *The Bank's risk management strategies and procedures are developing and may not be completely effective*".

In 2022, the Bank engaged a third party consultant (the "**Consultant**") to perform a limited due diligence review of the credit quality and adequacy of the created provisions for the Bank's corporate loans. The Consultant adopted a more conservative position than the Bank did with respect to evaluating credit quality and creating provisions for such loans, primarily as a result of differences in methodology adopted by the Consultant (based on primarily individual assessment of the top 20 groups of 47 borrowers) and methodology followed by the Bank (based on the approved methodology in accordance with IFRS 9 "Financial Instruments" which provides for individual assessment and portfolio-based assessment for loans). As part of the Privatisation preparation, the Consultant is currently conducting a further analysis of the Bank's loan book and the adequacy of the created provisions. There is no assurance that this process will not identify further discrepancies between the results of the analysis conducted by the Consultant and the Bank's approach in terms of the adequacy of the created provisions. Further, there can be no assurances that a new shareholder(s) or management following the Privatisation will not take a different view with regards to loan loss provisioning which might be different from the current position and methodology followed by the Bank, which could adversely affect the Bank's business, financial position and/or results of operations.

Failure to properly assess the risk of potential borrowers or deterioration in the financial condition of a significant number of the Bank's corporate or retail customers and any future deterioration in the quality of the loan portfolio or increase in its loan impairment charges may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank's risk management strategies and procedures are developing and may not be completely effective

Although the Bank invests substantial time and effort in its risk management strategies and procedures, and continues to develop a modern and extensive risk management system tailored to cover the Bank's transition strategy and planned operational and internal control network, such strategies and procedures for risk management may nevertheless fail under certain circumstances, particularly when confronted with risks that it has not identified or anticipated. The Bank's risk management strategies and procedures may fail to manage risk adequately in some circumstances. If circumstances arise that the Bank has not identified or anticipated adequately, or if the security of its risk management systems is compromised, then the Bank's losses could be greater than expected, which could have a material adverse effect on the Bank's business, financial condition and/or results of operations. Some of the Bank's methods of managing risk are based upon its use of historical market behaviour, which, as evidenced by events caused by the global financial crisis, may not always accurately predict future risk exposures, which could therefore be significantly greater than historical measures indicate. See "– *The Bank is subject to operational risk inherent in banking activities*", "- *The Bank faces liquidity and funding risk*" and "- *The Bank's operations are subject to various market risks*". In developing its statistical models, the Bank may not identify or anticipate some circumstances and quantifications and may not take all risks into account. Moreover, there is no assurance that the Bank's risk management model will always be timely and efficient. If the Bank's measures to assess and mitigate risks prove insufficient or inaccurate, its losses may be greater than expected and this could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank's failure to maintain and protect customer and employee data could have a material adverse effect on the Bank

The Bank collects, processes and stores personal data (including names, addresses, ages and bank details) from its customers, business contacts and employees as part of the operation of its business, and the Bank must comply with data protection and privacy laws in Uzbekistan. Those laws and standards impose certain requirements on the Bank in respect of the collection, use, processing and storage of such personal data. There is a risk, that data collected by the Bank and its appointed third parties is not processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators or other counterparties or applicable law. Failure to operate effective data controls in respect of the collection, use, processing and storage of such personal data, as prescribed by applicable law, could potentially lead to administrative fines, financial costs, reputational damage and undermine trust in the Bank's business and brand, any of which could have a material adverse effect the Bank's business, financial condition and results of operations.

The Bank is subject to certain data protection laws and industry standards. The Law of the Republic of Uzbekistan "On Personal Data" No. ZRU-547 dated 2 July 2019, as amended (the "**Personal Data Law**"), is a special legislative act that established a framework for the protection of personal data. The scope of application of the Personal Data Law is quite broad, as it applies to relations arising from processing and protection of personal data, regardless of the applied means of processing, including information technologies. From the Uzbekistan law standpoint, the Bank can qualify as the owner/operator of personal database and therefore shall comply with various requirements of Uzbek data protection laws, including the data localisation requirement. Under this rule, the Bank processing personal data of Uzbek citizens with the use of information technologies, including via the Internet, must collect, systematise and store personal data on technical means physically located in the territory of the Republic of Uzbekistan and in databases duly registered with the State Register of Personal Databases. Failure to comply with the data localisation requirement may potentially lead to blocking of access to the information resources of the Bank in Uzbekistan (e.g., websites, applications), as well as to administrative and criminal liability. A fundamental element in processing of personal data is the establishment of the purpose(s) or goal(s) of such processing. In order to achieve the intended goals of personal data processing the Bank has the right to independently determine the procedure and principles of collection and systematisation of personal data. Therefore, the volume and the nature of the personal data to be processed should correspond to the goal(s) and applied methods of processing.

Existing laws and regulations on personal data protection may be amended, the manner in which such laws and regulations are enforced or interpreted may change and new laws or regulations on personal data protection may be adopted, including in order to further regulate or restrict the use of personal data. If the existing interpretation of the laws and regulations were to change or future regulations were imposed, it could have a material adverse effect on the Bank's business, financial condition and results of operations.

The Bank is exposed to the risk that the personal data it controls could be wrongfully accessed and/or used, whether by employees, agents or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If the Bank or any of the third-party service providers on which it relies fail to process, store or protect such personal data in a secure manner or if any such theft or loss of personal data were otherwise to occur, the Bank could face liability under data protection laws. This could result in damage to the Bank's reputation as well as the loss of business, which could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

As a large financial institution, the Bank can be subject to attacks on its information security systems, some of which involve sophisticated and highly targeted attacks on its website and infrastructure. The methods used to obtain unauthorized, improper or illegal access to information security systems are constantly evolving. Targeted attacks may also be difficult to detect quickly and are often not recognized until they are launched against a target. Unauthorized parties may attempt to gain access to the Bank's platforms through various means, including hacking into platforms, or attempting to fraudulently induce employees and customers into disclosing usernames, passwords, payment card information, or other sensitive information, which may in turn be used to access the Bank's systems.

The Bank has experienced in the past and may experience in the future cyberattacks and other security breaches (due, among other factors, to human error, malfeasance, system errors or vulnerabilities, or other irregularities) affecting the protection of customer and employee personal data and functionality of the Bank's systems, in general. While the Bank has systems and processes designed to prevent cyberattacks and security breaches, which systems and processes have been effective in preventing material financial losses in the past, and while the Bank expects to continue to expend significant resources to bolster these protections, such measures cannot provide absolute security, and any security breach could have a material adverse effect on the Bank's business, financial condition and results of operations.

The Bank relies on third-party providers, including software and hardware suppliers and credit bureaus

In carrying out its operations, the Bank relies on a variety of third-party services. The Bank's technology infrastructure and services incorporate software, systems and technologies developed by third parties, as well as hardware purchased or commissioned from third-party suppliers. As the Bank's technology infrastructure and services expand and become increasingly complex, the Bank faces increased risks relating to the performance and security of its technology, including risks relating to incompatibility of the components produced by third parties, service failures or delays or back-end procedures on hardware and software. Additionally, currently the Bank develops the majority of its IT core systems software with the assistance of one particular independent company, Fido Business LLC. See "– *The Bank's IT systems may malfunction, fail to secure the Bank against hacking, or be insufficient to support future business expansion*". The availability of Fido Business LLC's services to the Bank may be negatively affected by a number of factors, some of which are beyond control of the Bank, including business interruptions, allocation of services to other purchasers, fluctuations in prices and increased costs. Should the Bank's relationship with Fido Business LLC deteriorate, or should any contracts with Fido Business LLC not be renewed/entered into on a timely basis or on commercially acceptable terms, or at all, the Bank will have to engage a new provider of relevant services. This might prove to be time consuming due to the absence of a substantial number of experienced IT providers on Uzbekistan market, which can offer services meeting the requirements of the Bank's current business as well as able to serve the Bank's strategic development aspirations. All these may adversely affect the Bank's business.

Additionally, in order to effectively operate its business, the Bank grants certain third-party providers limited access to certain data in its systems at their request, which may pose additional security risks and challenges in protecting the Bank's technology infrastructure. See "– *The Bank's failure to maintain adequately and protect customer and employee data could have a material adverse effect on the Bank*". Although the Bank contractually requires third party providers to implement reasonable cybersecurity controls, a compromise of their systems could have an adverse impact on the Bank's ability to operate and expose data, provided to these third parties. There can be no assurance that the contractual requirements related to the use, security and privacy regarding the information technology assets (and the data thereon) imposed on the Bank's third-party suppliers will be followed or will be adequate to prevent misuse. Any misuse, compromise, or failure to adequately abide by these contractual requirements could result in liability, litigation and reputational harm.

In connection with its risk management processes the Bank relies on services and information supplied by third parties, including certain databases. As such, in order to perform credit assessment, the Bank retrieves certain information from LLC Credit Bureau "Credit Information Analytical Centre" and other external data bases, maintained by governmental and commercial organisations, and information from these data bases is subsequently downloaded and integrated into the Bank's own client data base, which information is used to make loan approval decisions in JOYDA. As such, any risks related to the interruption of such external databases, the accuracy of the data kept thereby and the availability of such data generally, may impact the Bank's consumer finance origination and assessment processes.

If these third parties cease to provide the facilities or services, experience operational interference or disruptions, breach their agreements with the Bank, fail to perform their obligations or meet the Bank's expectations, do not renew their licenses or otherwise cease to make their services or products available at a reasonable cost or at all, the Bank's operations could be disrupted or otherwise adversely impacted, which in turn could result in a material adverse effect on the Bank's business, financial condition and results of operations.

The Bank's IT systems may malfunction, fail to secure the Bank against hacking, or be insufficient to support future business expansion

The Bank is subject to cyber-security threats, such as data leakage, insider threat and privilege abuse, cyber intrusion, network attacks, and targeted advance email attacks. Although cyber-security threats have not materially affected the Bank's operations to date, it is expected that such threats will continue to increase, which will require the Bank to closely monitor such threats.

The Bank has invested in upgrading its technologies, centralising its information systems and controlling the operation of its hardware and software, taking into account international best practices. In addition, implementation of the transition strategy of the Bank and introduction of the more sophisticated risk management systems to the Bank's IT systems and procedures require constant development of the Bank's IT capabilities, both for internal management of the Bank's operations and for the digital products and services for the Bank's clients. However, the Bank cannot provide any assurance that its IT systems will be sufficiently developed and will continue to function in a manner that pre-empts significant disruptions or temporary loss of functionality, and the possibility of a systems failure that may adversely affect its operational activities financial performance cannot be eliminated. Moreover, due to the rapid pace of development of financial technology and systems, which may render certain existing technology, equipment and systems obsolete, there can be no assurance that Bank's IT systems will at all times be as modern or as efficient as systems used by other financial institutions and competitors.

Further, the Bank's ability to operate its business depends on its ability to protect the computer systems and databases it operates and uses to inhibit the intrusion of third parties. The risk of cybersecurity breaches for large financial institutions has increased in recent years in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of organised criminals and hackers. In addition, customers may access the Bank's products and services, using personal smartphones, personal computers, personal tablets and other mobile devices that are beyond the Bank's control systems. The Bank is investing resources (both human and technological) in strengthening its information security and cyber defence system, in order to cope with the development of these threats and any disruptions or damage during this process may have an adverse effect on the Bank's operations. The Bank applies frequent controls in all channels and uses a number of advanced information-security systems, deployed internally in the Bank's network as well as externally as a perimeter defence, in order to prevent harmful penetration, activation of malicious software, and information leakage. Any such interruption or breach in security of the Bank's IT systems might result in failures or interruptions in the Bank's risk management, general ledger, deposit servicing, loan organisation and/or other important operations.

Although the Bank believes that its computer systems, networks and databases are well protected from unauthorised access, given the potential technical and financial resources of intruders, full assurance cannot be given that its computer systems, networks and databases will not suffer from such attacks in the future.

In addition, the Bank develops the majority of its IT core systems software (including core banking software, Internet, mobile banking, and human resources software) with the assistance of Fido Business LLC, and shall availability of Fido Business LLC's services to the Bank be negatively affected by any factors, including those, which are beyond the control of the Bank, the Bank's ability to operate its business may be adversely affected. See "*–The Bank relies on third-party providers, including software and hardware suppliers and credit bureaus*".

Also, given the operational growth of the Bank in the reporting period, should the Bank's business volumes continue to grow at a rapid pace, it could lead to significant increases in the utilisation of its IT systems, to a point where capacity limits could be reached and the systems would be unable to adequately support further growth. A failure of the Bank's IT systems to adequately support its operations and the growth of its business and to enable it to monitor and manage its operations effectively could result in a material adverse effect on its business, financial condition, results of operations and prospects. In addition, as financial technology continues to develop, the Bank (or its third-party suppliers) may be exposed to new risks, including those it may not be able to anticipate, as well as increased operating costs from ensuring that any new products and services it provides are implemented correctly and operated safely and securely. Therefore, any failure on part of the Bank to effectively manage its IT, cybersecurity and privacy risks, may expose it to liability, including regulatory fines or penalties and increased expenses from the resolution of any cybersecurity or privacy breaches of the Bank's databases and the mitigation of the impact of such breaches on affected individuals. Any of the above could have a material adverse effect on the Bank's business, results of operations and/or financial condition or the Bank's ability to fulfil its obligations under the Notes.

Any downgrade in the ratings of the Bank may adversely affect the Bank's business

As at the date of this Prospectus the Bank has a long-term foreign and local issuer default rating at "BB-" from Fitch and "BB-/B" with a stable outlook from S&P. These ratings reflect each agency's opinion of the Bank's financial strength, operating performance and ability to meet the Bank's debt obligations as they become due. The Bank's ratings are also sensitive to changes in the sovereign rating of the Republic of Uzbekistan. In December 2023, S&P's affirmed the Republic of Uzbekistan's long-term and short-term sovereign credit rating for foreign and local currency liabilities at the BB- level, outlook Stable. In February 2024 Fitch affirmed the Republic of Uzbekistan's long-term foreign-currency issuer default rating at BB- level, outlook Stable. There can be no assurance that the Bank or the Republic of Uzbekistan will be able to maintain their current credit ratings, and any deterioration in the geopolitical situation, the general economic or political environment or the Banks's financial condition could lead to downgrades. Any such downgrade in the ratings of the Bank could undermine confidence in the Bank, limit its ability to effectively negotiate new loan facilities and make it more difficult and/or expensive for it to raise capital going forward. Such downgrade may also affect or effectively limit the Bank's access to capital markets as investing in the Bank will in such case be considered less attractive and/or no longer be allowed for certain investors. Any of the above could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is required to obtain certain licenses, permits, consents and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially adversely affect the Bank's operations

The Bank's operations are subject to strict regulation by governmental and state authorities, particularly the CBU. See "*The banking sector and Banking regulation in the Republic of Uzbekistan – Role of the Central Bank of Uzbekistan*". In order to be able to perform banking operations the Bank is required to be registered with the CBU and hold a general banking licence issued by the CBU. A breach of any regulatory guidelines could expose the Bank to potential liability, including the loss of its banking license. See "*The banking sector and Banking regulation in the Republic of Uzbekistan – Regulation of the Banking Sector – Cancellation of Banking License*". If the CBU were to suspend or revoke the Bank's general banking license, then this would render the Bank unable to perform any banking operations (including processing payments from its customers) and/or lead to winding-up of its business (whether by way of bankruptcy proceedings or liquidation).

The Bank is also required to obtain and maintain a number of other statutory and regulatory licenses, permits, consents and approvals in the Republic of Uzbekistan, generally for carrying out its business, some of which may expire in the ordinary course and for which the Bank would be required to apply to obtain the approval or their renewal. Obtaining or renewal of these licenses, permits, consents and approvals is not always routine and the conditions attached to obtaining or renewing them are subject to change and may not be predictable. Any failure by the Bank to obtain, maintain, renew or extend any such required license, permit, consent or approval may impair the Bank's ability to achieve its strategic objectives and could have an adverse effect on the Bank's business, financial condition, results of operations and prospects.

Failure to implement and maintain an effective system of financial reporting and internal controls may materially and adversely affect the Bank's ability to accurately or timely prepare financial information

As with many other banks in Uzbekistan and other CIS countries, the Bank's current system of internal financial reporting was not originally designed for the preparation of IFRS financial statements, leading to potential risk of lack of timeliness or inaccurate preparation of financial statements under IFRS. Preparation of the Bank's IFRS-based financial statements is a manual process that involves the transformation and reclassification of the Bank's statutory financial statements into IFRS through accounting adjustments, and requires an on-going review and update of applicable IFRS and related pronouncements that should be applied to the underlying Uzbekistan Accounting Legislation and related instructions ("**UAL**"). This process is complicated, time-consuming and requires significant attention from the Bank's senior accounting personnel and an adequate system of internal controls over financial reporting. Notwithstanding the above, the Bank has been preparing its annual financial statements in accordance with the IFRS since 2000 and intends to continue doing so in the future in line with its continuing obligations in accordance with the Listing Rules as an Issuer with Notes listed on the Official List.

In the course of annual and interim reporting process, the Bank's management identifies from time to time, weaknesses in its reporting process and internal controls around preparing financial statements, and undertakes efforts to address them. While preparing the Annual Financial Statements (i) certain errors were identified relating to the year ended 31 December 2022 (for which years the Bank had previously prepared financial statements in accordance with the IFRS), which have been corrected and presented in the Annual Financial Statements included in this Prospectus; and (ii) certain changes in presentation were applied retrospectively for the years ended 31 December 2022 and 2021. As a result of the abovementioned correction of errors and changes in presentation, this Prospectus includes restated financial statements for the comparative periods. For more information on corrected errors and changes in presentation, see Note 3 to the Annual Financial Statements and "*Presentation of Financial Information*".

If the Bank's financial and reporting procedures and internal controls do not keep pace with its growth and the applicable financial reporting framework, the Bank may not be able to prepare financial information in a timely and accurate manner, whether in accordance with the terms of the Notes or otherwise. This includes the implementation of internal controls by management to ensure that the Bank's financial statements are prepared in accordance with IFRS or other applicable financial reporting standards. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with IFRS. A failure by the Bank to implement and maintain effective internal controls, could result in material misstatements in its financial statements or failure to prepare interim and/or annual financial information in a timely manner, which may cause a need to restate financial statements or result in a loss of confidence in its reported financial information, which in turn and could have a negative impact on the Bank's compliance with the terms of the Notes, access to external financing, and potentially its business and results of operations.

Collateral values may decline or may not be of such high credit value

As at 31 March 2024, the Bank held collateral (including letters of surety and state guarantees) against gross loans fully covering the value of total loans and advances to customers, gross. The main forms of collateral are charges over real estate, corporate and state guarantees, insurance policies, equipment and inventory and other receivables. Downturns in the residential and commercial real estate markets or a general deterioration of economic conditions in the industries in which the Bank's customers operate may result in asset illiquidity and a decline in the value of the collateral securing loans. In addition, declining or unstable prices of collateral in Uzbekistan may make it difficult for the Bank to accurately value the collateral it holds. If the fair value of the collateral that the Bank holds declines significantly, it could be required to record additional provisions and could experience lower than expected recovery levels on collateralised loans.

In addition, as part of its transition strategy to gradually decrease state support and expand the share of higher-margin loans in its portfolio, the share of the Bank's loan portfolio covered by state guarantees has been slightly decreasing in the period under review. In the future the share of the Bank's loan portfolio covered by collateral generally, and state guarantees in particular, is expected to further decrease, which may lead to additional provisions and lower than expected recovery levels on loans. Furthermore, the Bank may face difficulties with enforcing security under Uzbekistan law, which may also lead lower than expected recovery levels on collateralised loans. See "*Risk Management – Collateral*". If any of these risks materialise, they could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank's non-traditional banking businesses add to the credit risks of the Bank, including counterparty and settlement risks.

In addition to its traditional banking business, the Bank also conducts insurance business (via SQB Insurance) and investment advisory/consulting business (via SQB Capital).

SQB Insurance's operations expose the Bank to insurance risks. The insurance underwriting involves the use of judgment and assumptions about matters that are inherently unpredictable and out of the Bank's control. Therefore, it is impossible to precisely determine whether a single risk or a portfolio of risks will result in a loss, the amount that will be paid to meet the liabilities covered by the underwriting, or the timing of the payment and settlement of these liabilities. The Bank maintains reserves to cover the estimated ultimate liability for reported and unreported claims (including claims handling expenses) at the end of each accounting period. Estimating potential insurance liability involves the use of actuarial and statistical projections at a given time to predict the expected ultimate cost of the administration and settlement of claims. Statistical methods and models may not accurately quantify the Bank's risk exposure if circumstances arise that were not observed in the historical data, if the data do not accurately estimate the impact of events or if the data otherwise prove to be inaccurate. From time to time, the Bank may need to update its assumptions and actuarial risk models to reflect changes in circumstances and other new information. Therefore, the Bank cannot precisely predict the exact amount of claims that it will receive and when such claims will arise. As such, there can be no assurance that the Bank's insurance reserves will be sufficient to cover actual claims costs. To the extent that the Bank's reserves are subsequently determined to be insufficient to cover the future cost of claims (after taking into account any reinsurance), the Bank will have to increase its claims reserves and incur a corresponding reduction in its net profit in the period in which the deficiency is identified. Furthermore, the Bank may not be able to accurately price the insurance products it sells. Price adequacy is necessary to generate sufficient premiums to cover losses and underwriting expenses and to earn a profit on its own underwriting. If the Bank fails to appropriately assess the risks that it assumes, it may be unable to establish adequate premium rates, which could result in the Bank incurring losses from its underwriting activities. Such losses could have a material adverse effect on the Bank's business, financial condition and results of operations.

Investment business, which the Bank conducts via SQB Capital exposes the Bank to credit risk arising from holding securities of third parties, entering into derivative contracts under which counterparties have obligations to make payments to the Bank or extending credit through other arrangements. All such activities expose the Bank to certain risks, including credit risk from third parties and risks involved in executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries.

The Bank's failure to manage these risks could have a material adverse effect on the business, results of operations or financial condition of the Bank or the Bank's ability to fulfil its obligations under the Notes.

The Bank's insurance policies may not cover, or fully cover, certain types of losses

The Bank generally maintains insurance policies covering its assets, operations and certain employees in line with general business practices in Uzbekistan, including a comprehensive insurance policy with highly rated Uzbek insurance companies.

The Bank seeks to insure against a range of risks, including fire, lightning, flooding, employee liability, employee fraud, and a variety of additional risks such as employee infidelity, on-premises incidents, in-transit incidents, forged cheques, counterfeited currency, damage to offices and office contents, computer systems risks, service bureau operations, electronic computer instructions, electronic data transfer, computer viruses, electronic communications, electronic transmissions, electronic securities, forged telefacsimile, legal fees, and legal expenses.

However, there can be no assurance that all types of potential losses are insured or that policy limits would be adequate to cover them. Any uninsured loss or a loss in excess of insured limits could adversely affect the Bank's existing operations and create additional significant costs and liabilities and could, in turn, have a material adverse effect on the business, financial condition, results of operations and prospects.

The Bank depends on key management and qualified personnel

The current senior management team includes a number of individuals that the Bank believes contribute significant experience and expertise in the banking industry. The Bank's ability to continue to retain, motivate and attract qualified and experienced banking and management personnel is vital to its business. Further, following the on-going transition to independent operations from state direction, client diversification and the active development of Uzbekistan's banking sector, there is currently an intense competition in Uzbekistan banking industry for personnel with relevant expertise. There can be no assurance that the Bank will be able to successfully recruit and retain the necessary qualified personnel. The loss or diminution in the services of members of its senior management team or an inability to recruit, train or retain necessary personnel could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects as well as impair its ability to achieve its strategic objectives.

The Bank may fail to receive corporate approval in respect of certain transactions with related parties

In the past, the Bank has engaged in transactions with related parties under common control of the principal shareholders. See "*Certain Transactions with Related Parties*". The Bank's management expects that the Bank will continue to enter into related party transactions in the future. Under the laws and regulations of Uzbekistan, certain related party transactions are required to be approved by the general shareholders meeting of the Bank prior to execution of such transactions. Failure to receive such approval may lead to invalidity of the transaction. If the shareholder(s) of the Bank is deemed to be the interested party and/or beneficiary of a related party transaction, such shareholder(s) must abstain from voting on the approval of the related party transaction. Should both the UFRD and the Ministry of Economy and Finance of the Republic of Uzbekistan as the current principal shareholders of the Bank be deemed interested in a related party transaction with the Bank and abstain from voting, the Bank's minority shareholders may not reach a quorum for voting or may not vote in favour of approving the transaction. See "*Principal Shareholders*". Failure to receive an approval and enter into a material related party transaction, could have an adverse effect on the Bank's business, results of operations, financial condition and prospects.

Climate change may negatively affect the Bank's business and operations

The business environment in which the Bank operates is continually changing. ESG-related issues may directly or indirectly impact key stakeholders, including customers, investors, employees, rating agencies and regulators, and these stakeholders are increasingly demanding more climate-related disclosures, including climate risk assessment and greenhouse gas ("**GHG**") emissions reporting. The Bank recognises climate change as an emerging risk and has integrated climate-related risks, both physical and transitional, into the overall risk management framework and decision-making processes.

A failure to manage those risks which have ESG implications may adversely impact the reputation of the Bank, the results of its operations, its customers, and its ability to deliver on its long-term strategy and therefore its long-term success.

Climate change is an ESG theme that poses potentially significant long-term risks to the Bank and its customers, not only from the physical impacts of climate change, driven by both specific short-term climate-related events such as acute or chronic weather events and longer-term impacts, but also from transition risks associated with the shift to a low carbon economy. Climate change, sustainability and the reduction of emissions is an important issue for the Bank. Among other things, transitional and physical risks could impact the performance and financial position of the Bank's customers and their ability to repay their loans.

Failure to keep pace with customer and societal expectations for action to manage and mitigate climate-related risk or failure to keep with the increasing level of interest and reporting requirements from governments, investors, customers and civil society may result in a decline in demand for the Bank's services, which could have an adverse impact on the financial condition and prospects of the Bank.

Risks Related to the Bank's Strategy

The Bank may not be able to implement its strategy to grow its business, and may be subject to risks relating to its expansion

The Bank aims to achieve long-term sustainable growth and profitability of its business by increasing the relative and absolute size of its business, mostly by increasing its loan portfolio, funding base and fee-generating businesses. There can be no assurance, however, that the Bank will be able to achieve its major strategic objectives, including increasing its revenue or profitability. The Bank's ability to achieve its strategic objectives may be adversely affected by negative trends in Uzbekistan's economy, the economies of neighbouring countries and the performance of the global economy.

The Bank's strategic focus has historically been on provision of subsidised investment financing and corporate banking services to state-owned strategic companies. Recently, in line with the Government's policy shift and the Bank's transition strategy, the Bank has sought to increase its presence in retail and SME banking and increase the share of these sectors in its loan portfolio and deposit base, and this goal remains an integral part of its global strategy for the upcoming years. While the growth of the Bank's retail loan portfolio diversifies its overall loan portfolio, it also tends to increase the credit risk exposure in the loan portfolio, reflecting the high-risk nature of retail clients and respective lending products as well as the generally more limited information available to assess the credit worthiness of such borrowers. A greater degree of risk of default by such customers may result in an increase in overdue amounts and, consequently, in higher loan impairment provisions as well as negatively affect the Bank's net interest income.

In addition, the predominant part of the Bank's loan portfolio has historically contained a low degree of risk and was covered by state guarantees. Thus, with such increased exposure to credit risk as the Bank seeks to expand its business to both SME and retail customers and the ceasing of state guarantees, the Bank's risk management, internal control and operational capabilities may not be sufficient for such growth in the Bank's business under such strategy. The ability of the Bank to grow its customer base and expand its loan portfolio will depend on, amongst other things, the successful implementation of its credit policies and provisioning procedures, especially in retail lending, as well as the availability of affordable funding and maintaining its capital adequacy. Should the Bank fail to successfully implement such policies and procedures or maintain its capital adequacy or should affordable funding not be available, this may have material adverse consequences to its business, results of operations, financial condition and prospects. See "*– Risks Related to the Bank's Business and Industry – The Bank's risk management strategies and procedures are developing and may not be completely effective*".

Furthermore, the growth of the Bank's retail portfolio is dependent on increasing consumer understanding and acceptance of credit products, particularly in smaller population centres outside of Tashkent. Sustainable development of consumer finance in Uzbekistan is dependent on economic stability and growth, increases in consumers' average disposable income and levels of consumer spending, which are linked to stable economic development of Uzbekistan. Therefore, external shocks or downturns in Uzbekistan's economy generally and banking and consumer finance sectors in particular may hinder the Bank's ability to implement its growth strategy, which may in turn have material adverse consequences to its business, results of operations, financial condition and prospects. See "*– Risks Related to the Republic of Uzbekistan – The Bank may be adversely affected by changes in Uzbekistan's economic, political and other conditions*".

In addition, the Bank's strategic objectives are based, in part, on the expectation that Uzbekistan's banking sector will continue to grow in general and with respect to retail and SME banking in particular. There can be no assurance that these expectations will be met, which could, in turn, adversely affect the Bank's ability to achieve its objectives.

Notwithstanding the strategic aims, the Bank's overall goal is profitability and accordingly, it may not fulfil certain growth strategic goals if doing so would result in a negative impact on profitability. There can also be no assurance that the anticipated growth in retail and SME loans will offset any deterioration in the quality of the Bank's loan portfolio. Furthermore, the Bank's expansion strategy is expected to be financed by attracting more deposits, additional borrowings and possibly additional capital, as well as cash flows provided by operations. However, external financing and the cost of such financing are dependent on numerous factors, many of which are outside of the Bank's control. The Bank cannot provide any assurance that it will be able to arrange any such external financing on commercially reasonable terms, if at all, and the Bank's inability to access such funding at favourable rates could adversely affect its ability to implement its strategy. If any of these risks materialise, they could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank's strategy is determined by the Uzbekistan Government as its major shareholder. Interests of the Bank's shareholders or management may conflict with those of the Noteholders

As at the date of this Prospectus, the Uzbekistan Government, through the UFRD and the Ministry of Economy and Finance of the Republic of Uzbekistan, ultimately controls a stake exceeding 95% of the voting shares and the charter capital of the Bank. Even though the number of representatives of the UFRD and the Ministry of Economy and Finance of the Republic of Uzbekistan decreased to just three out of nine seats on the Bank's Supervisory Council, the Uzbekistan Government is still able to determine the outcome of all material matters concerning the Bank that may be decided by the shareholders and can appoint the members of the Bank's Supervisory Council. Accordingly, the Uzbekistan Government could cause the Bank to pursue transactions or to make large dividend payments or other distributions or payments to shareholders that are designed to implement the policy of the Uzbekistan Government rather than benefit the Bank or the Noteholders, even though such transactions may involve increased risk for the Bank and, consequently, for the Noteholders. Although the Bank retains autonomy to determine day-to-day commercial matters, its overall strategy and, therefore, indirectly the focus of its loan portfolio, is prescribed by the Uzbekistan Government. The interests of the Bank's shareholders and management may, in some circumstances, conflict with the interests of the Noteholders and any such conflict could have a material adverse effect on the Noteholders' investment in the Notes.

Historically, through its loan book, the Bank assisted the Uzbekistan Government in financing infrastructural and development projects for the Uzbekistan oil and gas & chemicals and energy sectors. Since 2018, in line with the general reform of the banking sector in Uzbekistan and the Bank's strategy, the Uzbekistan Government has been gradually decreasing its influence on the business and loan portfolio of the Bank, as well as reducing the state support financing available to the Bank. However, in the period under review the Bank continued to issue loans to state-owned companies operating in those sectors using funding provided by the Government in the form of loans or deposits from the state agencies. Such loans have higher margins as compared to the periods before the reform of banking sector, but interest rates remain below market rates, thus affecting the Bank's net profit. Shall the Government abandon the Privatisation plan and retain its control over the Bank, the Bank still may be directed by the state as its major shareholder to invest in subsidiaries or to provide lending to companies and projects which are not commercially viable or at below market rates. Therefore, the state might require the Bank to engage in business practices which do not correspond with its business strategy and are not necessarily consistent with the best interests of the Noteholders, and which may negatively affect the Bank's net interest income.

Risks Related to the Bank's Legal, Regulatory, Compliance and Governance Framework

The Bank is subject to substantial regulation and oversight, and future changes in regulations or relevant policies are unpredictable

As a commercial bank and participant of the financial market of the Republic of Uzbekistan, the Bank is subject to significant regulation and supervision by the CBU, the finance market regulator. If regulations change or the Bank expands its businesses, the Bank may become subject to additional rules and regulations, which may affect its operations. In November 2019, a new law "*On banks and banking activity*" was adopted. This law introduced changes to, *inter alia*, licencing requirements for banks, reporting and transparency rules, etc. See "*The Banking Sector and Banking Regulation in the Republic of Uzbekistan – Recent and Expected Banking Reforms*". Future changes in regulation on financial market participants, fiscal or other policies are unpredictable and there is often a delay between the announcement of a change and the publication of detailed rules relating to such change. There can be no assurance that: the current regulatory environment in which the Bank operates will not be materially tightened; new or additional requirements or mandatory ratios will not be introduced, including as a result of a change in government in Uzbekistan; or the Bank will be able to comply with any or all resulting regulations. In addition, there can be no assurance that the current regulatory environment in which the Bank operates with respect to competition and anti-monopoly matters will not be subject to significant change in the future. If any of these risks materialise, they could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is subject to certain regulatory ratios

The Bank, like all regulated financial institutions in Uzbekistan, is required to comply with certain capital adequacy and regulatory ratios based on UAL and set by the CBU. The current CBU capital regulation is based on a combination of Basel II and III guidelines, with material regulatory discretion exercised by the CBU reflecting the specifics of the local banking industry. The main mandatory capital ratios reportable by Uzbekistan's banks are the Regulatory Capital Ratio, Capital Adequacy Ratio and the Leverage Ratio. See "*The Banking Sector and Banking Regulation in the Republic of Uzbekistan – Mandatory Ratios*" and "*Financial Review – Liquidity and Capital Resources – Capital Management*".

As at 31 March 2024, the Bank was in compliance with all of the mandatory regulatory ratios set out by the CBU and calculated based on UAL: the Bank's Regulatory Capital Ratio amounted to 15.3%, Capital Adequacy Ratio amounted to 11.5% and Leverage Ratio amounted to 10.5%. However, should the Bank be in breach of any regulatory ratios, the Bank may face a material adverse effect on its reputation, business, financial condition, results of operations and prospects. Furthermore, should the CBU increase the minimum prescribed limits for mandatory capital ratios, the Bank may be required to adjust its business mix to conform to more strict capital and liquidity standards, which may limit the Bank's ability to exercise its strategy and have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Furthermore, certain of the Bank's financing facilities contain covenants on maintenance of capital adequacy and certain other mandatory ratios above a prescribed minimum, which may exceed the regulatory set level. See "*- The Bank is required to comply with certain financial and other restrictive covenants*". Failure of the Bank to comply with the contractual ratio levels may lead to breach of covenants under financial facilities, which in turn may cause acceleration of the Bank's indebtedness and cross defaults, which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is required to comply with certain financial and other restrictive covenants, and in the past breached certain covenants in its facility agreements

The Bank is subject to certain financial and other restrictive covenants under the terms of its indebtedness that impose certain requirements on the Bank to comply with financial ratios and tests and certain restrictions that limit the Bank's ability to, among others, obtain further financing and/or repay existing long-term indebtedness. See also "*—Risks related to the Bank's Business and Industry —Future privatisation of the Bank may not be completed or, if completed, may affect its business, financial condition and prospects*". The Bank's ability to meet its financial covenants and tests under the terms of its indebtedness are, to an extent, affected by events beyond the Bank's control, such events may include, inter alia, macroeconomic and political shocks, sharp fluctuations in foreign currency exchange rates and commodity prices.

On 29 June 2021 the Bank executed a USD 122 million Sinosure-covered facility agreement with UBS AG as an agent (the "**Agent**") for a term of 12 years (the "**Facility Agreement**"). The proceeds from the Facility Agreement were used to purchase a building to serve as the Bank's headquarters, which the Bank is now required to sell pursuant to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan dated 28 February 2024. The terms of the Facility Agreement require that the Bank prepay the facility at such time that the building is no longer owned by the Bank. The Facility Agreement also included certain restrictive covenants, including with respect to the Bank's ability to incur or maintain financial indebtedness exceeding USD 25 million, which if adhered to would materially limit the Bank's ability to operate in the ordinary course. As a result, the Bank was not in compliance with this restrictive covenant. See Note 23 to the Interim Financial Statements. Neither the Agent nor the lenders under the Facility Agreement exercised their right to accelerate all or part of the loans and declare amounts borrowed under the Facility Agreement due and payable, and some lenders under the Facility Agreement continued to lend to the Bank under other facilities. As the Bank was required to prepay the Facility Agreement on the sale of the building anyway, the Bank opted to remedy the breach by prepaying the full amount of loans outstanding and terminating the Facility Agreement. On 2 July 2024, the Bank fully prepaid the outstanding amount under the Facility Agreement, and the Facility Agreement was terminated. The Bank has other outstanding debt facilities which contain cross default provisions, certain of which may have been breached by the default in the Facility Agreement described above. While the Bank has taken steps to rectify the cross defaults by prepaying the Facility Agreement, there can be no assurances that certain lenders will not claim to have rights under existing facilities arising therefrom.

The Bank endeavors to monitor compliance with all of its financial and non-financial covenants on a regular basis and takes proactive steps to ensure that all these restrictive covenants are in compliance at each testing date or to enter into timely discussions with its lenders with a view to taking remedial action in the case of a potential breach. Should the Bank be unable to correctly identify and report compliance with the terms of its loan agreements in relation to past or future events, or should a contrary position be taken by the Bank's other creditors, the Bank may have to restate its Financial Statements and/or the Bank's lenders may terminate their commitments to further lend to the Bank or accelerate the loans and declare all amounts borrowed due and payable triggering events of default in other finance agreements. Such events may also trigger an Event of Default under the Notes.

If any of these events occurs, the Bank cannot give any assurance that available assets would be sufficient to repay in full all of the Bank's affected indebtedness, or that the Bank would be able to secure alternative financing. Even if the Bank could obtain alternative financing, the Bank's management cannot give any assurance that such financing would be on terms that are favourable or acceptable to the Bank.

The Bank's measures to prevent corruption, money laundering or terrorist financing may not be completely effective

The Bank considers itself in compliance with all applicable anti-corruption, anti-money laundering and anti-terrorist financing laws and regulations. The Bank believes that procedures and documents, including internal control procedures and sanctions compliance measures, adopted, implemented and maintained within the Bank, allow it to effectively prevent corruption, money laundering and financing of terrorist activities, financing of proliferation of weapons of mass destruction, fraud and corruption The Bank has not been subject to any investigation with respect to its involvement in corruption, money laundering or terrorist financing.

However, there can be no assurance that third parties will not attempt to use the Bank as a conduit for money laundering or terrorist financing without its knowledge, nor that the measures described above will be completely effective in pre-empting, identifying and/or terminating such activity. If the Bank fails to comply with anti-corruption, anti-money laundering or anti-terrorism financing laws or if it is otherwise associated with corruption, money laundering or terrorist financing, this could have a material adverse effect on its reputation, business, financial condition, results of operations and prospects.

Risks Related to the Republic of Uzbekistan

The Bank may be adversely affected by changes in Uzbekistan's economic, political and other conditions

The Bank's operations are primarily located in, and the vast majority of its revenue is sourced from, Uzbekistan. The Bank's results of operations are, and are expected to continue to be, significantly affected by financial and economic developments in or affecting Uzbekistan and, in particular, by the level of economic activity in

Uzbekistan. They can also be affected by political, social and legal developments in the country. Factors such as GDP, inflation, interest and currency exchange rates, as well as unemployment, personal income and the financial situation of companies, have a material impact on customer demand for the Bank's products and services.

Global and regional economic conditions remain volatile, and there is significant economic uncertainty. Real GDP growth in Uzbekistan was 6.0% in 2023, 5.7% in 2022 and 7.4% in 2021, according to the Statistics Agency under the President of the Republic of Uzbekistan. According to preliminary data of the Statistics Agency under the President of the Republic of Uzbekistan, in the three months ended 31 March 2024, the GDP demonstrated growth in real terms of 6.2% compared to the same period of 2023. According to the IMF's World Economic Outlook published in April 2024, the near-term outlook for the Central Asia and Middle East is positive, with real GDP growth in the regions projected to be 2.8% in 2024 and then 4.2% in 2025, from an estimated modest 2.0% in 2023, such growth bolstered by, among others, projected steep rise of real GDP in Saudi Arabia. In April 2024, the IMF projected 5.2% real GDP growth in Uzbekistan in 2024.

Uzbekistan continues to face significant risks to its growth prospects, including risks associated with the exchange rate, financial stability, inflation and capital flight. Market turmoil and economic deterioration in Uzbekistan may cause consumer spending to decline and have a material adverse effect on the liquidity and financial condition of the Bank's customers in Uzbekistan. Moreover, notwithstanding the stable political environment in Uzbekistan during the current period of economic reforms and the fact that Uzbekistan's economy was one of the three economies in the Europe and Central Asia region to maintain positive economic growth in 2020 despite the impact of COVID-19, Uzbekistan's economy is nonetheless vulnerable to external shocks and the economic performance of its trading partners (particularly Russia, China and Kazakhstan), to regional geopolitical developments and uncertain and volatile global and regional political conditions, such as, for example, Russia invasion in Ukraine and sanctions imposed thereon by, among others, the United States, the United Kingdom and the EU, as well as ongoing escalation of conflict in the Middle East or slowdown in economic growth in China, one of the main trade partners of Uzbekistan. See "*The ongoing conflict between Russia and Ukraine and sanctions imposed on certain Russian and Ukrainian persons and entities could have an adverse impact on Uzbekistan's economy*" below.

In addition, Uzbekistan is in the process of implementing structural economic reforms aimed at, *inter alia*, price and trade liberalisation and tax control. See "*Uzbekistan's economy and the banking market has been undergoing significant changes*". Should the Government succeed in the implementation of market reforms, Uzbekistan's economy would be more integrated into the world trading system and inter-linked with the global economy and economies of the main trade partners and neighbouring states of Uzbekistan, which may make Uzbekistan's economy even more vulnerable to external shocks, such as global economic crises and currency and commodity price volatility.

Furthermore, Uzbekistan faces economic risks of volatility in workforce remittances (in particular, from Russia) and unemployment. The rate of unemployment in Uzbekistan decreased from 9.6% as at 31 December 2021 to 8.9% as at 31 December 2022, and then to 6.8% as at 31 December 2023, mainly due to the implementation of economic reforms in the country, the creation of a foundation for the establishment of businesses through training the unemployed population in professions and entrepreneurship, and the formation of sources of family income by providing permanent jobs to the citizens applying for work. Decreases in remittance inflows or increases in the unemployment rate could have an adverse effect on the economy of Uzbekistan in general and consequently on the personal income and financial situation of the Bank's customers, adversely affecting customer demand for the Bank's products and services.

All of the above events could have substantial political and macroeconomic ramifications, which could, in turn, have a significant impact on the Uzbekistan's economy. If any of these risks materialise, they could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The ongoing conflict between Russia and Ukraine and sanctions imposed on certain Russian and Ukrainian persons and entities could have an adverse impact on Uzbekistan's economy

On 24 February 2022, Russian forces commenced an armed conflict against Ukraine, which, in conjunction with sanctions imposed by governments in response, has led to significant volatility and disruption in the global credit markets and the global economy. The United States, the United Kingdom and the EU (as well as other nations, such as Australia, Canada, Japan and Switzerland) have imposed several rounds of sanctions on certain

Russian and Ukrainian persons and entities since 2014, which have intensified since the outbreak of the current conflict between Russia and Ukraine in 2022. The sanctions, combined with a substantial decline in global oil prices, had an adverse effect on the Russian economy, prompting downward revisions to the credit ratings of the Russian Federation and a number of major Russian companies that are ultimately controlled by the Russian Federation, caused extensive capital outflow from Russia and severely impaired the ability of Russian issuers to access the international capital markets.

Whilst Uzbekistan maintains independent diplomatic relationships with both Russia and Ukraine and has confirmed its neutral position with respect to the tensions between Russia and Ukraine, Uzbekistan has significant economic and political relations with Russia. Russia is the main trade and economic partner of Uzbekistan. Sanctions imposed on certain Russian persons and entities by the United States, the United Kingdom, the EU and other countries in connection with the conflict in Ukraine and any other action by Russia which may result in further sanctions, could prevent Uzbekistan from trading with certain Russian counterparties, which could have a material adverse impact on Uzbekistan's trade and consequently the country's economy. In addition, given Uzbekistan's close economic relationship with Russia, there can be no assurances that individuals or businesses located in Uzbekistan, including the Bank's customers, will not themselves become subject to sanctions imposed by the United States, the United Kingdom and the EU, among other countries. Should the existing sanctions regime be widened or should new and/or secondary sanctions be introduced in respect of the individuals or businesses located in Uzbekistan, including the Bank's customers and/or counterparties, the Bank and/or the banking sector in Uzbekistan in general, the Bank's business could be adversely affected.

The Bank is not subject to any sanctions prohibitions and restrictions and does not currently have contracts or transactions with persons or entities in violation of the applicable sanctions, including with any parties included in the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control (OFAC), or similar sanctions-related lists of designated persons maintained by EU, UK and other relevant sanctions authorities. In response to the expansion of sanctions since February 2022, the Bank has wound down its activities with Russian banks and financial institutions. As at the date of this Prospectus, the Bank has limited relationships with Russian banks, primarily in the form of: (i) deposits from Russian banks such as Gazprombank JSC (Russia), GPB International S.A. (Luxembourg), and International Bank for Economic Co-operation, in the amount of 1,944,892 million soums, or 34.5% of the Bank's liabilities due to other banks or 3.0% of the Bank's total funding, as at 31 March 2024, and (ii) borrowings from Russian banks and other entities such as Gazprombank JSC (Russia), MFT XXI LLC, Kamcombank LLC and LLC Petersburg technology Center, in the amount of 1,425,565 million soums, or 3.7% of the Bank's other borrowed funds or 2.2% of the Bank's total funding as at 31 March 2024. Each of the Bank's activities with Russian banks and entities is conducted in accordance with applicable sanctions. For the information on the geographical concentration of the Bank's financial assets and liabilities with respect to Russia, please refer to Note 23 of the Interim Financial Statements and Note 35 of the Annual Financial Statements. For information on the Bank's sources of funding, see "*Financial Review —Funding*".

In 2023 the CBU reviewed the Bank's sanctions compliance system and ranked measures taken by the Bank's sanctions compliance as "effective". With the assistance of an external consultant, the Bank has adopted the Sanctions Policy which integrated industry-leading procedures for sanctions compliance, including with respect to continuous screening of customers and transactions. In addition, the Sanctions Policy mandates regular updates of the Bank's internal policies and procedures in response to the introduction of new sanctions by the relevant organizations (United Nations Security Council (UNSC), OFAC (USA), European Commission and HM Treasury (UK)). While the Bank makes all efforts to maintain and update on an ongoing basis, its policies and procedures aimed at ensuring the Bank's counterparties are not designated under U.S., UK or EU sanctions, there can be no assurance that through these procedures and policies the Bank will be able to timely and effectively detect all sanctioned business partners or contractual counterparties, including as a result of new sanctions designations, nor achieve full compliance by all of its employees or representatives for which the Bank may be held responsible, and any such failure or violation could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Uzbekistan's banking sector remains vulnerable to external shocks

Uzbekistan's banking system's low exposure to global financial markets largely shielded the sector from the effects of the global financial crisis due to limited financial liberalisation, a partly integrated economic structure into the world trading system and large financial subsidies for key sectors. However, Uzbekistan's banking sector is still concentrated, underdeveloped and vulnerable to macroeconomic shocks, such as devaluation of the soum.

As at 31 March 2024, the banking sector of the Republic of Uzbekistan consisted of 35 active banks, of which 10 were commercial banks with state ownership and six banks with foreign capital. The level of credit concentration in the banking sector has traditionally been high, with the wholly and partly state-owned banks holding 67% of all of the banking sector's total assets, 70% of the banking sector's total loans, 64% of the banking sector's total share capital and 50% of the banking sector's total deposits. A large share of the banking sector's loans consists of state-guaranteed loans to state-owned companies however this trend has been decreasing since 2019. The share of assets of state-owned banks decreased from 78% from the same period in 2022 down to 69% as at 30 June 2023 due to the completion of the privatisation of the fourth largest state-owned bank "Ipoteka-Bank" by the Hungarian OTP Group and the privatisation of "Uzagroexportbank" (currently – "**AVO bank**") to a local investor. As at 31 March 2024 the share of assets of state-owned banks was 67% as compared to 78% in same period in 2023.

As at 31 March 2024, the NPLs to total gross loans ratio ("**NPL ratio**") of the banking sector in Uzbekistan (based on the CBU standards) amount to 4.5%. In addition, the banking sector of the Republic of Uzbekistan has a high level of loans denominated in U.S. dollars and other foreign currencies, giving rise to risks relating to currency fluctuations. According to the CBU, as at 31 March 2024, foreign currency denominated loans constituted 44% of the total loan portfolio in the sector and foreign currency denominated deposits amounted to 29% of the total deposit portfolio of the banking sector.

Therefore, the Uzbek banking sector remains concentrated, vulnerable and susceptible to foreign currency fluctuations and there can be no assurance that future turmoil in the global banking sector and the wider economy will not have a negative effect on Uzbekistan's banking sector and on its participants. All of these events could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects and the trading price of the Notes.

Uzbekistan's economy and the banking market has been undergoing significant changes

Since early 2017, the Government has introduced a number of measures aimed at the liberalisation of Uzbekistan's economy and encouraging growth and foreign investment. These reforms include currency and trade liberalisation, reforms of the tax and state budget processes, the restructuring and privatisation of state-owned entities and the reform of the agriculture and financial sectors. To increase the efficiency of the banking sector, the Government is undertaking a number of reforms owing to the Decree on Strategy of Reforming the Banking System. The Presidential Decree aims to increase the efficiency and ensure financial stability of the banking system and to reduce the Government's ownership of shares in the banking sector through the privatisation of a majority of the state-owned banks.,

In line with the Decree and other related reform measures, the Government intends to, among other things, decrease its influence on majority of the state-owned banks, as well as reduce direct state financing and state guarantees for borrowers in the commercial banking sector. The privatisation reforms would require the state-owned banks to transition from capital injections and reduced degree of subsidisation from the Government to funding from other sources, such as foreign financial institutions, asset backed securities, customer deposits, the interbank lending market, the international capital markets and other similar instruments, which if not received on favourable terms could have a material adverse effect on the asset quality and profitability of the transitioning banks, resulting in direct impact on the economy of the Republic of Uzbekistan and the trading price of the Notes. According to the Decree the Bank is set to undergo such transformation and subsequently shall be privatized through the sale of the government's stake.

There can be no assurance that such reforms will be successful or sufficient or that the banks will succeed in implementing all of the necessary stages of transformation. It is difficult to forecast how the changes in banking and financial market regulation will affect the Uzbekistan banking system, and no assurance can be given that the regulatory system will not change in such a way that will increase the Bank's expenses or impair the Bank's ability to provide a full range of banking services or to compete effectively. There is a risk that financial assistance to state-owned banks may be needed from the government in the event of a macroeconomic shock, which it may not be willing and/or able to provide. Deficiencies in the Uzbek banking sector may result in the banking sector generally, and the Bank and the Bank's business, in particular, being more susceptible to future worldwide credit market downturns and economic slowdowns. All of these events can adversely affect the Bank's credit ratings, business, financial condition, results of operations and prospects.

The Uzbekistan currency is subject to volatility and depreciation

Any depreciation of the soum against the U.S. dollar or other foreign currencies, and any future devaluations in the currencies of Uzbekistan's neighbouring countries (including countries forming part of the CIS, and specifically including Russia) may adversely affect the financial condition of the Bank, as well as the Bank's ability to repay its debt denominated in currencies other than the soum, including amounts due under the Notes.

Uzbekistan's economy is under inflationary pressure

The economy of Uzbekistan is significantly affected by inflationary pressure. Uzbekistan's inflation rate was 8.8% in 2023, 12.3% in 2022 and 10.0% in 2021. The CBU expects inflation to be around 8%-9% in 2024 with the target level of 5% by the end of 2025. From 1 January 2020, the CBU entered an active phase in its transition to an inflation targeting regime, initially introducing the CBU's policy rate and interest rate corridor. In response to temporary external shocks (in particular the conflict between Russia and Ukraine) the CBU increased its policy rate from 14% to 17% in March 2022, but after the normalisation of economic conditions in Uzbekistan and with easing inflationary conditions, the CBU eventually cut its policy rate to 14% in March 2023. Sustained high inflation may have a negative effect on the financial standing of the Bank's customers, in particular the individuals. The Bank's customers may not be able to satisfy their obligations towards the Bank which, in turn, may negatively affect the Bank's financial condition and its ability to perform its obligations under the Notes. More challenging macroeconomic conditions may also lead to a decreased customer demand for the Bank's products and services. Some of the Bank's customers may also experience difficulties in performing their obligations under loans granted by the Bank which could cause an increase in the Bank's expected credit losses. Any of these events could lead to decreased demand for the Bank's products and services and have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Enforcement of judgements or arbitral awards against the Bank can be difficult

The Bank has not submitted to the jurisdiction of any foreign courts in connection with the Notes. The Conditions provide that arbitration will be the exclusive remedy in relation to any dispute relating to the Notes. If a Noteholder is granted a monetary award in any arbitration proceedings in relation to the Notes, it may attempt to enforce that award or bring proceedings on the award as a debt owing to it in Uzbekistan and attempt to obtain a judgment thereon. In addition, Uzbekistan, the United Kingdom and the United States are parties to the New York Convention and, accordingly, an arbitral award should generally be recognised and enforceable in Uzbekistan provided the conditions for enforcement set out in the New York Convention are met and subject to compliance with Uzbek law.

Uzbekistan's courts will not enforce a judgment obtained in a court outside Uzbekistan unless there is a treaty in effect between the relevant country and the Republic of Uzbekistan providing for reciprocal enforcement of judgments. There is no such treaty in effect between Uzbekistan and the United Kingdom or the United States. Even if an applicable international treaty is in effect or a foreign judgment might otherwise be recognised and enforced on the basis of reciprocity, the recognition and enforcement of a foreign judgment will in all events be subject to exceptions and limitations provided for under Uzbek law.

For example, an Uzbekistan court may refuse to recognise or enforce a foreign judgement or arbitral award if its recognition or enforcement would be contrary to Uzbekistan public policy. As a result, it may be difficult to obtain recognition or enforcement of a foreign judgement in respect of the Notes.

It may also be difficult to enforce a foreign judgement in Uzbekistan due to a number of factors, including the lack of experience of Uzbek courts in international commercial transactions and certain procedural irregularities, all of which could introduce delay and unpredictability into the process of enforcing any foreign judgement in Uzbekistan. In addition, the judicial system and judicial officials in the Republic of Uzbekistan may not be fully independent of external social, economic and political forces. Therefore, judicial decisions could be unduly influenced.

Corporate governance standards in Uzbekistan differ from those in Western jurisdictions

Uzbekistan complies with corporate governance standards applicable to publicly listed Uzbekistan companies, which are not of the same standard as those in the United Kingdom. Accordingly, there are fewer protections for investors than would otherwise be the case if the Bank was required to comply with corporate governance principles or standards applicable to public companies in the United Kingdom. Furthermore, should the Bank fail to comply with existing corporate governance standards applicable under Uzbek law or provided for by the Listing Rules of the Tashkent Stock Exchange where the Bank's shares are listed, it could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Risks Related to the Notes

Insolvency and administrative laws in the Republic of Uzbekistan could negatively affect the ability of Noteholders to enforce their rights

Uzbekistan bankruptcy law provides that transactions or payments entered into or made within specified time periods before a bankruptcy petition is filed or at or after the time when a bankruptcy petition is filed may be declared void by an Uzbek court. After a bankruptcy petition is filed, the subject company is prohibited from paying any debt outstanding prior to the bankruptcy proceedings, subject to specified exceptions. After the subject company becomes insolvent, creditors of that company may not effectively pursue any legal action to obtain an order for payment of indebtedness, to set aside a contract for non-payment or to enforce the creditor's rights against any asset of the debtor outside the framework of the bankruptcy proceedings. Contractual provisions, which would accelerate the payment of the debtor's obligations upon the occurrence of certain bankruptcy events, are not enforceable under Uzbekistan law. In addition, an administrator may renounce or set aside executory contracts.

Additionally, if a court orders bankruptcy proceeding, it can prohibit the sale of an asset that it deems to be essential to the continued business of the debtor, and it can postpone the payment of debts owed by the debtor. Uzbekistan bankruptcy law assigns priority to the payment of certain creditors, including creditors on personal injury obligations, employees, secured creditors, the government, tort plaintiffs and certain post-petition creditors.

The Notes are pari passu securities

Subject to the restrictions on levels of indebtedness in other agreements and under prudential norms, there is no restriction on the amount of securities the Issuer may issue and which may rank equally in right of payment with the Notes. The issue of any such securities may reduce the amount investors may recover in respect of the Notes in certain scenarios as the incurrence of additional debt could affect the Issuer's ability to repay principal of, and make payments of interest on, the Notes. This could have a material adverse effect on the trading price of the Notes.

The Notes constitute unsecured obligations of the Issuer

The Issuer's obligations under the Notes will constitute unsecured obligations of the Issuer. Accordingly, any claims against the Issuer under the Notes would be unsecured claims, which would be satisfied only after any secured creditors, if at all. The ability of the Issuer to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows.

There is no public market for the Notes

There is no existing market for the Notes, and there can be no assurance regarding the future development of a market for the Notes. Application has been made for admission to trading of the Notes on the Official List. However, an active trading market in the Notes may not develop or be maintained after listing. No assurance can be made as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell the Notes or the price at which Noteholders may be able to sell the Notes. The liquidity of any market for the Notes will depend on the number of Noteholders, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the Bank's financial condition, performance and prospects, as well as recommendations of securities analysts. Disruptions in the global capital markets may lead to reduced liquidity, increased credit risk premiums and a reduction in investment in securities. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and the trading price of the Notes.

The trading price of the Notes may be volatile

The trading price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Bank's operating results and those of the Bank's competitors, adverse business developments, changes to the regulatory environment in which the Bank operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the credit rating of the Bank. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that cause substantial volatility in the prices of such securities. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the trading price of the Notes without regard to the Bank's operating results, financial conditions or prospects or credit rating.

The Notes may or must be redeemed prior to maturity for certain reasons

On the occurrence of one of the early redemption events described in Condition 7, the Issuer may, or in some cases must, redeem the Notes in whole or in part together with accrued and unpaid interest at any time, and the Issuer shall redeem all outstanding Notes in accordance with the Conditions. On such redemption, or at maturity, the Issuer may not have the funds to fulfil its obligations under the Notes and it may not be able to arrange for additional financing. Further, if the Issuer is able or perceived to be able to redeem the Notes prior to their maturity then this may adversely affect the market price of the Notes from time to time.

Redemption for Tax Reasons – The Bank will have the right to redeem the Notes upon the occurrence of certain changes requiring it to pay withholding taxes in excess of current levels, if any applicable to interest or other payments on the Notes

As provided in Condition 9 (*Taxation*), all payments of interest and other amounts payable in respect of the Notes by the Bank will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Uzbekistan, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is required by law, the Bank will be required to pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received had no such withholding or deduction been required as more fully described in Condition 9.

As described in Condition 7, the Bank will have the right to redeem the Notes in whole, but not in part, at any time, if (i) the Bank has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Republic of Uzbekistan, or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or becomes effective on or after the Issue Date and (ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it. Upon such a redemption, investors in such Notes might not be able to reinvest the amounts received at a rate that will provide the same rate of return as their investment in the Notes. This redemption feature is also likely to limit the market value of the Notes at any time when the Bank has the right to redeem them as provided above, as the market value at such time will generally not rise substantially above the price at which they can be redeemed. This may similarly be true in the period before such time when any relevant change in law or regulation is yet to become effective.

Modification and waivers

The Conditions contain provisions for calling meetings of the Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of certain provisions of the Notes or the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature and is made to correct a manifest error, (ii) any other modification thereof (subject as provided in the Trust Deed) or any waiver or authorisation of any breach or proposed breach thereof which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders.

The Notes may only be transferred in accordance with the procedures of the depositaries in which the Notes are deposited

Except in limited circumstances, the Notes will be issued only in global form, with interests therein held through the facilities of DTC and/or Euroclear and/or Clearstream, Luxembourg. Ownership of beneficial interests in the Notes is shown on, and the transfer of that ownership is effected only through, records maintained by DTC and/or Euroclear and/or Clearstream, Luxembourg, or their nominees and the records of their participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Notes. Because DTC and/or Euroclear and/or Clearstream, Luxembourg, can only act on behalf of their participants, which, in turn, act on behalf of owners of beneficial interests held through such participants and certain banks, the ability of a person having a beneficial interest in a Note to pledge or transfer such interest to persons or entities that do not participate in the DTC and/or Euroclear and/or Clearstream, Luxembourg systems may be impaired.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payment through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The Notes may be issued with original issue discount ("OID") for U.S. federal income tax purposes.

The Notes may be issued with OID for U.S. federal income tax purposes. If the stated principal amount of the Notes exceeds their "issue price" by an amount equal to or more than a statutorily defined *de minimis* amount, the Notes will be treated as issued with OID for U.S. federal income tax purposes. In such case, U.S. Holders (as defined in "*Certain U.S. Federal Income Tax Considerations*") would be required to include any amounts representing OID in gross income (as ordinary income) on a constant yield to maturity basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable regardless of their regular method of accounting for U.S. federal income tax purposes. For further discussion, see "*Certain U.S. Federal Income Tax Considerations*."

Additional Notes may be issued with identical terms but that are not otherwise tax "fungible" with the original Notes, which may impact the market value of the original Notes.

The Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID (or a greater amount of OID) even if the original Notes had no OID. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

The Notes may not be a suitable investment for all investors seeking exposure to sustainable assets

Pursuant to the recommendation in ICMA's Green Bond Principles that issuers use external review to confirm their alignment with key features of the Green Bond Principles, at the Issuer's request, Sustainable Fitch has issued the Opinion in relation to the Bank's Framework.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as 'green', 'social' or 'sustainable', and therefore no assurance can be provided to investors that the projects set out in the Framework will meet all investor expectations regarding sustainability performance or continue to meet the eligibility criteria set out in the Framework. Although the underlying Eligible Green Projects and Eligible Social Projects (each as defined in the Framework) have been selected based on their general alignment with the green project categories recognised by the Green Bond Principles and the Social Bond Principles, respectively, and will be developed in accordance with relevant guidelines and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operating of the projects. In addition, where any negative impacts are insufficiently mitigated, the Eligible Green Projects and/or the Eligible Social Projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

None of the Bank or the Joint Bookrunners makes any representation as to the suitability of the Opinion or the Notes to fulfil such environmental and sustainability criteria. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in the Framework and its purchase of the Notes should be based upon such investigation as it deems necessary.

No request has been made for the Notes to be listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any trading venue or securities market (whether or not regulated). In the event that the Notes were to be listed or admitted to trading on such a segment of a trading venue or securities market, this listing or admission to trading may not satisfy, in whole or in part, any present or future investor expectations or requirements with respect to “green” or other criteria. Furthermore, the criteria for any such listing or admission to trading may vary from one trading venue or securities market to another. No representation or assurance is given or made by the Bank, the Joint Bookrunners or any other person that any such listing or admission to trading will be obtained in respect of the Notes or, if obtained, that any such listing or admission will be maintained during the life of the Notes.

Furthermore, the Opinion may not reflect the potential impact of all risks related to the structure, the market for sustainable bonds, the additional risks discussed above or any other factors that may affect the value of the Notes. The Opinion is not a recommendation to buy, sell or hold the Notes and is only current as of the date that the Opinion was initially issued. Prospective investors must determine for themselves the relevance of the Opinion and/or the information contained therein and/or the provider of such Opinion for the purpose of any investment in the Notes. In addition, although the Group has agreed to certain reporting requirements and to allocate an amount equivalent to the net proceeds from the issue of the Notes to finance or refinance certain Eligible Social Projects and Eligible Green Projects as described in “*Use of Proceeds*”, it will not be an event of default under the Conditions if the Group fails to comply with such obligations. A withdrawal of the Opinion or any failure by the Bank to allocate an amount equivalent to the net proceeds from the Notes to fund Eligible Social Projects or Eligible Green Projects or to meet or continue to meet the investment requirements of certain environmentally focused investors with respect to the Notes may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

There is no current market consensus on what constitutes a ‘green’ or ‘sustainable’ project

There is no current market consensus on what precise attributes are required for a particular project to be defined as ‘green’ or ‘sustainable’ and therefore the Opinion, or any third-party opinion, certification or rating (whether or not solicited by the Bank) regarding the Framework, the Notes or any Eligible Social Project or Eligible Green Project may not meet the criteria and expectations of investors regarding environmental impact and sustainability performance. The Bank may not meet the investment requirements of certain environmentally focused investors with respect to the Notes, which may also have consequences for certain investors with portfolio mandates to invest in green assets. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Prospectus regarding the use of proceeds of the Notes.

While it is the intention of the Bank to apply an amount equivalent to the net proceeds of the Notes so specified for Eligible Social Projects and Eligible Green Projects in, or substantially in, the manner described in the Framework, there can be no assurance that the relevant projects the subject of, or related to, any Eligible Social Projects or Eligible Green Projects will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Social Projects or Eligible Green Projects. There also cannot be any assurance that such projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Bank.

Any such event or failure by the Bank will not: (i) give rise to any claim of a Noteholder against the Bank (or the Joint Bookrunners); (ii) constitute an event of default under the Conditions or a breach or violation of the Issuer of any term thereof, or constitute a default of the Bank for any purpose; or (iii) lead to a right or obligation of the Issuer to redeem the Notes or be a relevant factor for the Bank in determining whether or not to exercise any optional redemption rights in respect of the Notes or give any Noteholder the right to require redemption of its Notes. Any such event or failure to allocate an amount equivalent to the net proceeds of the Notes for any

Eligible Social Projects or Eligible Green Projects as aforesaid and/or withdrawal of the Opinion or any such other opinion or certification or any such opinion or certification attesting that the Bank is not complying in whole or in part with any matters for which such opinion or certification is sought may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

USE OF PROCEEDS

The net proceeds from the offering of Notes, after payment of commissions related to the offering of Notes, will be approximately U.S.$392.2 million. This figure does not include expenses related to the Offering and admission to trading, estimated to be approximately $3.05 million.

The Issuer will use the net proceeds from the issuance of the Notes for general corporate purposes and for purchases of the 2024 Notes validly tendered by holders in connection with the tender offer on the terms and subject to conditions set out in the Tender Offer Memorandum dated 12 July 2024.

The Issuer intends to allocate an amount equivalent to the net proceeds of the Notes to finance or re-finance, in whole or in part, Eligible Social Projects and/or Eligible Green Projects in accordance with the use of proceeds criteria and selection process described in the Issuer's Framework (available to view on the Issuer's website at https://www.sqb.uz/en/green-banking/, as updated from time to time).

The Issuer may amend or update its Framework in the future. Any changes to the Issuer's Framework will be published and available on the Issuer's website. The Issuer has obtained an Opinion from Sustainable Fitch. This Opinion can be found on the Issuer's website at https://www.sqb.uz/en/green-banking.

For the avoidance of doubt, information (including the Issuer's Framework and the Opinion) contained on the Issuer's website does not form part of, or be deemed to be incorporated in, this Prospectus.

See "*Risk Factors —Risks Related to the Notes — The Notes may not be a suitable investment for all investors seeking exposure to sustainable assets*" and "*Risk Factors —Risks Related to the Notes —There is no current market consensus on what constitutes a 'green' or 'sustainable' project*".

CAPITALISATION

The following table sets forth the Group's capitalisation as at 31 March 2024. This information should be read in conjunction with the Financial Statements and the notes thereto included elsewhere in this Prospectus and "*Financial Review*" and "*Use of Proceeds*".

	As at 31 March 2024
	millions soums (unaudited)
Indebtedness	
Debt securities in issue	5,108,971
Other borrowed funds	38,208,005
Subordinated debt	1,715,367
Total indebtedness	**45,032,343**
Equity	
Share capital	4,634,438
Retained earnings	3,998,928
Revaluation reserve of financial assets at fair value through other comprehensive income	27,351
Net assets attributable to the Bank's owners	8,660,717
Non-controlling interest	127
Total equity	**8,660,844**
Total capitalisation	**53,693,187**

Subsequent to the reporting date, (i) the Bank secured an additional credit line from JP Morgan Chase on 3 May 2024 in the amount of EUR 31.5 million for the financing of small businesses and enterprises, (ii) the Bank signed a long term loan agreement in the amount of EUR 165 million on 13 May 2024 for a period of 18 months, with Deutsche Bank AG, (iii) the Bank secured a trade loan from Raiffeisen Bank International in April 2024 for the amount of EUR 20 million for a year, and (iv) the Bank prepaid the outstanding indebtedness under the Facility Agreement with UBS AG in the amount of USD 110 million in July 2024.

Other than as described above, since 31 March 2024, there have been no material changes in the consolidated capitalisation and indebtedness of the Bank.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The financial information set forth below as at and for the three-month periods ended 31 March 2024 and 31 March 2023 and for the years ended 31 December 2023, 2022 and 2021 has been extracted without material adjustment from the Financial Statements. The additional financial data includes APMs and non-IFRS measures and was derived from data extracted from the Financial Statements and unaudited consolidated management accounts. The financial data set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and related notes included elsewhere in this Prospectus and "Financial Review".

Selected Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Three-month period ended 31 March		**Year ended 31 December**		
	2024	**2023**	**2023**	**2022 (restated)**	**2021**
			million soums		
	(unaudited)			(audited)	
Interest income calculated using the effective interest method	2,109,867	1,630,925	7,185,285	5,025,358	4,155,398
Other similar income	11,810	6,623	36,176	29,198	32,024
Interest expense	(1,176,849)	(877,809)	(4,080,099)	(2,626,371)	(2,067,905)
Net margin on interest and similar income	**944,828**	**759,739**	**3,141,362**	**2,428,185**	**2,119,517**
Provision for credit losses on loans and advances to customers	(397,016)	(300,209)	(1,133,383)	(925,158)	(420,937)
Net margin on interest and similar income after credit loss allowance on loans and advances to customers	**547,812**	**459,530**	**2,007,979**	**1,503,027**	**1,698,580**
Fee and commission income	114,617	110,030	515,905	443,690	386,074
Fee and commission expense	(47,252)	(31,196)	(132,060)	(126,413)	(110,483)
(Loss)/gain on initial recognition on interest bearing assets	(1,710)	(4,420)	(8,063)	(12,182)	8,119
Net losses from modification of financial assets measured at amortised cost, that did not lead to derecognition	—	—	—	—	(52,339)
Net gain (loss) on foreign exchange translation	(22,984)	39,319	98,311	185,776	(4,262)
Net gain from trading in foreign currencies	140,242	134,425	462,964	337,768	170,935
Gains less losses from financial derivatives	(23,861)	(80,253)	(233,476)	(100,848)	—
Insurance revenue (excluding reinsurance business)	27,495	19,926	90,867	68,459	80,881
Insurance service expenses (excluding reinsurance business)	(21,402)	(15,330)	(79,049)	(52,208)	(68,566)
Reinsurance business	(3,186)	(6,183)	(12,959)	1,150	—
Financial income (expenses) from insurance contracts (net)	(5,130)	(3,007)	(16,044)	(10,570)	—
Dividend income	225	2,861	11,251	4,741	4,920
Other operating income	9,746	10,607	27,371	11,180	40,866
(Provision for)/ recovery of credit losses on other assets	(43,339)	4,600	14,879	8,521	(34,145)
Impairment of assets held for sale	(6,272)	(9,089)	(6,402)	(46,267)	(5,586)
Administrative and other operating expenses	(391,261)	(355,247)	(1,670,778)	(1,369,498)	(1,044,146)
Share of results from associates	374	682	381	703	722
Profit before tax	**274,114**	**277,255**	**1,071,077**	**847,029**	**1,071,570**
Income tax expense	(56,912)	(83,650)	(214,923)	(213,374)	(214,582)
Profit for the period	**217,202**	**193,605**	**856,154**	**633,655**	**856,988**
Other comprehensive income:					
Items that will not be subsequently reclassified to profit or loss:					
Fair value gain on equity securities at fair value through other comprehensive income	4,579	5,415	11,497	448	935
Tax effect	(916)	(1,083)	(2,299)	(90)	(187)
Other comprehensive income	**3,663**	**4,332**	**9,198**	**358**	**748**
Total comprehensive income for the period	**220,865**	**197,937**	**865,352**	**634,013**	**857,736**

Selected Consolidated Statement of Financial Position Information

	As at 31 March	As at 31 December		
	2024	2023	2022 (restated)	2021 (restated)
		million soums		
	(unaudited)		(audited)	
Cash and cash equivalents	6,538,332	6,965,894	7,119,489	8,196,652
Due from other banks	2,021,266	1,778,707	1,843,415	1,956,303
Investment securities measured at amortised cost	2,549,324	2,093,415	2,678,571	1,067,512
Financial assets at fair value through other comprehensive income	125,108	119,217	42,007	48,136
Loans and advances to customers	59,489,478	58,008,238	48,420,489	42,537,051
Investment in associates	78,688	77,814	35,834	29,726
Derivative financial assets	—	51,499	—	—
Reinsurance contract assets	20,638	20,334	17,671	7,546
Current income tax prepayment	152,613	238,871	251,647	45,778
Other assets	124,659	147,845	279,366	310,704
Deferred tax asset	232,131	203,571	194,962	202,125
Premises and equipment	3,428,128	3,340,418	2,007,056	1,211,359
Intangible assets	67,630	67,945	75,448	65,004
Non-current assets held for sale	243,631	179,555	223,345	48,602
Total assets	**75,071,626**	**73,293,323**	**63,189,300**	**55,726,498**
Due to other banks	5,632,152	5,818,951	3,895,719	1,392,977
Customer accounts	15,241,851	14,328,682	15,328,819	13,561,540
Debt securities in issue	5,108,971	4,970,366	3,361,256	3,317,817
Other borrowed funds	38,208,005	37,633,735	32,241,760	30,130,776
Derivative financial liabilities	31,161	—	115,533	—
Insurance contract liabilities	171,760	157,745	94,171	71,989
Other liabilities	301,515	247,059	240,326	197,421
Subordinated debt	1,715,367	1,696,854	330,560	101,771
Total liabilities	**66,410,782**	**64,853,392**	**55,608,144**	**48,774,291**
Total equity	**8,660,844**	**8,439,931**	**7,581,156**	**6,952,207**
Total liabilities and equity	**75,071,626**	**73,293,323**	**63,189,300**	**55,726,498**

Selected Key Performance Indicators

	As at or for the three-month period ended 31 March		As at or for the year ended 31 December		
	2024	2023	2023	2022	2021
				%	
Financial Performance					
Return on average assets[(1)]	1.2	1.2	1.2	1.1	1.7
Return on average equity[(2)]	10.2	10.1	10.7	8.5	12.7
Cost-to-income ratio[(3)]	33.7	36.1	41.6	44.3	40.1
Net Interest Margin[(4)]	5.5	5.1	4.9	4.4	4.4
Allowance for loan losses / Gross loans[(5)]	4.0	3.7	4.0	5.6	4.5
Liquidity					
Total liquid assets[(6)] / total assets	8.7	8.5	9.5	11.3	14.7
Capital Adequacy					
Regulatory Capital Ratio[(7)]	15.3	14.3	16.1	15.3	15.8
Capital Adequacy Ratio[(7)]	11.5	12.0	11.0	12.1	11.9
Credit Quality					
Non-performing loans as a proportion of the loans and advances to customers, gross (NPL ratio)[(8)]	4.2	2.9	2.3	5.2	2.2
Non-performing loans coverage[(9)]	95.4	125.4	173.0	107.5	199.7
Problem loans / gross loans[(10)]	4.7	4.6	4.8	7.4	6.2

Notes:

(1) Return on average assets is calculated as profit for the period divided by the average balance of total assets. The average balance of total assets is based on the average of the quarter-end balances within each applicable period. For the three-month periods ended 31 March 2024 and 2023, the value of the profit in formula is annualised (multiplied by 4).

(2) Return on average equity is calculated as profit for the period divided by the average of total equity. The average total equity is based on the average of the quarter-end balances within each applicable period. For the three-month periods ended 31 March 2024 and 2023, the value of the profit in formula is annualised (multiplied by 4).

(3) Cost-to-income ratio is calculated as administrative and other operating expenses divided by the sum of operating income. The operating income includes net margin on interest and similar income, net fee and commission income (calculated as commission income minus commission expense), net gain from trading in foreign currencies and other operating income.

(4) Net interest margin is calculated as net margin on interest and similar income divided by average interest-earning assets. The average interest-earning assets are based on the average of the quarter-end balances within each applicable period. Interest-earning assets include loans and advances to customers, investment securities measured at amortised cost, cash and cash equivalents (excluding cash on hand) and due from other banks. For the three-month periods ended 31 March 2024 and 2023, net interest margin formula is annualised (multiplied by 4).

(5) Allowance for loan losses / Gross loans is calculated as allowance for expected credit losses as at the period end divided by total loans and advances to customers, gross as at the period end.

(6) Total liquid assets represent cash and cash equivalents divided by the total assets.

(7) Regulatory Capital Ratio (ratio of regulatory capital to risk weighted assets) and Capital Adequacy Ratio (ratio of tier 1 capital to risk weighted assets) are calculated based on UAL and CBU standards.

(8) Non-performing loans are defined as loans and advances to customers, gross, with overdue payments of principal loan amount and/or interest by more than 90 days as at the period end. NPL ratio is calculated as non-performing loans divided by total loans and advances to customers, gross as at the period end.

(9) Non-performing loans coverage is calculated as the amount of allowance for expected credit losses as at period end divided by the total amount of the Non-performing loans (as defined in Note 8 above) as at the period end.

(10) Problem loans / gross loans is calculated as Stage 3 (credit-impaired) loans and advances to customers, gross as at the period end divided by loans and advances to customers, gross as at the period end.

FINANCIAL REVIEW

The following discussion and analysis of the Bank's financial condition and results of operations covers the three months ended 31 March 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021. Unless otherwise indicated, all of the financial data and discussions thereof are based on the Financial Statements and the unaudited consolidated management accounts. This section should be read together with the Financial Statements and the notes thereto, as well as the other financial information included elsewhere in this Prospectus.

The following discussion contains forward-looking statements. The Bank has based these forward-looking statements on its current projections and expectations about future events. The actual results of the Bank may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set for under "Risk Factors" and elsewhere in this Prospectus.

Overview

Established in 1922, the Bank is one of the leading universal banks in the Republic of Uzbekistan. According to the CBU, in 2023 the Bank ranked as the second largest commercial bank in Uzbekistan by total assets (11.4% market share) and the second largest by loan portfolio size (12.1% market share). The Bank offers a comprehensive range of banking services, including corporate lending, state and municipal organisations lending and retail lending, deposit-taking, cash handling, international money transfers, letters of credit, guarantees, foreign exchange operations and other products, including insurance products and consulting services. The Bank conducts its banking operations from its head office in Tashkent and 87 branches within Uzbekistan as at 31 March 2024.

The Bank has historically operated as a state financing vehicle on the basis of funding provided by state agencies, such as the UFRD and the Ministry of Economy and Finance of the Republic of Uzbekistan, for subsidised financing of investment projects in a number of strategic industries, mainly oil and gas & chemicals and energy, and has otherwise in its day-to-day operations relied on funding provided by the Uzbekistan Government in the form of predominantly subsidised loans, deposits, capital injections and state guarantees, as well as funding received as borrowings from the IFIs. Since 2018, as part of the on-going economic reforms in Uzbekistan, the Bank is undergoing a transitional reform of its banking organisation from being dependent on state control, support and funding to more of a market-orientated commercial structure. Under this transition strategy, the Uzbekistan Government has been gradually decreasing its influence on the business and loan portfolio of the Bank, as well as reducing the state support financing available to the Bank as well as the state guarantees that borrowers of the Bank have benefitted from and which the Bank has received as credit support. See "*– Competitive Strengths – History of Strong Shareholder Support*". Furthermore, as part of the transition the Bank has taken steps to diversify its loan portfolio and client base to increase the share of higher-margin loans attributable to developing sectors of the Uzbekistan's economy, such as manufacturing, agriculture and retail, to give attention to development of small and medium enterprises in the loan and deposit portfolios, as well as to develop further its long-standing relationships with large corporate customers in oil and gas & chemicals and energy sectors on more commercial and market orientated terms. Additionally, the Bank began providing green financing by establishing the "green banking" department and further developing this strategic line of business, providing funding for green projects, introducing green products for corporate and retail customers.

In accordance with the Decree on Strategy of Reforming the Banking System the Bank is expected to be privatized through a sale of the Government's stake. In accordance with the Presidential Decree No. PP-253 dated 31 July 2023 the Government's stake in the charter capital of the Bank is mandated to decrease to below 50% by the end of 2024 through sale to a strategic buyer meeting certain requirements. As of the date of this Prospectus, the Privatisation process is at the preparatory stage, and the deadline to complete the Privatisation by the end of 2024 is likely to be extended to a later date.

As at 31 March 2024, the Bank's total assets comprised 75,071,626 million soums. As at 31 March 2024, total loans and advances to customers, gross amounted to 61,983,319 million soums, with gross loans to corporate customers, gross loans to state and municipal organisations and gross loans to individuals accounting for 64.3%, 22.4% and 13.3% of total loans and advances to customers, gross, respectively. For the three months ended 31 March 2024 and 2023, the Bank generated profit of 217,202 million soums and 193,605 million soums, respectively, and 856,154 million soums, 633,655 million soums and 856,988 million soums for the years ended 31 December 2023, 2022 and 2021.

Segment Reporting

The Bank has two operating segments, corporate banking and retail banking, which are used by management for operational decision-making and resource allocation and for which discrete financial information is available.

Corporate banking segment represents direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. Retail banking segment represents private banking services, individual customer accounts, savings, deposits and debit cards, consumer loans. For further information about reportable segments please refer to Note 6 in the Annual Financial Statements and Note 6 in the Interim Financial Statements.

Changes in Presentation and Restatement of Prior Year Figures

Please refer to "*Presentation of Financial Information — Changes in Presentation*" and "*Presentation of Financial Information — Restatement of Prior Year Figures*" for information on certain changes in presentation of the financial information and restatement of certain financial information as at and for the years ended 31 December 2022 and 2021.

Factors Affecting the Financial Statements

Key factors affecting the Bank's financial results during the period under review and expected to continue to affect the Bank's financial results in the future are discussed below.

Macroeconomic Conditions

The Bank's results of operations and financial condition are substantially affected by the overall macroeconomic conditions globally and in Uzbekistan. Changes in both the global and domestic environment have in the past resulted in lower liquidity levels across the banking sector, tighter credit conditions for Uzbekistan companies generally and fluctuating global demand for and instability in the price of gold, natural gas, cotton and other commodities and downward pressure on the soum. Global and emerging market uncertainties have continued for the past several years, driven by the impact of COVID-19 pandemic, global monetary policies, high inflation and concerns about the slowdown of global growth rates, global trade tensions and geopolitical risks such as the Russia-Ukraine conflict.

Global and regional economic conditions remain volatile, and there is significant economic uncertainty. Real GDP growth in Uzbekistan was 6.0% in 2023, 5.7% in 2022 and 7.4% in 2021, according to the Statistics Agency under the President of the Republic of Uzbekistan. Whilst Uzbekistan's economy was one of the three economies in the Europe and Central Asia region to maintain positive economic growth in 2020 despite the impact of COVID-19, Uzbekistan's economy is nonetheless vulnerable to external shocks and the economic performance of its trading partners. In 2021 Uzbekistan economy started to recover from the pandemic, largely due to an increase in household spending and public investments. This was also supported by the global economic recovery and high prices on global commodity markets. However, prices on certain markets in Uzbekistan and globally increased in response to the economic recovery and prior monetary stimulus, contributing to the inflation in Uzbekistan. Due to the conflict between the Russian Federation and Ukraine and growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the currency markets, as well as a volatility of soum against the US dollar and euro. The outlook for the global economy (and particularly emerging markets) over the near to medium term remains challenging, which in turn might impact prospects for improving economic and financial conditions in Uzbekistan. A lack of improvement, or deterioration in these conditions, might have a material adverse effect on the Bank's business, financial condition and/or results of operations.

A significant decline in economic growth in any of Uzbekistan's other major trading partners, particularly Russia (whether or not due to the ongoing war in Ukraine or resulting from sanctions imposed by, among others, the United States, the United Kingdom and the EU), China and Kazakhstan, could have a material adverse effect on Uzbekistan's balance of trade and economic growth. Uzbekistan also depends on neighbouring states to access world markets for a number of its major exports. Should access to these export routes be materially impaired, this could adversely impact Uzbekistan's economy. Events occurring in one geographic or financial market sometimes have so-called "contagion effects", whereby they result in an entire region or lass of investments being disfavoured by international investors. See "*Risk Factors – Risks Related to the Republic of Uzbekistan.*"

In December 2023, S&P's affirmed the Republic of Uzbekistan's long-term and short-term sovereign credit rating for foreign and local currency liabilities at the BB- level, outlook Stable. In February 2024 Fitch affirmed the Republic of Uzbekistan's long-term foreign-currency issuer default rating at BB- level, outlook Stable. According to Fitch, Uzbekistan's economy is continuing to provide its resilience to spillovers from the Ukraine war and Russian sanctions, with the economy recording growth rates among the highest in the CIS region with a forecasted real GDP growth rate of 6.0% in 2024.

	Three-month period ended 31 March	**Year ended 31 December**		
	2024	**2023**	**2022**	**2021**
Nominal GDP at current prices, *soums billion*	242,701	1,066,569	896,618	738,425
Real GDP growth yoy, total *(%)*	6.2	6.0	5.7	7.4
GDP per capita at current prices, *soums thousand*	6,580	29,291	25,152	21,149
Inflation *(%)*	8.0	8.8	12.3	10.0
Total public debt as a % of GDP	38.3%	35.1%	36.4%	38.0%

Source: The State Committee of the Republic of Uzbekistan on Statistics. Actual numbers measured on a yearly basis.

The economy of Uzbekistan is also significantly affected by inflationary pressure. Uzbekistan's inflation was 8.8% in 2023, 12.3% in 2022, and 10.0% in 2021. In response to temporary external shocks (in particular the conflict between Russia and Ukraine) the CBU increased its policy rate from 14% to 17% in March 2022, but after the normalisation of economic conditions in Uzbekistan it cut the policy rate back to 15% during June-July, and with easing inflationary conditions, the CBU further cut its policy rate to 14% in March 2023. Further phases of tariff increases, as authorities in Uzbekistan seek to achieve full market pricing by 2027-2028, will pose upside risks to inflation. In 2023, the CBU decided to postpone adopting the 5% format inflation target from end-2024 to the second half of 2025, in large part due to inflationary pressures. See "*Risk Factors – Risks Related to Republic of Uzbekistan — Uzbekistan's economy is under inflationary pressure.*" The expenses of the Bank are mostly denominated in soums and, accordingly, are potentially affected by inflation. For example, employee wages have been, and are likely to continue to be, particularly sensitive to monetary inflation in Uzbekistan.

Uzbekistan's banking system's low exposure to global financial markets largely shielded the sector from the effects of the global financial crisis due to limited financial liberalisation, a partly integrated economic structure into the world trading system and large financial subsidies for key sectors. However, Uzbekistan's banking sector is still concentrated, underdeveloped and vulnerable to macroeconomic shocks, such as the devaluation of the soum. As at 31 March 2024, the banking sector of Uzbekistan consisted of 35 active banks, including 10 wholly or partly state-owned banks. The level of credit concentration in the banking sector has traditionally been high, with wholly and partly state-owned banks holding 70% of all of the banking sector's total assets, 74% of the banking sector's total loans, 70% of the banking sector's liabilities and 53% of the banking sector's total deposits. A large share of the banking sector's loans consist of state-guaranteed loans to state-owned companies, however this trend has been decreasing since 2019.

Stronger economic conditions tend to result in increased demand for the Bank's banking products and services, including loans, deposits and other products. On the other hand, any deterioration of the economy affects the Uzbekistan banking sector by the reduction of profits, accumulation of losses and growth in the percentage of non-performing loans on the balance sheets of banks. Customers' and investors' lack of confidence in the banking industry may cause volatility in the funding markets, leading to higher borrowing costs and restricting access to liquidity for banks.

Ongoing Reform of the Banking System in Uzbekistan

The banking system in Uzbekistan is undergoing a reform under the Decree of the President of the Republic of Uzbekistan PD- 5992 "On the Strategy of Reforming the Banking System" dated 12 May 2020. See "*The Banking Sector and Banking Regulation in the Republic of Uzbekistan — Recent and Expected Banking Reforms*".

During the period under review, further to the objectives set out in the Decree, the Bank, in cooperation with the international financial institutions, implemented certain measures, including upgrading its information systems, establishing a new digital business unit, updating restrictions on lending to large debtors, and developing a roadmap to optimise the growth of the Bank's loan portfolio and mitigate concentration risk. In order to enhance the availability and quality of financial services, the Bank implemented specific strategies. These include the large-scale introduction of remote services for individuals and small businesses, the development of additional loan, deposit and cash settlement products and the modernization of credit scoring systems to more precisely assess credit risk. The ongoing banking reform and the corresponding measures implemented by the Bank have continued, and are expected to continue, to impact margins and the results of operations of the Bank. See also "*—Changes in the Size and Composition of the Loan Portfolio*".

Currency Fluctuations

The functional currency of the Bank, which is the currency of the primary economic environment in which the Bank operates, and the Bank's presentation currency, is the Uzbek soum. Monetary assets and liabilities are translated into the Bank's functional currency at the official exchange rate of the CBU at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the Bank's functional currency at the period-end official exchange rates of the CBU are recognised in profit or loss.

In 2017, the CBU liberalised the foreign currency market allowing the exchange rate to be determined by market forces. As a result, the foreign exchange market stabilised at the end of 2017. Ever since, the soum has been demonstrating a depreciation trend against the U.S. dollar and euro. The soum devalued, by 2.8% as at 31 March 2024, 9.8% in 2023, 3.6% in 2022 and by 3.4 % in 2021.

In addition, the Bank is exposed to volatility in foreign currency rates. Assets and liabilities of the Bank are denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. The Bank plans to maintain its involvement in global capital markets, which subjects it to risks inherent in currency fluctuations and the uncertainty of these markets as a reliable funding source. Despite the Bank's strategy to balance its foreign currency position, any depreciation of the Uzbek soum against the U.S. dollar could negatively affect the Bank in a number of ways, including, among other things, by increasing the actual cost to the Bank of financing its U.S. dollar based liabilities and by making it more difficult for Uzbekistan borrowers to service their U.S. dollar loans. See "*Risk Factors – Risks Related to the Group's Business and Industry – The Bank's loan portfolio is heavily U.S. dollar denominated, and the quality of the Bank's loan portfolio may deteriorate as a result of slower economic growth and depreciations and devaluations of the soum*" and "*- The Bank's operations are subject to various market risks*".

As at 31 March 2024, 33.0% of the Bank's loans and advances to customers were denominated in soums, 43.5% in U.S. dollars and the remaining 23.5% in Euro.

Changes in the Size and Composition of the Loan Portfolio

Increases or decreases in the overall size of the Bank's loan portfolio and in the mix of its portfolio significantly impact the Bank's total interest income and net interest margin. As at 31 March 2024, the Bank's total loans and advances to customers, gross amounted to 61,983,319 million soums, representing a 2.6% increase as compared to total loans and advances to customers, gross as at 31 December 2023. As at 31 December 2023, total loans and advances to customers, gross increased by 9,109,387 million soums, or 17.8%, as compared to 31 December 2022, which in turn was an increase of 6,768,594 million soums, or 15.2%, as compared to 31 December 2021. The size of the Bank's loan portfolio in soums has continued to increase as a result of growth in lending activity, in particular in corporate loans for clients in manufacturing sector and loans to individuals, depreciation of Uzbek soum against the U.S. dollar, the higher proportion of the Bank's loan portfolio denominated in U.S. dollars as compared to soums and general development of the banking sector in Uzbekistan. In addition, the focus of the composition of the Bank's loan portfolio has further shifted to higher-margin products in line with the general transition in the Bank's strategy and business mix. Historically, the Bank's loan book and lending strategy were predominantly focused on low-risk loans to state and municipal organisations and state-owned companies, which were funded through deposits and loans from the UFRD, the Ministry of Economy and Finance of the Republic of Uzbekistan and other state agencies. However, as such loans were typically provided on subsidised low margin terms, the profitability of these loans to the Bank is significantly lower as compared to loans and advances to customers issued at commercial interest rates, which are based on market conditions. As part of the Bank's strategy to decrease the subsidised loans in its portfolio and increase profitability and the share of higher-margin products, the Bank has continued to increase the share of loans issued to private corporate clients and individual customers. For example, the share of loans to individuals in the gross loan portfolio of the Bank has increased to 8,259,892 million soums, or 13.3%, as at 31 March 2024 from 4,349,321 million soums, or 9.8% of total loans and advances to customers, gross, as at 31 December 2021, while share of loans to state and municipal organisations has decreased to 13,882,926 million soums, or 22.4%, as at 31 March 2024 from 14,278,451 million soums, or 32.1% of total loans and advances to customers, gross as at 31 December 2021. Due to this shift from low margin directed lending to commercial business, the Bank's net interest margin has improved to 4.9% for the year ended 31 December 2023 from 4.4% for the year ended 31 December 2021.

In line with the strategy of diversification of the loan portfolio, during the period under review the Bank has increased the share of actively developing sectors of the economy in its loan book, such as trade and services (the share in the Bank's loan portfolio (total loans and advances to customers, gross) increased to 11.8% as at 31 March 2024 from 10.0% as at 31 December 2021) and loans to individuals (the share in the Bank's loan portfolio (total loans and advances to customers, gross) increased to 13.3% as at 31 March 2024 from 9.8% as at 31 December 2021), while maintaining its long-standing relationships with the companies in the Bank's sectors of expertise, including oil and gas & chemicals and energy.

The customer concentration has remained relatively significant. As at 31 March 2024, the Bank granted loans to 15 borrowers in the amount of 20,073,436 million soums (32.4% of total loans and advances to customers, gross), which individually exceeded 10% of the Bank's equity. As at 31 December 2023, loans to 16 borrowers which individually exceeded 10% of the Bank's equity accounted for 20,498,189 million soums (33.9% of total loans and advances to customers, gross), as compared to 14 borrowers in the amount of 17,320,728 million soums (33.8% of total loans and advances to customers, gross) as at 31 December 2022 and to 13 borrowers in the amount of 15,577,715 million soums (35.0% of total loans and advances to customers, gross) as at 31 December 2021.

Quality of Loan Portfolio, Allowance for Expected Credit Losses and Provision for Credit Losses on Loans and Advances to Customers

The Bank's NPL ratio was 4.2%, 2.3%, 5.2% and 2.2% as at 31 March 2024, 31 December 2023, 2022 and 2021, respectively. The Bank did not record any NPLs in its state and municipal organisations loan portfolio as at 31 March 2024, while NPLs in the Bank's corporate and retail loan portfolios accounted for 6.4% and 0.9%, respectively, of gross corporate and retail loan portfolios as at 31 March 2024. The increase in the share of NPLs in 2022 was due to economic disruptions caused by ongoing global supply chain issues and the lingering effects of the pandemic on certain sectors such as retail and hospitality. The increase in the share of NPLs in the first quarter of 2024 was primarily due to seasonal overdue payments on loans and advances to customers from agricultural sector.

As at 31 March 2024, the Bank's allowance for expected credit losses was 2,493,841 million soums, a 3.9% increase as compared to 2,399,537 million soums as at 31 December 2023, reflecting the increase in the total loans and advances to customers, gross. The Bank's allowance for expected credit losses as at 31 December 2023 decreased by 16.6% as compared to 31 December 2022 due to a decrease in Stage 3 (credit-impaired) loans and advances to customers. As at 31 December 2022 the Bank's allowance for expected credit losses was 2,877,899 million soums, a 44.4% increase as compared to 1,992,743 million soums as at 31 December 2021, primarily attributable to a more conservative approach taken in response to the economic uncertainties in response to the COVID-19 pandemic, as well as tighter risk controls and increased provisions. The Bank's management believes that the level of allowance for expected credit loss as at 31 March 2024 covers all significant overdue loans. The Bank's allowance for expected credit loss is classified by three stages. See Note 9 to the Annual Financial Statements and Note 9 to the Interim Financial Statements.

Provision for credit losses on loans and advances to customers increased by 96,807 million soums for the three-month period ended 31 March 2024 as compared to the three-month period ended 31 March 2023 as a result of an increase in the Bank's loan portfolio to individuals and legal entities with higher degree of credit risk in line with the Bank's strategy to issue higher-margin loans. See "*– Financial Position – Loan Portfolio*". The Bank recorded provision for credit losses on loans and advances to customers of 1,133,383 million soums as at 31 December 2023, a 22.5% increase as compared to provision of 925,158 million soums as at 31 December 2022, which in turn represented a significant increase of 119.8% as compared to a provision of 420,937 million soums as at 31 December 2021. The changes in the Bank's provision in 2023 and 2022 were mainly due to an expansion in the loan portfolio and a revised methodology for calculating the credit loss allowance, including, among others, with respect to the segmentation (baskets granularity), probability of default (analysis was changed from loan amounts to loan number) and loss given default (segments used as per probability of default calculation).

Changes in Funding Base

The Bank seeks to maintain a stable funding base, comprising primarily amounts due to other banks, borrowings from local and international financial institutions, corporate and retail customer deposits and invest the funds in inter-bank placements of liquid assets, with the aim of being able to respond efficiently and promptly to unforeseen liquidity requirements. During the periods under review, the Bank has continued the implementation of the transitional strategy, the share of liabilities due to other banks (comprising primarily short and long term placements of other banks) in total liabilities decreased to 8.5% as at 31 March 2024 from 9.0% as at 31 December 2023, 7.0% as at 31 December 2022 and 2.9% as at 31 December 2021. Share of customer accounts within the total liabilities of the Bank amounted to 23.0% as at 31 March 2024, as compared to 22.1%, 27.6% and 27.8% as at 31 December 2023, 2022 and 2021, respectively. The customer concentration has remained relatively significant. As at 31 March 2024, 31 December 2023, 2022 and 2021, the Bank had two customers with a total balance that individually exceeded 10% of the Bank's equity. The decrease in the share of customer accounts within the total liabilities of the Bank was primarily due to the decrease in the customer accounts of state and public organisations as a result of the repayment of loans by one of the Bank's major customers using funds from its account with the Bank. See "- *Funding*".

Negative Liquidity Gap

The Bank had a net negative liquidity gap (difference between total financial assets and total financial liabilities) of 1,952,664 million soums from six to 12 months as at 31 March 2024 and a net negative liquidity gap of 3,938,623 million soums from six to 12 months as at 31 December 2023. These liquidity gaps mainly relate to other borrowed funds. The Bank's management believes that in spite of a substantial portion of customer accounts being on demand, the fact that significant portion of these customer accounts are of large state controlled entities which are either the Bank's shareholders or its entities under common control and the past experience of the Bank, indicate that these customer accounts provide a long-term and stable source of funding for the Bank. As an unmatched liquidity position may increase the risk of losses, as part of its risk management, the Bank maintains a contingency plan, which is regularly reviewed and adjusted, to be able to withstand any unexpected outflow of customer funds and respond to financial stress. The contingency plan is primarily based on the Bank's ability to access state resources due to its state ownership and strategic importance to the national banking system. See *"Risk Factors — Risks Related to the Bank's Business and Industry — Future privatisation of the Bank may not be completed or, if completed, may adversely affect its business, financial condition and prospects"*. The management of the Bank believes that through its contingency plan it will be able to attract resources sufficient to cover any potential negative liquidity gap as at 31 March 2024 and 31 December 2023. For detailed information on the Bank's contingency plan, please see Note 35 to the Annual Financial Statements and Note 23 to the Interim Financial Statements.

Results of Operations for the Three Months Ended 31 March 2023 and 2024

For the three-month period ended 31 March 2024, the Bank generated profit of 217,202 million soums, an increase of 23,597 million soums, or 12.2%, from 193,605 million soums for the three-month period ended 31 March 2023.

The following table sets forth the components of the Bank's profit for the periods indicated.

	Three months ended 31 March	
	2024	2023
	million soums (unaudited)	
Interest income calculated using the effective interest method	2,109,867	1,630,925
Other similar income	11,810	6,623
Interest expense	(1,176,849)	(877,809)
Net margin on interest and similar income	**944,828**	**759,739**
Provision for credit losses on loans and advances to customers	(397,016)	(300,209)

	Three months ended 31 March	
	2024	2023
	million soums (unaudited)	
Net margin on interest and similar income after credit loss allowance on loans and advances to customers	**547,812**	**459,530**
Fee and commission income	114,617	110,030
Fee and commission expense	(47,252)	(31,196)
(Loss) on initial recognition on interest bearing assets	(1,710)	(4,420)
Net (loss)/ gain on foreign exchange translation	(22,984)	39,319
Net gain from trading in foreign currencies	140,242	134,425
Gains less losses from financial derivatives	(23,861)	(80,253)
Insurance revenue (excluding reinsurance business)	27,495	19,926
Insurance service expenses (excluding reinsurance business)	(21,402)	(15,330)
Reinsurance business	(3,186)	(6,183)
Finance income (expenses) from insurance contracts (net)	(5,130)	(3,007)
Dividend income	225	2,861
Other operating income	9,746	10,607
(Provision for) / recovery of credit losses on other assets	(43,339)	4,600
Impairment of assets held for sale	(6,272)	(9,089)
Administrative and other operating expenses	(391,261)	(355,247)
Share of result from associates	374	682
Profit before tax	**274,114**	**277,255**
Income tax expense	(56,912)	(83,650)
Profit for the period	**217,202**	**193,605**

Net Margin on Interest and Similar Income

Net interest income has historically been the largest component of the Bank's operating income. For the three-month period ended 31 March 2024, net margin on interest and similar income before provision for credit losses on loans and advances to customers was 547,812 million soums, an increase of 88,282 million soums, or 19.2%, from 459,530 million soums for the three-month period ended 31 March 2023 as a result of an increase in interest income. For the three-month period ended 31 March 2024, the Bank's net interest margin amounted to 5.5%.

Provision for credit losses on loans and advances to customers increased by 96,807 million soums for the three-month period ended 31 March 2024 as compared to the three-month period ended 31 March 2023 as a result of an increase in the Bank's loans portfolio to individuals and legal entities with higher degree of credit risk in line with the Bank's strategy to issue higher-margin loans. See "*– Financial Position – Loan Portfolio*".

Interest Income

The Bank's interest income for the three-month period ended 31 March 2024 amounted to 2,109,867 million soums, an increase of 478,942 million soums, or 29.4%, from 1,630,925 million soums for the three-month period ended 31 March 2023.

The following table sets forth the principal components of the Bank's interest income for the periods indicated.

	Three months ended 31 March			
	2024		2023	
	million soums	*% of total*	*million soums*	*% of total*
Interest income calculated using the effective interest method		(unaudited)		
Interest on loans and advances to customers	1,910,813	90.6	1,453,800	89.1
Interest on investment securities measured at amortised cost	106,333	5.0	83,254	5.1
Interest on balances due from other banks	83,871	4.0	92,414	5.7
Interest on balances cash and cash equivalents	8,850	0.4	1,457	0.1
Total interest income calculated using the effective interest method	**2,109,867**	**100.0%**	**1,630,925**	**100.0%**

The increase in the Bank's interest income during the period under review mainly resulted from a 31.4% growth in interest on loans and advances to customers on the back of increased interest rates and an increase in net loan portfolio. The increase was slightly offset by a decrease in interest income on balances due from other banks by 9.2% to 83,871 million soums for the three-month period ended 31 March 2024 as a result of the decrease in volume of overnight deposit operations.

Interest Expense

The Bank's total interest expense increased by 299,040 million soums, or 34.1%, to 1,176,849 million soums for the three-month period ended 31 March 2024 from 877,809 million soums for the three-month period ended 31 March 2023. The following table sets forth the principal components of the Bank's interest expense for the periods indicated.

	Three-month periods ended 31 March			
	2024		2023	
	million soums	*% of total*	*million soums*	*% of total*
	(unaudited)			
Interest expense				
Interest on other borrowed funds	(635,621)	54.0	(478,928)	54.6
Interest on customer accounts	(304,273)	25.9	(294,849)	33.6
Interest on debt securities in issue	(86,033)	7.3	(51,309)	5.8
Interest on balances due to other banks	(116,484)	9.9	(51,290)	5.8
Interest on subordinated debt	(34,438)	2.9	(1,433)	0.2
Total interest expense	**(1,176,849)**	**100.0%**	**(877,809)**	**100.0%**

The overall increase in the Bank's interest expense for the three-month period ended 31 March 2024 mainly resulted from an increase in interest expense on all components, mainly interest expense on other borrowed funds and interest expense on balances due to other banks.

Interest expense on other borrowed funds increased by 156,693 million soums, or 32.7%, to 635,621 million soums for the three-month period ended 31 March 2024 as compared to the expense of 478,928 million soums for the three-month period ended 31 March 2023. This increase mainly resulted from an increase in other borrowed funds. See "*– Financial Position – Total Liabilities*".

Interest expense on customer accounts increased by 9,424 million soums, or 3.2%, to 304,273 million soums for the three-month period ended 31 March 2024 as compared to 294,849 million soums for the three-month period ended 31 March 2023. Expense on interest on customer accounts increased for the three-month period ended 31 March 2024 on the back of the general increase in interest rates paid on customer accounts, as well as an increase in customer accounts. See "*– Financial Position – Total Liabilities*".

Net Fee and Commission Income

One of the largest sources of the Bank's non-interest income is its fee and commission income. The Bank's fee and commission income primarily comprises commissions generated by settlement transactions (debit turnover on customer accounts), international money transfers, guarantees issued and other operations. For the three-month period ended 31 March 2024, the Bank had net fee and commission income of 67,365 million soums, a decrease 11,469 million soums, or 14.5%, as compared to net fee and commission income of 78,834 million soums for the three-month period ended 31 March 2023. The decrease in the Bank's net fee and commission income for the three-month period ended 31 March 2024 is mostly attributable to a growth in fees from settlement transactions.

Net (Loss)/Gain on Foreign Exchange Translation

For the three-month period ended 31 March 2024, the Bank recorded net loss on foreign exchange translation of 22,984 million soums as compared to net gain on foreign exchange translation of 39,319 million soums for the three-month period ended 31 March 2023. The fluctuations in the Bank's foreign exchange loss for the three-month period ended 31 March 2024 are mainly attributable to devaluation of soum against U.S. dollars and euro in the corresponding period. See "*– Factors Affecting the Financial Statements – Currency Fluctuations*".

Net Gain from Trading in Foreign Currencies

Net gain from trading in foreign currencies increased by 5,817 million soums to 140,242 million soums, or 4.3%, for the three-month period ended 31 March 2024 as compared to 134,425 million soums for the three-month period ended 31 March 2023, as a result of the increase in the volume of conversion operations with foreign currencies.

Gains less Losses from Financial Derivatives

Losses from financial derivatives (understood as negative position of gains less losses from financial derivatives) decreased by 56,392 million soums, or 70.3%, to 23,861 million soums for the three-month period ended 31 March 2024 as compared to 80,253 million soums for the three-month period ended 31 March 2023, due to changes in market interest rates.

Insurance Revenue (excluding reinsurance business) and Insurance Service Expense (excluding reinsurance business)

Insurance revenue (excluding reinsurance business) increased by 7,569 million soums, or 38.0%, to 27,495 million soums for the three-month period ended 31 March 2024 from 19,926 million soums for the three-month period ended 31 March 2023, primarily as a result of the increase in the number of customers and premium rates. Insurance service expense (excluding reinsurance business) increased by 6,072 million soums, or 39.6%, to 21,402 million soums for the three-month period ended 31 March 2024 from 15,330 million soums for the three-month period ended 31 March 2023, primarily as a result of increase in insurance payments primarily for compulsory civil liability insurance for vehicle owners.

Other Operating Income

Other operating income decreased by 861 million soums, or 8.1%, to 9,746 million soums for the three-month period ended 31 March 2024 as compared to 10,607 million soums for the three-month period ended 31 March 2023. The decrease in other operating income during the period under review were primarily due to the decrease in gains on disposal of inventories.

Administrative and Other Operating Expenses

The main components of the Bank's administrative and other operating expenses are staff costs, taxes other than income tax, depreciation and amortisation, security services, membership fees, charity expenses, stationery and other low value items and other operating expenses. Administrative and other operating expenses increased by 36,014 million soums, or 10.1%, to 391,261 million soums for the three-month period ended 31 March 2024 as compared to 355,247 million soums for the three-month period ended 31 March 2023, driven mainly by a significant increase in taxes other than income tax due to the payment of property tax on the building under construction (Tashkent head office of the Bank).

Income Tax Expense

For the three-month period ended 31 March 2024, the Bank recorded income tax expense of 56,912 million soums as compared to 83,650 million soums for the three-month period ended 31 March 2023. The decrease in income tax expense for the three-month period ended 31 March 2024 resulted mainly due to an increase in non-deductible expenses.

Profit for the Period

As a result of the factors described above, the Bank generated net profit for the period in the amount of 217,202 million soums and 193,605 million soums for the three-month periods ended 31 March 2024 and 31 March 2023, respectively, representing growth of 12.2%.

Results of Operations for the Years Ended 31 December 2023, 2022 and 2021

For the year ended 31 December 2023, the Bank's profit for the period increased by 222,499 million soums to 856,154 million soums from 633,655 million soums for the year ended 31 December 2022, which in turn was a decrease by 223,333 million soums from 856,988 million soums for the year ended 31 December 2021.

The following table sets forth the components of the Bank's consolidated statement of profit or loss for the periods indicated.

	Year ended 31 December		
	2023	**2022 (restated)**	**2021 (restated)**
		(audited)	
Interest income calculated using the effective interest method	7,185,285	5,025,358	4,155,398
Other similar income	36,176	29,198	32,024
Interest expense	(4,080,099)	(2,626,371)	(2,067,905)
Net margin on interest and similar income	**3,141,362**	**2,428,185**	**2,119,517**
Provision for credit losses on loans and advances to customers	(1,133,383)	(925,158)	(420,937)
Net margin on interest and similar income after credit loss allowance on loans and advances to customers	**2,007,979**	**1,503,027**	**1,698,580**
Fee and commission income	515,905	443,690	386,074
Fee and commission expense	(132,060)	(126,413)	(110,483)
(Loss)/ gain on initial recognition on interest bearing assets	(8,063)	(12,182)	8,119
Net losses from modification of financial assets measured at amortised cost, that did not lead to derecognition	—	—	(52,339)
Net gain(loss) on foreign exchange translation	98,311	185,776	(4,262)
Net gain from trading in foreign currencies	462,964	337,768	170,935
Gains less losses from financial derivatives	(233,476)	(100,848)	—
Insurance revenue (excluding reinsurance business)	90,867	68,459	80,881
Insurance service expenses (excluding reinsurance business)	(79,049)	(52,208)	(68,566)
Reinsurance business	(12,959)	1,150	—
Finance income (expenses) from insurance contracts (net)	(16,044)	(10,570)	—
Dividend income	11,251	4,741	4,920
Other operating income	27,371	11,180	40,866
Recovery of / (provision for) credit losses on other assets	14,879	8,521	(34,145)
Impairment of assets held for sale	(6,402)	(46,267)	(5,586)
Administrative and other operating expenses	(1,670,778)	(1,369,498)	(1,044,146)
Share of result from associates	381	703	722
Profit before tax	**1,071,077**	**847,029**	**1,071,570**
Income tax expense	(214,923)	(213,374)	(214,582)
Profit for the period	**856,154**	**633,655**	**856,988**

Net Margin on Interest and Similar Income

Net interest income is one of the largest components of the Bank's operating income. For the year ended 31 December 2023, net margin on interest and similar income after credit loss allowance on loans and advances to customers increased by 504,952 million soums, or 33.6%, to 2,007,979 million soums from 1,503,027 million soums for the year ended 31 December 2022, which in turn was a decrease of 195,553 million soums, or 11.5%, from 1,698,580 million soums for the year ended 31 December 2021. The increase in net interest income in 2023 was primarily due to the increase in the Bank's loan portfolio, which was slightly offset by an increase in interest expense on other borrowed funds due to additional borrowings from local and international financial institutions. The decrease in net interest income in 2022 was due to the increase in provision for credit losses on loans and advances to customers.

The Bank recorded provision for credit losses on loans and advances to customers of 1,133,383 million soums in 2023, a 22.5% increase as compared to provision of 925,158 million soums in 2022, which in turn represented a significant increase of 119.8% as compared to a provision of 420,937 million soums in 2021. The increases in the Bank's provision in 2023 and 2022 were mainly due to an expansion in the loan portfolio and a revised methodology for calculating the credit loss allowance, which uses a more granular approach for determining the probability of default and loss given default. See "*Factors Affecting the Financial Statements—Quality of Loan Portfolio, Allowance for Expected Credit Losses and Provision for Credit Losses on Loans and Advances to Customers*".

The Bank's net interest margin was relatively stable in the periods under review and amounted to 4.9%, 4.4% and 4.4% for the years ended 31 December 2023, 2022 and 2021, respectively.

Interest Income

For the year ended 31 December 2023, the Bank's interest income calculated using the effective interest method increased by 2,159,927 million soums, or 43.0%, to 7,185,285 million soums from 5,025,358 million soums for the year ended 31 December 2022, which in turn was an increase of 869,960 million soums, or 20.9%, from 4,155,398 million soums for the year ended 31 December 2021.

The following table sets forth the principal components of the Bank's interest income for the periods indicated.

	Year ended 31 December					
	2023		2022 (restated)		2021	
	million soums	*% of total*	*million soums*	*% of total*	*million soums*	*% of total*
			(audited)			
**Interest income calculated using the effective interest method....................... **						
Interest on loans and advances to customers..	6,406,387	89.2	4,471,651	89.0	3,858,402	92.9
Interest on investment securities measured at amortised cost	392,462	5.5	274,786	5.4	154,226	3.7
Interest on balances due from other banks	375,019	5.2	274,806	5.5	140,444	3.4
Interest on balances cash and cash equivalents...	11,417	0.2	4,115	0.1	2,326	0.0
Total interest income calculated using the effective interest method.................	**7,185,285**	**100.0**	**5,025,358**	**100.0**	**4,155,398**	**100.0**

The increases in the Bank's interest income during the periods under review resulted primarily from a 43.3% increase in interest income on loans and advances to customers for the year ended 31 December 2023 as compared to the year ended 31 December 2022, which in turn represented a 15.9% increase as compared to the year ended 31 December 2021. This increase was mainly driven by the growth in the Bank's loan portfolio. See "*– Financial Position – Loan Portfolio*".

Interest income on investment securities measured at amortised cost increased by 42.8% to 392,462 million soums for the year ended 31 December 2023 as compared to 274,786 million soums for the year ended 31 December 2022, which in turn represented a 78.2% increase from 154,226 million soums for the year ended 31 December 2021. The increases were due to significant investments made by the Bank in 2023 in bonds issued by the Ministry of Economy and Finance of the Republic of Uzbekistan.

In addition, interest income on balances due from other banks increased by 36.5% to 375,019 million soums for the year ended 31 December 2023 as compared to 274,806 million soums for the year ended 31 December 2022, which in turn represented a 95.7% increase as compared to 140,444 million soums for the year ended 31 December 2021. The increases were due to the new accounts opened by the Bank with other banks.

Interest Expense

For the year ended 31 December 2023, the Bank's interest expense increased by 1,453,728 million soums, or 55.4%, to 4,080,099 million soums from 2,626,371 million soums for the year ended 31 December 2022, which in turn was an increase of 558,466 million soums, or 27.0%, from 2,067,905 million soums for the year ended 31 December 2021.

The following table sets forth the principal components of the Bank's interest expense for the years indicated.

	Year ended 31 December					
	2023		2022		2021	
	million soums	*% of total*	*million soums*	*% of total*	*million soums*	*% of total*
			(audited)			
Interest expense						
Interest on other borrowed funds	2,232,828	54.7	1,532,566	58.4	1,219,611	59.0
Interest on customer accounts ...	1,142,451	28.0	787,850	30.0	570,363	27.6
Interest on debt securities in issue..	259,206	6.4	218,324	8.3	201,107	9.7
Interest on balances due to other banks	396,344	9.7	71,274	2.7	70,794	3.4
Interest on subordinated debt.....	49,270	1.2	16,357	0.6	6,030	0.3
Total interest expense.............	**4,080,099**	**100.0**	**2,626,371**	**100.0**	**2,067,905**	**100.0**

The overall increase in the Bank's interest expense during the periods under review mainly resulted from increases in interest expense on other borrowed funds, interest on customer accounts and interest expenses on balances due to other banks.

Interest expense on other borrowed funds increased by 700,262 million soums, or 45.7%, to 2,232,828 million soums for the year ended 31 December 2023 as compared to 1,532,566 million soums for the year ended 31

December 2022, which in turn represented an increase of 312,955 million soums, or 25.7%, as compared to 1,219,611 million soums for the year ended 31 December 2021. The increases were due to additional borrowings from local and international financial institutions.

Interest expense on customer accounts increased by 354,601 million soums, or 45.0%, to 1,142,451 million soums for the year ended 31 December 2023 as compared to 787,850 million soums for the year ended 31 December 2022, which in turn was an increase by 217,487 million soums, or 38.1%, as compared to 570,363 million soums for the year ended 31 December 2021. Expense on interest on customer accounts increased in the periods under review due to higher interest rates on customer deposits as part of the Bank's strategy to attract more deposits and increase the Bank's liquidity, as well as an overall growth in the volume of the deposits as a result of the expansion of the Bank's customer base.

Interest expense on balances due to other banks significantly increased by 325,070 million soums, or 456.1%, to 396,344 million soums for the year ended 31 December 2023 from 71,274 million soums for the year ended 31 December 2022, due to the increase in balances payable by the Bank to local banks towards borrowings received See "*– Financial Position – Total Liabilities*".

Segment Results

The following table sets forth segment information for the Bank's reportable segments for the periods indicated.

	For the year ended 31 December								
	2023			2022			2021		
	Corporate	Individuals	Total	Corporate	Individuals	Total	Corporate	Individuals	Total
					million soums (audited)				
Interest income									
Interest on loans and advances to customers	5,192,646	1,249,917	**6,442,563**	3,830,323	670,526	**4,500,849**	3,311,860	578,566	**3,890,426**
Interest on balances due from other banks	375,019	—	**375,019**	274,806	—	**274,806**	140,444	—	**140,444**
Interest on balances cash and cash equivalents	11,417	—	**11,417**	4,115	—	4,115	2,326	—	2,326
Interest on investment securities measured at amortised cost	392,462	—	**392,462**	274,786	—	**274,786**	154,226	—	**154,226**
Interest expense									
Interest on balances due to other banks	(396,344)	—	**(396,344)**	(71,274)	—	**(71,274)**	(70,794)	—	**(70,794)**
Interest on customer accounts	(501,170)	(641,281)	**(1,142,451)**	(373,743)	(414,107)	**(787,850)**	(252,500)	(317,863)	**(570,363)**
Interest on other borrowed funds	(2,232,828)	—	**(2,232,828)**	(1,532,566)	—	**(1,532,566)**	(1,219,611)	—	**(1,219,611)**
Interest on debt securities in issue	(259,206)	—	**(259,206)**	(218,324)	—	**(218,324)**	(201,107)	—	**(201,107)**
Interest on subordinated debt	(49,270)	—	**(49,270)**	(16,357)	—	**(16,357)**	(6,030)	—	**(6,030)**
Segment results	**2,532,726**	**608,636**	**3,141,362**	**2,171,766**	**256,419**	**2,428,185**	**1,858,814**	**260,703**	**2,119,517**

For the reconciliation of reportable segment results to profit for the period please refer to the Note 6 of the Annual Financial Statements.

Net Fee and Commission Income

One of the largest sources of the Bank's non-interest income is its fee and commission income. The Bank's fee and commission income primarily comprises commissions generated by settlement transactions, foreign currency exchange, guarantees and letters of credit and other operations. For the year ended 31 December 2023, the Bank had net fee and commission income of 383,845 million soums as compared to net fee and commission income of 317,277 million soums for the year ended 31 December 2022 and 275,591 million soums for the year ended 31 December 2021.

The following table sets forth the components of the Bank's net fee and commission income for the years indicated.

	Year ended 31 December					
	2023		2022		2021	
	million soums	*% of total*	*million soums*	*% of total*	*million soums*	*% of total*
			(audited)			
Fee and commission income						
Settlement transactions	337,118	65.3	286,724	64.6	220,904	57.2
International money transfers	88,626	17.2	118,598	26.7	56,071	14.5
Guarantees issued	50,187	9.7	30,371	6.8	30,058	7.8
Consulting services	28,213	5.5	42	0.0	3,727	1.0
Foreign currency exchange	7,002	1.4	2,730	0.6	64,946	16.8
Letters of credit	4,759	0.9	5,225	1.2	10,368	2.7
Total fee and commission income	**515,905**	**100.0**	**443,690**	**100.0**	**386,074**	**100.0**
Fee and commission expense						
Settlement transactions	(58,698)	44.4	(52,737)	41.7	(60,567)	54.8
Transactions with plastic cards	(52,086)	39.4	(29,260)	23.1	(31,877)	28.9
Foreign currency exchange	(14,420)	10.9	(36,117)	28.6	(13,217)	12.0
Cash collection	(5,922)	4.5	(4,985)	3.9	(2,760)	2.5
Other	(934)	0.7	(3,314)	2.6	(2,062)	1.9
Total fee and commission expense	**(132,060)**	**100.0**	**(126,413)**	**100.0**	(110,483)	**100.0**
Net fee and commission income	**383,845**		**317,277**		**275,591**	

The fee and commission income for the year ended 31 December 2023 increased by 72,215 million soums, or 16.3%, to 515,905 million soums from 443,690 million soums for the year ended 31 December 2022, primarily due to an increase of 50,394 million soums, or 17.6%, in the fee and commission income from settlement transactions as a result of the increase in the volume in the Bank's operations during the period, as well as a significant increase of 28,171 million soums in the fee and commission income from consulting services due to the Bank's focused efforts to enhance its advisory offerings, which attracted more client engagements and higher revenue from these services. The increase in fee and commission income was partially offset by a decrease of 29,972 million soums, or 25.3%, in the fee and commission income from international money transfers, which reflects the increased competition and the emergence of cost-effective digital transfer money transfer solutions and which led to the decreased use of traditional money transfer services.

The fee and commission income for the year ended 31 December 2022 increased by 57,616 million soums, or 14.9%, to 443,690 million soums from 386,074 million soums for the year ended 31 December 2021, primarily due to an increase of 65,820 million soums, or 29.8%, in the fee and commission income from settlement transactions as a result of the increase in the volume in the Bank's operations during the period, as well as an increase of 62,527 million soums, or 111.5%, in the fee and commission income from international money transfers primarily due to the enhanced service offerings and strategic partnerships with international payment networks. The increase in fee and commission income was partially offset by a significant decrease of 62,216 million soums, or 95.8%, in the fee and commission income from foreign currency exchange due to market volatility and a decrease in customer demand due to favourable rates offered by competitors.

The fee and commission expense for the year ended 31 December 2023 increased by 5,647 million soums, or 4.5%, to 132,060 million soums from 126,413 million soums for the year ended 31 December 2022, primarily as a result of a significant (78.0% or 22,826 million soums) increase in fee and commission expenses in connection with the transactions with plastic cards as a result of the increased usage of cards by customers, leading to higher transaction volumes and higher associated costs. This increase was partially offset by a 60.1%

(or 21,697 million soums) decrease in fee and commission expense associated with foreign currency exchange due to reduced demand for foreign currency exchange services, which reflects the relative market stability during the period and the gradual shift towards digital services for foreign currency exchange. The fee and commission expense for the year ended 31 December 2022 increased by 15,930 million soums, or 14.4%, from 110,483 million soums for the year ended 31 December 2021, primarily due to a significant (173.3% or 22,900 million soums) increase in fee and commission expense associated with foreign currency exchange due to higher volumes of currency exchange at less favourable rates and market fluctuations.

Net Gain/(Loss) on Foreign Exchange Translation

The functional currency of the Bank, which is the currency of the primary economic environment in which the Bank operates, and the Bank's presentation currency is Uzbek soum. Monetary assets and liabilities are translated into the Bank's functional currency at the official exchange rate of the CBU at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the Bank's functional currency at the period-end official exchange rates of the CBU are recognised in profit or loss.

For the year ended 31 December 2023, the Bank recorded net gain on foreign exchange translation of 98,311 million soums as compared to net gain of 185,776 million soums for the year ended 31 December 2022 and net loss on foreign exchange translation of 4,262 million soums for the year ended 31 December 2021. The changes during the periods under review were due to favourable exchange rate fluctuations with respect to foreign currency denominated assets and liabilities. See "*– Factors Affecting the Financial Statements – Currency Fluctuations*".

Net Gain from Trading in Foreign Currencies

Net gain from trading in foreign currencies increased by 125,196 million soums, or 37.1%, to 462,964 million soums for the year ended 31 December 2023 as compared to 337,768 million soums for the year ended 31 December 2022, which in turn represented an increase of 166,833 million soums, or 97.6%, as compared to gain of 170,935 million soums for the year ended 31 December 2021. The increase in net gain from trading in foreign currencies for the years ended 31 December 2023 and 2022 was primarily driven by the increase in the volume of conversion operations with foreign currencies.

Gains less Losses from Financial Derivatives

Losses from financial derivatives (understood as negative position of gains less losses from financial derivatives) increased by 132,628 million soums, or 131.5%, to 233,476 million soums for the year ended 31 December 2023 as compared to 100,848 million soums for the year ended 31 December 2022, due to unfavourable market conditions. The Bank did not record gains less losses from financial derivatives in the year ended 31 December 2021.

Insurance Revenue (excluding reinsurance business) and Insurance Service Expense (excluding reinsurance business)

Insurance revenue (excluding reinsurance business) increased by 22,408 million soums, or 32.7%, to 90,867 million soums for the year ended 31 December 2023 from 68,459 million soums for the year ended 31 December 2022, primarily as a result of the expansion of the insurance coverage offerings and an increased uptake of property insurance policies by customers. Insurance service expense (excluding reinsurance business) increased by 26,841 million soums, or 51.4%, to 79,049 million soums for the year ended 31 December 2023 from 52,208 million soums for the year ended 31 December 2022, primarily as a result of the increase in insurance coverage and claims associated with the expanded insurance operations.

Insurance revenue (excluding reinsurance business) for the year ended 31 December 2022 decreased by 12,422 million soums, or 15.4%, from 80,881 million soums for the year ended 31 December 2021, primarily as a result of a higher uptake of loan insurance products due to increased loan issuance. Insurance service expense (excluding reinsurance business) for the year ended 31 December 2022 decreased by 16,358 million soums, or 23.9%, from 68,566 million soums for the year ended 31 December 2021, primarily due to an increase in expenses for loan insurance reflecting the increased uptake of loan insurance products and claims made on insurance policies.

Other Operating Income

Other operating income increased by 16,191 million soums, or 144.8%, to 27,371 million soums for the year ended 31 December 2023 as compared to 11,180 million soums for the year ended 31 December 2022, which in turn represented a decrease of 29,686 million soums, or 72.6%, as compared to 40,866 million soums for the year ended 31 December 2021. The changes in other operating income during the period under review were primarily due to recorded gains on sale of repossessed collateral.

Administrative and Other Operating Expenses

The main components of the Bank's administrative and other operating expenses are staff costs, depreciation and amortisation, taxes other than income tax, communication and software maintenance, security services, membership fees, charity expenses, stationary and other low value items, repair and maintenance of buildings and other operating expenses. Administrative and other operating expenses increased by 301,280 million soums, or 22.0%, to 1,670,778 million soums for the year ended 31 December 2023 as compared to 1,369,498 million soums for the year ended 31 December 2022, which in turn represented an increase of 325,352 million soums, or 31.2%, as compared to 1,044,146 million soums for the year ended 31 December 2021.

The increase in administrative and other operating expenses for the year ended 31 December 2023 as compared to the year ended 31 December 2022 principally resulted from a significant increase of 199,252 million soums, or 28.0%, in staff costs as a result of a change in the employees reward system calculation approach, where individual employee contributions are now taken into account rather than previously assessed branch performance. In addition, the Bank increased base salaries by 10-15% to account for inflation. The increase of 45,763 million soums, or 177.4%, in communication and software maintenance for the year ended 31 December 2023 as compared to the year ended 31 December 2022 was due to the expenses in relation to the ongoing IT system transformation, attracting additional vendors for the implementation of SAP budgeting programs, as well as maintenance costs of servers and SAP budgeting programs.

The increase in administrative and other operating expenses for the year ended 31 December 2022 as compared to the year ended 31 December 2021 was mainly driven by an increase of 102,961 million soums, or 16.9%, in staff costs due to increase in salary rates and bonus and other incentive payments, as well as a significant increase of 84,900 million soums in loss on sale or disposition of fixed assets due to the recognised loss on properties (residential buildings and poultry farms previously repossessed from borrowers due to non-payment of loans) transferred free of charge to "State asset management agency" pursuant to resolutions of the Government and the CBU.

Income Tax Expense

For the year ended 31 December 2023, the Bank recorded income tax expense of 214,923 million soums as compared to 213,374 million soums for the year ended 31 December 2022 and 214,582 million soums for the year ended 31 December 2021, reflecting changes in profit before tax during the periods under review.

Profit for the Period

As a result of the factors described above, the Bank generated net profit for the year in the amount of 856,154 million soums, 633,655 million soums and 856,988 million soums for the years ended 31 December 2023, 2022 and 2021, respectively.

Financial Position

The following discussion of the Bank's assets and liabilities should be read in conjunction with "Risk Management" and, in particular, with the data provided under "Risk Management – Credit Risk", "Risk Management – Market Risk" and "Risk Management – Liquidity Risk".

Total Assets

The following table sets forth the principal components of the Bank's total assets as at the dates set forth below.

	As at 31 March	As at 31 December		
	2024	2023	2022 (restated)	2021 (restated)
		million soums		
	(unaudited)		(audited)	
Cash and cash equivalents	6,538,332	6,965,894	7,119,489	8,196,652
Due from other banks	2,021,266	1,778,707	1,843,415	1,956,303
Investment securities measured at amortised cost	2,549,324	2,093,415	2,678,571	1,067,512
Financial assets at fair value through other comprehensive income	125,108	119,217	42,007	48,136
Loans and advances to customers	59,489,478	58,008,238	48,420,489	42,537,051
Investment in associates	78,688	77,814	35,834	29,726
Derivative financial assets	—	51,499	—	—
Reinsurance contract assets	20,638	20,334	17,671	7,546
Current income tax prepayment	152,613	238,871	251,647	45,778
Other assets	124,659	147,845	279,366	310,704
Deferred tax asset	232,131	203,571	194,962	202,125
Premises and equipment	3,428,128	3,340,418	2,007,056	1,211,359
Intangible assets	67,630	67,945	75,448	65,004
Non-current assets held for sale	243,631	179,555	223,345	48,602
Total assets	**75,071,626**	**73,293,323**	**63,189,300**	**55,726,498**

As at 31 March 2024, the Bank had total assets of 75,071,626 million soums as compared to 73,293,323 million soums as at 31 December 2023, 63,189,300 million soums as at 31 December 2022 and 55,726,498 million soums as at 31 December 2021.

The increase in total assets by 1,778,303 million soums, or 2.4%, as at 31 March 2024 as compared to 31 December 2023, was mainly driven by an increase in loans and advances to customers and investments securities measured at amortised cost, which was partially offset by a decrease in cash and cash equivalents. Loans and advances to customers increased by 1,481,240 million soums, or 2.6%, as at 31 March 2024 as compared to 31 December 2023, which reflected the growth in corporate and individual loans. See "—*Loan Portfolio*" below. The increase of 455,909 million soums, or 21.8% in investment securities measured at amortised cost as at 31 March 2024 as compared to 31 December 2023 mainly resulted from an increase in the Bank's portfolio of government bonds. The decrease in cash and cash equivalents by 427,562 million soums, or 6.1%, as at 31 March 2024 compared to 31 December 2023, was primarily due to a decrease in cash balances held with the CBU (other than mandatory reserve deposits) as a result of maturity of foreign currency deposits held with CBU.

The increase in total assets by 10,104,023 million soums, or 16.0%, as at 31 December 2023 as compared to 2022 was in line with the growth of the Bank's business and is primarily attributable to the increases in loans and advances to customers and premises and equipment, which was partially offset by the decrease in investment securities measured at amortised cost, cash and cash equivalents and other assets. Loans and advances to customers increased by 9,587,749 million soums, or 19.8%, as at 31 December 2023 as compared to 31 December 2022, which reflected the growth in corporate and individual loans. See "—*Loan Portfolio*" below. The increase of 1,333,362 million soums, or 66.4%, in premises and equipment as at 31 December 2023 as compared to 31 December 2022 was mainly driven by increase in construction in progress in connection with the design and construction of the Bank's headquarters. Investment securities measured at amortised cost decreased by 585,156 million soums, or 21.8%, as at 31 December 2023 as compared to 31 December 2022 reflecting the repayment of the CBU bonds upon their maturity in 2023.

The increase in total assets by 7,462,802 million soums, or 13.4%, as at 31 December 2022 as compared to 31 December 2021 is primarily attributable to the increases in loans and advances to customers and investment securities measured at amortised cost, which was partially offset by a decrease in cash and cash equivalents. The increase of 5,883,438 million soums, or 13.8%, in loans and advances to customers as at 31 December 2022 as compared to 31 December 2021 reflected the growth of corporate loans. See "—*Loan Portfolio*" below. The increase of 1,611,059 million soums, 150.9%, in investment securities measured at amortised cost as at 31

December 2022 as compared to 31 December 2021 mainly resulted from the increase in the Bank's portfolio of government bonds. The decrease of 1,077,163 million soums, or 13.1%, in cash and cash equivalents as at 31 December 2022 as compared to 31 December 2021 reflected the decrease in correspondent accounts and placement with other banks and cash balances with CBU as a result of the Bank's purchases of interest-earning assets such as Government bonds and CBU bonds during the period.

Reportable Segment Assets

The following table sets forth the Bank's reportable segment assets as at the dates set forth below.

	As at 31 March			As at 31 December								
	2024			2023			2022			2021		
	Corporate	Individuals	Total	Corporate	Individuals	Total	Corporate	Individuals	Total	Corporate	Individuals	Total
	million soums (audited)											
Cash and cash equivalents	6,368,798	169,534	6,538,332	6,811,546	154,348	6,965,894	7,004,220	115,269	7,119,489	8,138,305	58,347	8,196,652
Loans and advances to customers	51,331,310	8,158,168	59,489,478	50,094,273	7,913,965	58,008,238	42,913,084	5,507,405	48,420,489	38,370,977	4,166,074	42,537,051
Due from other banks	2,021,266	—	2,021,266	1,778,707	—	1,778,707	1,843,415	—	1,843,415	1,956,303	—	1,956,303
Investment securities measured at amortised cost...........	2,549,324	—	2,549,324	2,093,415	—	2,093,415	2,678,571	—	2,678,571	1,067,512	—	1,067,512
Total reportable segment assets.........	**62,270,698**	**8,327,702**	**70,598,400**	**60,777,941**	**8,068,313**	**68,846,254**	**54,439,290**	**5,622,674**	**60,061,964**	**49,533,097**	**4,224,421**	**53,757,518**

For the reconciliation of reportable segment assets to total assets please refer to the Note 6 of the Annual Financial Statements.

Loan Portfolio

Loans and advances to customers (net of allowance for expected credit losses) are the largest components of the Bank's total assets, accounting for 79.2%, 79.1%, 76.6%, and 76.3% of total assets as at 31 March 2024, 31 December 2023, 2022 and 2021, respectively.

General

As at 31 March 2024, the Bank's loans and advances to customers, gross amounted to 61,983,319 million soums, representing a 2.6% increase as compared to loans and advances to customers as at 31 December 2023. As at 31 December 2023, total loans and advances to customers, gross increased by 9,109,387 million soums, or 17.8%, as compared to 31 December 2022, which in turn was an increase of 6,768,594 million soums, or 15.2%, as compared to 31 December 2021. The size of the Bank's loan portfolio in soums increased as a result of the increases in corporate loans and loans to individuals driven by the growth in lending activity, depreciation of Uzbek soum against the U.S. dollar on the back of the higher proportion of the Bank's loan portfolio being denominated in U.S. dollars as compared to soums and general development of the banking sector in Uzbekistan.

The following table sets forth the Bank's total loans and advances to customers, gross as at the dates set forth below.

	As at 31 March	**As at 31 December**		
	2024	**2023**	**2022**	**2021**
		million soums		
	(unaudited)		(audited)	
Corporate loans	39,840,501	37,814,200	31,362,398	25,902,022
State and municipal organisations	13,882,926	14,572,496	14,368,999	14,278,451
Loans to individuals	8,259,892	8,021,079	5,566,991	4,349,321
Total loans and advances to customers, gross	**61,983,319**	**60,407,775**	**51,298,388**	**44,529,794**

Corporate loans accounted for 64.3%, 62.6%, 61.1% and 58.2% of the gross total loan portfolio as at 31 March 2024 and 31 December 2023, 2022 and 2021, respectively. As at 31 March 2024, the Bank's corporate loan portfolio increased by 2,026,301 million soums, or 5.4%, as compared to 31 December 2023. The Bank's corporate loan portfolio increased by 20.6% as at 31 December 2023 as compared to 31 December 2022 reaching 37,814,200 million soums. As at 31 December 2022, the Bank's corporate loan portfolio increased by 5,460,376 million soums, or 21.1%, as compared to 31 December 2021.

Loans to state and municipal organisations accounted for 22.4%, 24.1%, 28.0% and 32.1% of the gross total loan portfolio as at 31 March 2024 and 31 December 2023, 2022 and 2021, respectively. Loans to state and municipal organisations decreased by 4.7% as at 31 March 2024 as compared to 31 December 2023 reaching 13,882,926 million soums, which in turn increased by 1.4% as compared to 31 December 2022 reaching 14,572,496 million soums. Loans to state and municipal organisations slightly increased by 0.6% as at 31 December 2022 as compared to 31 December 2021.

The share of loans to individuals in the Bank's total gross loan portfolio also increased from 9.8% as at 31 December 2021 to 10.9% as at 31 December 2022 and 13.3% as at 31 December 2023 and as at 31 March 2024. Total gross loans to individuals increased by 3.0% as at 31 March 2024 as compared to 31 December 2023 and reached 8,259,892 million soums. Total gross loans to individuals increased by 44.1% as at 31 December 2023 as compared to 31 December 2022 and by 28.0% as at 31 December 2022 as compared to 31 December 2021.

Distribution of Loans by Economic Sectors

The Bank has historically been financing specific strategic industries in the Republic of Uzbekistan, mainly the oil and gas & chemicals and energy sectors, and it has recently focused on developing commercial SME and retail lending to diversify its portfolio. The following table sets forth distribution the Bank's loans and advances to customers by economic sector as at the dates set forth below.

	As at 31 March		**As at 31 December**					
	2024		**2023**		**2022**		**2021**	
	million soums	*% of total*	*million soums*	*% of total*	*million soums*	*% of total*	*million soums*	*% of total*
	(unaudited)				(audited)			
Manufacturing	23,833,781	38.5	22,529,199	37.3	18,207,559	35.5	15,849,755	35.6
Oil and gas & chemicals	11,246,450	18.1	11,052,861	18.3	10,885,326	21.2	10,704,331	24.0
Individuals	8,259,892	13.3	8,021,079	13.3	5,566,991	10.9	4,349,321	9.8
Trade and Services	7,333,419	11.8	7,342,466	12.2	5,554,150	10.8	4,441,329	10.0
Agriculture	3,582,122	5.8	3,572,134	5.9	3,460,679	6.7	3,745,481	8.4
Transport and communication	3,282,328	5.3	3,269,401	5.4	2,883,334	5.6	2,367,542	5.3
Energy	2,654,739	4.3	2,982,969	4.9	3,114,928	6.1	2,176,801	4.9
Construction	1,790,588	2.9	1,637,666	2.7	1,625,421	3.2	895,234	2.0
Total loans and advances to customers, gross	**61,983,319**	**100.0**	**60,407,775**	**100.0**	**51,298,388**	**100.0**	**44,529,794**	**100.0**

Strategic sectors of the Uzbekistan's economy, including manufacturing and oil and gas & chemicals, have historically accounted for the most prominent share of the Bank's loan portfolio, accounting for 56.6% of the total loans and advances to customers, gross as at 31 March 2024, 55.6% as at 31 December 2023, 56.7% as at 31 December 2022 and 59.6% as at 31 December 2021. In line with the strategy of diversification of the loan portfolio, over the period under review the Bank has increased the share of actively developing sectors of the economy in its loan book, such as trade and services (the share in the Bank's loan portfolio increased from 10.0% as at 31 December 2021 to 11.8% as at 31 March 2024) and loans to individuals (the share in the Bank's loan portfolio increased from 9.8% as at 31 December 2021 to 13.3% as at 31 March 2024), while maintaining its long-standing relationships with the companies in the Bank's sectors of expertise, including oil and gas & chemicals and energy.

As at 31 March 2024, the Bank granted loans to 15 borrowers in the amount of 20,073,436 million soums (32.4% of total loans and advances to customers, gross), which individually exceeded 10% of the Bank's equity. As at 31 December 2023, loans to 16 borrowers which individually exceeded 10% of the Bank's equity accounted for 20,498,189 million soums (33.9% of total loans and advances to customers, gross), as compared to 14 borrowers in the amount of 17,320,728 million soums (33.8% of total loans and advances to customers, gross) as at 31 December 2022 and to 13 borrowers in the amount of 15,577,715 million soums (35.0% of total loans and advances to customers, gross) as at 31 December 2021.

Distribution of Loans by Maturity

Of the Bank's net loan portfolio as at 31 March 2024, 34,570,067 million soums, or 58.1%, had a maturity of more than one year, 7,884,951 million soums, or 13.3%, had a maturity profile of between six months and one year, 12,721,689 million soums, or 21.4%, had a maturity of between one month and six months and 4,312,771 million soums, or 7.2%, had a maturity of between one day and one month.

Of the Bank's net loan portfolio as at 31 December 2023, 33,949,728 million soums, or 58.5%, had a maturity of more than one year, 8,070,527 million soums, or 13.9%, had a maturity profile of between six months and one year, 11,584,658 million soums, or 20.0%, had a maturity of between one month and six months and 4,403,325 million soums, or 7.6%, had a maturity of between one day and one month.

Of the Bank's net loan portfolio as at 31 December 2022, 28,741,357 million soums, or 59.4%, had a maturity of more than one year, 6,856,191 million soums, or 14.2%, had a maturity profile of between six months and one year, 9,559,364 million soums, or 19.7%, had a maturity of between one month and six months and 3,263,577 million soums, or 6.7%, had a maturity of between one day and one month.

Of the Bank's net loan portfolio as at 31 December 2021, 27,125,622 million soums, or 63.8%, had a maturity of more than one year, 5,415,340 million soums, or 12.7%, had a maturity profile of between six months and one year, 7,692,692 million soums, or 18.1%, had a maturity of between one month and six months and 2,303,397 million soums, or 5.4%, had a maturity of between one day and one month.

See "*Risk Management – Liquidity Risk*".

NPLs

Non-performing loans, or NPLs, represent loans with payments of principal and/or interest overdue by more than 90 days. The level of the Bank's NPLs as a percentage of total loans and advances to customers, gross was 4.2%, 2.3%, 5.2% and 2.2% as at 31 March 2024, 31 December 2023, 2022 and 2021, respectively. The increase in the share of NPLs in 2022 was due to economic disruptions caused by ongoing global supply chain issues and the lingering effects of the pandemic on certain sectors such as retail and hospitality. The increase in the share of NPLs in the first quarter of 2024 was primarily due to seasonal overdue payments on loans and advances to customers from agricultural sector.

The Bank did not record any NPLs in its state and municipal organisations loan portfolio as at 31 March 2024, while NPLs in the Bank's corporate and retail loan portfolios accounted for 6.4% and 0.9%, respectively, of gross corporate and retail loan portfolios as at 31 March 2024.

Allowance for expected credit losses

As at 31 March 2024, the Bank's allowance for expected credit losses was 2,493,841 million soums, a 3.9% increase as compared to 2,399,537 million soums as at 31 December 2023, primarily due to the corresponding increase in total loans and advances to customers, gross. The Bank's allowance for expected credit losses as at 31 December 2023 decreased by 16.6% as compared to 31 December 2022. As at 31 December 2022 the Bank's allowance for expected credit losses was 2,877,899 million soums, a 44.4% increase as compared to 1,992,743 million soums as at 31 December 2021, primarily driven by a conservative approach in response to the economic uncertainties in response to the COVID-19 pandemic and tighter risk controls and increased provisions. The Bank's management believes that the level of allowance for expected credit loss as at 31 March 2024 covers all significant overdue loans. The Bank's allowance for expected credit loss is classified by three stages. See Note 9 to the Annual Financial Statements and Note 9 to the Interim Financial Statements.

Total Liabilities

General

The following table sets forth the principal components of the Bank's total liabilities as at the dates set forth below.

	As at 31 March	As at 31 December		
	2024	**2023**	**2022 (restated)**	**2021 (restated)**
		million soums		
	(unaudited)		(audited)	
Due to other banks	5,632,152	5,818,951	3,895,719	1,392,977
Customer accounts	15,241,851	14,328,682	15,328,819	13,561,540
Debt securities in issue	5,108,971	4,970,366	3,361,256	3,317,817
Other borrowed funds	38,208,005	37,633,735	32,241,760	30,130,776
Derivative financial liabilities	31,161	—	115,533	—
Insurance contract liabilities	171,760	157,745	94,171	71,989
Other liabilities	301,515	247,059	240,326	197,421
Subordinated debt	1,715,367	1,696,854	330,560	101,771
Total liabilities	**66,410,782**	**64,853,392**	**55,608,144**	**48,774,291**

As at 31 March 2024, the Bank had total liabilities of 66,410,782 million soums as compared to 64,853,392 million soums as at 31 December 2023, 55,608,144 million soums as at 31 December 2022 and 48,774,291 million soums as at 31 December 2021.

The increase in total liabilities by 1,557,390 million soums, or 2.4%, as at 31 March 2024 as compared to 31 December 2023, was mainly driven by an increase in customer accounts. Customer accounts increased by 913,169 million soums, or 6.4%, as at 31 March 2024 as compared to 31 December 2023, mainly as a result of growth in customer accounts of state and public organisations, which increased by 1,553,103 million soums, or 26.3%, as at 31 March 2024 as compared to 31 December 2023. Other borrowed funds increased by 574,270 million soums, or 1.5%, as at 31 March 2024 as compared to 31 December 2023 as a result of new originations from international and local financial institutions. Due to other banks decreased by 186,799 million soums, or 3.2%, as at 31 March 2024 as compared to 31 December 2023, driven by a decrease in long term placements of other banks and payable to the CBU under repo agreement.

As at 31 December 2023, the Bank had total liabilities of 64,853,392 million soums, an increase of 9,245,248 million soums, or 16.6%, from 55,608,144 million soums as at 31 December 2022. This increase was primarily due to the increase in other borrowed funds and liabilities due to other banks, as well as increase in debt securities in issue and subordinated debt. Other borrowed funds as at 31 December 2023 increased by 5,391,975 million soums, or 16.7%, as compared to 31 December 2022 as a result of new originations from international financial institutions, in particular Cargill Financial Services International Inc. and JPMorgan Chase. Liabilities due to other banks as at 31 December 2023 increased by 1,923,232 million soums, or 49.4%, as compared to 31 December 2022 due to a 42.9% increase in short-term placements of other banks and execution of the CBU repo agreement in 2023. Debt securities in issue as at 31 December 2023 increased by 1,609,110 million soums, or 47.9%, as compared to 31 December 2022 due to the issuance in August 2023 of the U.S.$100 million Eurobond (LSE private) with a five-year maturity. Subordinated debt liabilities as at 31 December 2023 significantly increased by 1,366,294 million soums, or 413.3%, as compared to 31 December 2022 due to the new subordinated loans from the Ministry of Economy and Finance and from the IFC. See "—*Funding*" for further information on the Bank's subordinated debt. The overall increase in the total liabilities was slightly offset by a decrease in customer accounts as at 31 December 2023 by 1,000,137 million soums, or 6.5%, as compared to 31 December 2022 due to a 20.8% decrease in customer accounts of state and public organisations as a result of the repayment of a loan by one of the major customers of the Bank using funds from the customer account.

As at 31 December 2022, the Bank had total liabilities of 55,608,144 million soums, an increase of 6,833,853 million soums, or 14.0%, from 48,774,291 million soums as at 31 December 2021. This increase was primarily due to the increase in liabilities due to other banks, other borrowed funds and customer accounts. Liabilities due to other banks as at 31 December 2022 increased by 2,502,742 million soums, or 179.7%, as compared to 31 December 2021 and were mainly driven by the increase in long term and short term placements of other banks due to attracting new deposits from other banks. Other borrowed funds as at 31 December 2022 increased by 2,110,984 million soums, or 7.0%, as compared to 31 December 2021 mainly due to new originations from international financial institutions. Customer accounts as at 31 December 2022 increased by 1,767,279 million soums, or 13.0%, as compared to 31 December 2021 due to a 28.1% increase in customer accounts of individuals as a result of the increase in the client base and the launch of a new mobile app (JOYDA).

Reportable Segment Liabilities

The following table sets forth the Bank's reportable segment liabilities as at the dates set forth below.

	As at 31 March			As at 31 December								
	2024			2023			2022			2021		
	Corporate	**Individuals**	**Total**	**Corporate**	**Individuals**	**Total**	**Corporate**	**Individuals**	**Total**	**Corporate**	**Individuals**	**Total**
	million soums (audited)											
Due to other banks........	5,632,152	—	5,632,152	5,818,951	—	5,818,951	3,895,719	—	3,895,719	1,392,977	—	1,392,977
Customer accounts........	11,048,141	4,193,710	15,241,851	9,825,132	4,503,550	14,328,682	11,097,447	4,231,372	15,328,819	10,257,754	3,303,786	13,561,540
Other borrowed funds...	38,203,723	4,282	38,208,005	37,628,622	5,113	37,633,735	32,232,397	9,363	32,241,760	30,120,024	10,752	30,130,776
Debt securities in issue .	5,108,971	—	5,108,971	4,970,366	—	4,970,366	3,361,256	—	3,361,256	3,317,817	—	3,317,817
Total reportable segment liabilities........	**59,992,987**	**4,197,992**	**64,190,979**	**58,243,071**	**4,508,663**	**62,751,734**	**50,586,819**	**4,240,735**	**54,827,554**	**45,088,572**	**3,314,538**	**48,403,110**

For the reconciliation of reportable segment liabilities to total liabilities please refer to the Note 6 of the Annual Financial Statements.

Total Equity

As at 31 March 2024, the Bank had total equity of 8,660,844 million soums, an increase of 220,913 million soums, or 2.6%, from 8,439,931 million soums as at 31 December 2023. This increase was mainly attributable to an increase in retained earnings reflecting the recorded profit for the period.

As at 31 December 2023, the Bank had a total equity of 8,439,931 million soums, an increase of 858,775 million soums, or 11.3%, from 7,581,156 million soums as at 31 December 2022. This increase was mainly attributable to an increase in retained earnings reflecting the recorded profit for the period.

As at 31 December 2022, the Bank had a total equity of 7,581,156 million soums, an increase of 628,949 million soums, or 9.0%, from 6,952,207 million soums as at 31 December 2021. This increase was mainly attributable to increases in retained earnings reflecting the recorded profit for the period.

Liquidity and Capital Resources

The Bank's principal sources of liquidity are customer accounts, other borrowed funds (which include borrowings from international and domestic financial organisations), inter-bank deposit agreements, outstanding debt securities, proceeds from sale of securities, principal repayments on loans, interest income and fees and commissions income.

Funding

The Bank's funding base relies primarily on other borrowed funds (funds raised from the IFIs, funds received from the state funds (including Agriculture Support Fund and UFRD), funds raised on the interbank market in Uzbekistan), followed by the customer accounts. See "– *Financial Position – Total Liabilities*". As at 31 March 2024, funding from international financial organisations comprised 32,569,514 million soums and 49.4% of the Bank's funding mix, as compared to 32,055,918 million soums as at 31 December 2023. Other sources of funding include amounts due to other banks (long-term and short-term placements and correspondence accounts), the Bank's issues of Eurobonds and subordinated debt under subordinated loan agreements with the UFRD, Ministry of Economy and Finance of the Republic of Uzbekistan and the IFC. The Bank's funding strategy is to continue developing a diversified funding base in order to achieve an optimum balance between its own capital, domestic and international borrowings to cover the growing needs of the Bank's business, both in terms of currency and maturity.

The following table sets out the Bank's sources of funding as at the dates indicated:

	As at 31 March		As at 31 December					
	2024		2023		2022		2021	
	million soums	*% of total*	*million soums*	*% of total*	*million soums*	*% of total*	*million soums*	*% of total*
	(unaudited)				(audited)			
Due to other banks								
Short term placements of other banks	3,393,763	5.1	2,500,576	3.9	1,750,362	3.2	613,405	1.3
Long term placements of other banks	1,195,812	1.8	1,778,393	2.8	1,617,476	2.9	492,583	1.0
Payable to the CBU under repo agreement	465,452	0.7	816,807	1.3	—	—	—	—
Correspondent accounts and overnight placements of other banks	577,125	0.9	723,175	1.1	527,881	1.0	286,989	0.6
Total	**5,632,152**	**8.5**	**5,818,951**	**9.1**	**3,895,719**	**7.1**	**1,392,977**	**2.9**
Customer accounts								
Total	**15,241,851**	**23.1**	**14,328,682**	**22.2**	**15,328,819**	**27.8**	**13,561,540**	**28.0**
Other borrowed funds								
Total	**38,208,005**	**58.0**	**37,633,735**	**58.4**	**32,241,760**	**58.5**	**30,130,776**	**62.1**
Debt securities in issue								
Eurobonds (LSE public)	3,848,016	5.8	3,706,295	5.8	3,361,256	6.1	3,235,127	6.7
Eurobonds (LSE private)	1,260,955	1.9	1,264,071	2.0	—	—	—	—
Certificate of deposits	—	—	—	—	—	—	58,749	0.1
Bonds	—	—	—	—	—	—	23,941	0.0
Total	**5,108,971**	**7.8**	**4,970,366**	**7.8**	**3,361,256**	**6.1**	**3,317,817**	**6.8**
Subordinated debt	1,715,367	2.6	1,696,854	2.6	330,560	0.6	101,771	0.2
Total funding	**65,906,346**	**100.0%**	**64,448,588**	**100.0%**	**55,158,114**	**100.0%**	**48,504,881**	**100.0%**

Other borrowed funds

The Group's other borrowed funds primary consist of bank loans from international and Uzbekistani financial institutions.

The following table sets forth the Bank's outstanding balances and maturity under existing material credit facilities as at 31 March 2024:

	Outstanding amount	Maturity
	(million soums)	
China EXIMBANK	4,704,126	2037
Cargill Financial Services International Inc	4,261,848	2027
CREDIT Suisse	2,365,848	2033
International Bank of Reconstruction and Development	2,055,270	2043
Landesbank Baden Wuerttemberg	1,948,729	2032
Commerzbank AG	1,782,353	2042
JPMorgan Chase	1,479,577	2025
Daryo Finance B.V.	1,349,369	2025
European Bank for Reconstruction and Development	1,173,069	2027
Banca Popolare di Sondrio	1,103,073	2025
ICBC Standard (London) plc	1,080,247	2025
International Finance Corporation	957,868	2029
MFT XXI LLC	811,063	2028
Asian Development Bank	643,038	2037
Raiffeisen Bank International AG	627,812	2027
International Development Association of World Bank	579,388	2028
China Development Bank	483,163	2027
UniCredit	447,042	2028
Citibank Europe PLC	415,738	2025
Japan International Cooperation Agency (JICA)	405,227	2044
Petersburg technology Center	397,234	2024
Citibank N.A. ADGM	390,427	2025
OPEC Fund for International Development	389,723	2027
European Investment Bank	387,723	2038
Commercial bank of Dubai	377,781	2024
DZ BANK Hong Kong Branch	362,010	2028

On 2 July 2024, the Bank prepaid the outstanding indebtedness under the Facility Agreement with UBS AG (formerly Credit Suisse, as an agent) in the amount of USD 110 million.

The Bank was not in compliance with its obligations under certain other loan agreements with UBS AG as a lender, specifically the Basic Loan Agreement with UBS AG dated 12 July 2018 and Individual Loan Agreement with UBS AG dated 10 December 2021. The Bank failed to comply with environmental and social reporting requirements and to obtain the lender's prior consent to changes in the original importer of the equipment financed under these loans. On 2 July 2024, the Bank received a waiver from UBS AG for the identified breaches, together with an extended compliance deadline set for 15 September 2024.

Convertible Loan Agreements

In September 2021, the Bank signed a U.S.$75 million loan agreement with International Finance Corporation ("**IFC**") to fund the Bank's lending operations with a focus on SMEs and climate impact projects. The agreement contains certain financial covenants with respect to the Bank's exposure to certain clients/groups of clients and compliance with financial ratios, as well as restrictions with respect to additional secured indebtedness and prepayment of long-term debt. The agreement also requires the Privatisation to occur by 31 December 2024, failing which a mandatory prepayment event will be triggered. See *"Risk Factors — Risks Related to the Bank's Business and Industry — Future privatisation of the Bank may not be completed or, if completed, may adversely affect its business, financial condition and prospects"*. In addition, IFC has the right to set-off all or part of the principal amount of the loan in exchange for the newly issued ordinary shares in the Bank at the agreed conversion price per share (the "**Conversion Option**"). The Conversion Option is exercisable at any time in lender's sole discretion during the period from the date of the first disbursement until the full repayment of the loan.

In July 2022, the Bank signed a U.S.$50 million loan agreement with EBRD to fund the Bank's lending operations with a focus on SMEs and green investments, including energy efficiency or renewable energy projects. The agreement contains certain financial covenants and restrictions on the prepayment of the Bank's subordinated debt. The agreement also requires the Privatisation to occur by 31 December 2024, failing which mandatory prepayment event will be triggered. In addition, the EBRD has the Conversion Option on terms similar to the Conversion Option described with respect to the IFC loan agreement above.

In November 2023, the Bank signed a U.S.$50 million facility agreement with ADB to fund the Bank's lending operations with a focus on SMEs, including those owned or led by women. The agreement contains certain financial covenants and restrictions with respect to additional indebtedness and early repayment of the Bank's long-term debt. The agreement also requires the Privatisation to occur by 31 December 2024, failing which a mandatory prepayment event will be triggered. In addition, the ADB has the Conversion Option on terms similar to the Conversion Option described with respect to the IFC and EBRD loan agreements above.

Based on the Bank's estimates, if each of the IFC, EBRD and ADB exercises their Conversion Option in full, the Bank will be required to issue additional ordinary shares, representing approximately 25-30% of the Bank's increased share capital.

Debt securities

The following table sets forth the Bank's debt securities in issue as at the dates indicated:

	As at 31 March	**As at 31 December**		
	2024	**2023**	**2022**	**2021**
		million soums		
	(unaudited)		(audited)	
Eurobonds (LSE public – maturity 2019-2024)	3,848,016	3,706,295	3,361,256	3,235,127
Eurobonds (LSE private – maturity 2023-2028)	1,260,955	1,264,071	—	—
Certificates of deposit	—	—	—	58,749
Bonds	—	—	—	23,941
Total debt securities issued	**5,108,971**	**4,970,366**	**3,361,256**	**3,317,817**

In December 2019, the Bank issued Eurobonds listed on the London Stock Exchange with nominal value of U.S.$300,000 thousand with a nominal interest of 5.75 per cent. per annum and five years maturity which is to be paid in 2024.

In August 2023 the Bank issued Eurobonds with nominal value of U.S.$100,000 thousand and a nominal interest of 9.43 per cent. per annum with five years maturity.

Subordinated debt

The following table sets forth the Bank's subordinated debt as at the dates indicated:

	As at 31 March	**As at 31 December**		
	2024	**2023**	**2022**	**2021**
		million soums		
	(unaudited)		(audited)	
Fund for Reconstruction and Development of Uzbekistan (UZS)	102,910	100,626	101,989	101,771
Fund for Reconstruction and Development of Uzbekistan (U.S.$)	255,220	252,439	228,571	—
Ministry of Economy and Finance	1,094,844	1,094,894	—	—
IFC	262,393	248,895	—	—
Total subordinated debt	**1,715,367**	**1,696,854**	**330,560**	**101,771**

The first subordinated debt issued by the UFRD of UZS 100,000 million on 9 April 2021 carries an interest rate of 10.3% and matures on 15 April 2041.

The second subordinated debt issued by the UFRD of U.S.$20,381 million on 18 August 2021 carries an interest rate of 5.7% and matures on 16 July 2027.

The subordinated debt issued by the Ministry of Economy and Finance of the Republic of Uzbekistan of UZS 1,094,894 million on 20 September 2023 carries an interest rate of 5.0% and matures on 29 September 2042.

The subordinated debt issued by the IFC of U.S.$40 million on 18 October 2023 carries an interest rate of 6M SOFR+6.4% and matures on 15 September 2029.

Contingencies and Commitments

The Bank enters into certain financial instruments with off-balance sheet risk in the ordinary course of business to meet its clients' needs. These instruments, which include guarantees and letters of credit and other contingent liabilities, involve varying degrees of credit risk and are not reflected in the consolidated statement of financial position. The Bank uses similar credit approval policies in undertaking off-balance sheet credit related commitments as it does for its on-balance sheet operations. See "*Risk Management – Credit Risk*".

The following table sets forth the Bank's credit-related commitments as at the dates indicated:

	As at 31 March	**As at 31 December**		
	2024	**2023**	**2022**	**2021**
		million soums		
	(unaudited)		(audited)	
Guarantees issued	1,658,573	1,457,703	1,933,385	1,834,214
Letters of credit, non post-financing	1,922,429	2,065,635	682,811	398,886
Letters of credit, post-financing with commencement after reporting period end	551,456	863,518	1,050,576	1,508,819
Undrawn credit lines	1,348,325	834,515	392,791	831,415
Total gross credit related commitments	**5,480,783**	**5,221,371**	**4,059,563**	**4,573,334**

For additional information on the Bank's credit-related commitments see Note 31 to the Annual Financial Statements and Note 19 to the Interim Financial Statements.

Capital Management

The Bank manages its regulatory capital in order to comply with the capital requirements set by the CBU and to safeguard its ability to continue operations. Compliance with capital adequacy ratios is monitored on a monthly basis.

Regulatory capital requirements in Uzbekistan are set by the CBU and are applied to the Bank on a stand-alone basis. Under the CBU Regulation "On requirements to the capital adequacy of commercial banks" No. 2693 dated 6 July 2015 (as amended) (the "**Capital Adequacy Regulation**") the Bank is required to maintain a minimum Regulatory Capital Ratio of 13% and a minimum Capital Adequacy Ratio of 10%, both computed based on the Bank's stand-alone financial statements prepared under UAL and in accordance with CBU regulations and pronouncements. The Capital Adequacy Regulation is largely based on and follows Basel III methodology; however, capital estimates may differ due to the difference in the underlying accounting standards. Such differences mainly arise out of estimation and classification methodology applied to risk-weighted assets ("**RWA**"). Basel III standards for RWA calculation require total assets under IFRS to be weighted by their risk profile using either external rating agency rating utilisation or an internal rating model. On the other hand, CBU standards for RWA calculation as set out in the Capital Adequacy Regulation require total assets to be calculated under UAL and weighted in accordance with CBU-developed assets type criteria, taking into account credit, market and operational risk coefficients. The Bank only uses CBU standards for calculation of RWA as of the date of this Prospectus as many of its clients have not been assigned a rating by external rating agencies, and the Bank's internal comprehensive rating model is in development and has not yet been implemented.

The following table sets forth the capital components information prepared under UAL and related instructions:

	As at 31 March	As at 31 December		
	2024	2023	2022	2021
	million soums			
Share capital	4,621,912	4,621,912	4,627,484	4,627,484
Retained earnings	4,080,528	3,173,130	2,588,641	1,596,219
Disclosed bank reserves	7,726	7,726	7,726	7,726
Intangible assets(1)	(4,754)	(4,347)	(10,829)	(13,083)
Investments in subsidiaries(1)	(68,584)	(68,512)	(238,896)	(143,666)
Tier 1 capital (adjusted)	**8,636,828**	**7,729,909**	**6,974,126**	**6,074,680**
Subordinated debt	1,936,515	2,003,122	732,370	566,095
Current year profit/(loss)	339,750	911,684	588,937	998,222
Undisclosed bank reserves	531,294	630,122	546,366	454,928
Revaluation reserves	6,176	6,259	6,900	5,648
Tier 2 capital	**2,813,735**	**3,551,187**	**1,874,573**	**2,024,893**
Total Capital (adjusted)	**11,450,564**	**11,281,096**	**8,848,699**	**8,099,573**
Total balance sheet and off balance sheet risk-weighted assets	69,627,732	65,527,817	53,917,632	48,459,344
Operational risk	5,114,329	4,368,147	3,508,651	2,464,907
Market risk	140,213	138,466	225,136	213,803
Risk-Weighted Assets(2)	**74,882,274**	**70,034,430**	**57,651,419**	**51,138,054**
Capital Adequacy Ratio(3)	11.5%	11.0%	12.1%	11.9%
Regulatory Capital Ratio(4)	15.3%	16.1%	15.3%	15.8%

Notes:

(1) Under CBU standards, intangible assets and investments in subsidiaries are excluded from the Tier I capital of the banks.

(2) Risk-Weighted Assets are calculated as the assets weighted with credit risk, market risk and operational risk coefficients.

(3) Capital Adequacy Ratio is calculated as a ratio of a bank's Tier I capital to Risk Weighted Assets. As at 31 March 2024 and as at 31 December 2023, 2022 and 2021, Capital Adequacy Ratio were set at a minimum level of 10.0% by the CBU and as a minimum level of 6.0% under Basel III.

(4) Regulatory Capital Ratio is calculated as a ratio of sum of a bank's Tier I capital and Tier II capital to Risk Weighted Assets. As at 31 March 2024 and as at 31 December 2023, 2022 and 2021, Regulatory Capital Ratio was set at a minimum level of 13.0% by the CBU and as a minimum level of 10.5% under Basel III.

Furthermore, the Bank reports Leverage Ratio, which is the ratio of a bank's Tier I capital to total assets less intangible assets and should exceed 6.0%. The Bank's Leverage Ratio was 9.7% as at 31 December 2023 and 10.5% as at 31 March 2024.

For a detailed description of the capital and regulatory ratios which apply to the Bank, see "*Banking Sector and Banking Regulation in the Republic of Uzbekistan – Mandatory Ratios*".

Significant Accounting Policies and New Accounting Standards

A detailed description of the Bank's significant accounting policies is set forth in Note 3 to the Interim Financial Statements and Note 3 to the Annual Financial Statements.

A list of new and revised accounting standards that became effective is set forth in Note 4 to the Interim Financial Statements and Note 5 to the Annual Financial Statements. The application of the new and revised accounting standards had no significant impact on the Bank's consolidated financial statements except for 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). The Bank has adopted IFRS 17 by applying the modified retrospective approach to all its portfolio of insurance contracts. See "*Presentation of Financial Information — Restatement of Prior Year Figures*". In addition, the Bank has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. For the list of such standards, please see Note 4 to the Interim Financial Statements and Note 5 to the Annual Financial Statements.

Critical Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of consolidated financial statements under IFRS requires the Bank's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgments made regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on the management's best knowledge of current events and actions, actual results ultimately may differ from these estimates. For the list of such estimates and judgments, please see Note 4 to the Annual Financial Statements and Note 5 to the Interim Financial Statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present certain of the Bank's selected statistical information for the periods indicated. The statistical information and discussion and analysis presented below is presented solely for the convenience of the reader for analytical purposes and should be read in conjunction with the Financial Statements contained elsewhere in this Prospectus, as well as "Presentation of Financial Information" and "Financial Review". The statistical information presented below is derived from data extracted from the Financial Statements and the Group's financial reporting and management information systems.

In this section, the average is calculated on the basis of an arithmetical average of quarterly closing balances for each relevant period. The presentation of historical averages in this section on a daily or monthly basis involve unreasonable effort and expense. The Bank does not believe that quarterly averages present trends materially different from those that would be presented by daily or monthly averages.

Distribution of Assets, Liabilities and Equity

The return (or yield) was calculated by the amount of interest income or expense in the period divided by the average balance. The following tables show average balances, interest amounts and yields for the Bank's interest-earning assets, non-interest-earning assets, interest-bearing liabilities, non-interest-bearing liabilities and equity for the three months ended 31 March 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021.

	Three-month period ended 31 March					
	2024			**2023**		
	Average balance[(1)]	**Interest income/ (expense)**	**Average yield (assets) / rate paid (liabilities)[(2)]**	**Average balance[(1)]**	**Interest income/ (expense)**	**Average yield (assets) / rate paid (liabilities)[(2)]**
	million soums, except percentages					
ASSETS Interest-earning assets:						
Loans and advances to customers	58,748,858	1,922,623	13.1%	50,798,635	1,460,423	11.5%
Investment securities measured at amortised cost	2,321,370	106,333	18.3%	2,458,044	83,254	13.5%
Cash and cash equivalents[(3)]	5,316,069	8,850	0.7%	5,057,975	1,457	0.1%
Due from other banks	1,899,987	83,871	17.7%	1,830,827	92,414	20.2%
Total interest-earning assets	**68,286,283**	**2,121,677**	**12.4%**	**60,145,481**	**1,637,548**	**10.9%**
Total non-interest-earning assets[(4)]	5,896,192			4,642,413		
Total assets	**74,182,475**			**64,787,893**		
LIABILITIES						
Interest-bearing liabilities:						
Due to other banks	5,725,552	(116,484)	8.1%	5,573,520	(51,290)	3.7%
Customer accounts[(5)]	8,402,904	(304,273)	14.5%	8,082,788	(294,849)	14.6%
Debt securities in issue	5,039,669	(86,033)	6.8%	3,417,911	(51,309)	6.0%
Other borrowed funds	37,920,870	(635,621)	6.7%	32,668,232	(478,928)	5.9%
Subordinated debt	1,706,111	(34,438)	8.1%	331,914	(1,433)	1.7%
Total interest-bearing liabilities	**58,795,104**	**(1,176,849)**	**8.0%**	**50,074,364**	**(877,809)**	**7.0%**
Total non-interest-bearing liabilities[(6)]	6,836,983			7,033,907		
EQUITY	**8,550,388**			**7,679,623**		
Equity and non-interest-bearing liabilities	15,387,371			14,713,529		
EQUITY AND LIABILITIES	**74,182,475**			**64,787,893**		

Notes:

(1) Average amounts are based on the average of the quarter-end balances within each applicable period.
(2) Average yield (assets) / rate paid (liabilities) is annualised.
(3) Excludes cash on hand.
(4) Includes all assets except interest-earning assets.
(5) Excludes current/settlement accounts.
(6) Includes all liabilities except interest-bearing liabilities.

	Year ended 31 December								
	2023			2022			2021		
	Average balance[(1)]	Interest income/ (expense)	Average yield (assets)/ rate paid (liabilities)	Average balance[(1)]	Interest income (expense)	Average yield (assets)/ rate paid (liabilities)	Average balance[(1)]	Interest income/ (expense)	Average yield (assets)/ rate paid (liabilities)
	million soums, except percentages								
ASSETS									
Interest-earning assets:									
Loans and advances to customers	54,690,247	6,442,563	11.8%	44,978,734	4,500,849	10.0%	40,492,083	3,890,426	9.6%
Investment securities measured at amortised cost	2,384,631	392,462	16.5%	1,785,550	274,786	15.4%	1,173,220	154,226	13.1%
Cash and cash equivalents[(2)]	4,497,268	11,417	0.3%	5,904,809	4,115	0.1%	5,107,772	2,326	0.0%
Due from other banks	1,977,782	375,019	19.0%	2,553,881	274,806	10.8%	1,873,755	140,444	7.5%
Total interest-earning assets	**63,549,926**	**7,221,461**	**11.4%**	**55,222,974**	**5,054,556**	**9.2%**	**48,646,829**	**4,187,422**	**8.6%**
Total non-interest-earning assets[(3)]	5,207,111			3,771,607			2,613,621		
Total assets	**68,757,037**			**58,994,581**			**51,260,450**		
LIABILITIES									
Interest-bearing liabilities:									
Other borrowed funds	35,105,152	(2,232,828)	6.4%	30,158,489	(1,532,566)	5.1%	27,510,182	(1,219,611)	4.4%
Customer accounts[(4)]	8,580,266	(1,142,451)	13.3%	6,715,914	(787,850)	11.7%	5,753,508	(570,363)	9.9%
Debt securities in issue	4,207,636	(259,206)	6.2%	3,402,729	(218,324)	6.4%	3,298,951	(201,107)	6.1%
Due to other banks	5,631,139	(396,344)	7.0%	3,397,495	(71,274)	2.1%	1,132,505	(70,794)	6.3%
Subordinated debt	951,281	(49,270)	5.2%	331,390	(16,357)	4.9%	76,509	(6,030)	7.9%
Total interest-bearing liabilities	**54,475,474**	**(4,080,099)**	**7.5%**	**44,006,017**	**(2,626,371)**	**6.0%**	**37,771,655**	**(2,067,905)**	**5.5%**
Total non-interest-bearing liabilities[(5)]	6,285,936			7,560,548			6,722,596		
EQUITY	**7,995,627**			**7,428,017**			**6,766,200**		
Equity and non-interest-bearing liabilities	14,281,563			14,988,565			13,488,795		
EQUITY AND LIABILITIES	**68,757,037**			**58,994,581**			**51,260,450**		

Notes:

(1) Average amounts are based on the average of the quarter-end balances within each applicable period.
(2) Excludes cash on hand.
(3) Includes all assets except interest-earning assets.
(4) Excludes current/settlement accounts
(5) Includes all liabilities except interest-bearing liabilities.

Changes in Interest Income and Interest Expenses; Volume and Rate Analysis

The following tables present the variations in the Bank's interest income and expense as a result of the variations in the average volume of interest-earning assets and interest-bearing liabilities and changes in average interest rates occurred for the three months ended 31 March 2024 compared to the three months ended 31 March 2023, for the year ended 21 December 2023 compared to the year ended 31 December 2022, and for the year ended 31 December 2022 compared to the year ended 31 December 2021.

	Three-month period ended 31 March			Year ended 31 December					
	2023/2024			2022/2023			2021/2022		
	Volume[(2)]	Rate[(3)]	Net change	Volume[(2)]	Rate[(3)]	Net change	Volume[(2)]	Rate[(3)]	Net change
	million soums, except percentages								
ASSETS									
Interest-earning assets: [(1)]									
Loans and advances to customers	228,563	233,637	462,200	971,794	969,920	1,941,714	431,072	179,351	610,423
Investment securities measured at amortised cost	(4,629)	27,708	23,079	92,195	25,481	117,676	80,494	40,066	120,560
Cash and cash equivalents	74	7,319	7,393	(981)	8,283	7,302	363	1,426	1,789
Due from other banks	3,491	(12,034)	(8,543)	(61,990)	162,203	100,213	50,978	83,384	134,362
Total interest-earning assets	**227,499**	**256,630**	**484,129**	**1,001,018**	**1,165,887**	**2,166,905**	**562,906**	**304,228**	**867,134**
LIABILITIES									
Interest-bearing liabilities:[(1)]									
Other borrowed funds	(77,006)	(79,687)	(156,693)	(251,375)	(448,887)	(700,262)	(117,408)	(195,547)	(312,955)
Customer accounts	(11,677)	2253	(9,424)	(218,709)	(135,892)	(354,601)	(95,406)	(122,081)	(217,487)
Debt securities in issue	(24,346)	(10,378)	(34,724)	(51,644)	10762	(40,882)	(6,326)	(10,891)	(17,217)
Due to other banks	(1,399)	(63,795)	(65,194)	(46,858)	(278,212)	(325,070)	(141,587)	141107	(480)
Subordinated debt	(5,933)	(27,072)	(33,005)	(30,597)	(2,316)	(32,913)	(20,088)	9761	(10,327)
Total interest-bearing liabilities	**(120,360)**	**(178,680)**	**(299,040)**	**(599,183)**	**(854,545)**	**(1,453,728)**	**(380,815)**	**(177,651)**	**(558,466)**

Note:

(1) Average amounts are based on the average of the quarter-end balances within each applicable period.
(2) Volume for the period is the difference between average balance for the relevant period and average balance for the previous period multiplied by average yield (assets)/ rate paid (liabilities) for the relevant period.
(3) Rate for the period is the difference between average yield (assets)/ rate paid (liabilities) for the relevant period and average yield (assets)/ rate paid (liabilities) for the previous period multiplied by average balance for the relevant period.

Interest-earning Assets—Margin

The following table presents the levels of average interest-earning assets and illustrates the comparative gross and net yields obtained for the indicated periods.

	As at or for the three-month period ended 31 March	As at or for the year ended 31 December		
	2024	2023	2022	2021
	million soums, except percentages			
Average interest-earning assets[1]	68,286,283	63,549,926	55,222,974	48,646,829
Average yield on interest-earning assets[2][3]	12%	11%	9%	9%
Net interest income[4]	944,828	3,141,362	2,428,185	2,119,517
Net interest margin[3] [5]	5.5%	4.9%	4.4%	4.4%

Notes:

(1) The average interest-earning assets is based on the average of the quarter-end balances within each applicable period.

(2) Average yield on interest-earning assets is interest income divided by average interest-earning assets.

(3) Average yield on interest-earning assets and net interest margin are annualised for the three-month period ended 31 March 2024.

(4) Net interest income is net margin on interest and similar income.

(5) Net interest margin is calculated as net margin on interest and similar income divided by average interest-earning assets. For the three-month period ended 31 March 2024, net interest margin formula is annualised (multiplied by 4).

Maturity Composition of Investment in Securities Not Carried at Fair Value through Earnings

The following table presents our weighted average yield of each category of debt securities not carried at fair value through earnings as at 31 March 2024.

	Maturing					
Investment securities measured at amortised cost [1]	**As at 31 March 2024**	**In one year or less**	**After one year through five years**	**After five years through 10 years**	**After 10 years**	**No specific maturity**
	million soums					
Government Bonds	**2,535,993**	459,308	896,114	690,660	365,959	90,537
Corporate bonds	**13,331**	975	—	-	12,356	—
Government Bonds (Total weighted average yield)		18%	18%	18%	18%	23%
Government Bonds (Total weighted average yield)		20%	—	—	20%	—

Note:

(1) Yields have been calculated using the internal rate of return (IRR) as at 31 March 2024.

Maturity and Composition of Loan Portfolio

The following table presents our loans and advances to customers' portfolio by the time remaining to maturity. Loans are stated after deduction of allowance for losses.

	Maturing				
	As at 31 March 2024	**In one year or less**	**After one year through five years**	**After five years through 15 years**	**After 15 years**
			million soums		
Corporate loans	37,819,459	17,046,665	9,603,301	7,489,105	3,680,388
State and municipal organisations	13,511,851	6,368,330	2,943,199	1,591,134	2,609,188
Loans to individuals	8,158,168	1,504,416	1,875,046	1,065,538	3,713,168
Total loans and advances to customers	**59,489,478**	**24,919,411**	**14,421,546**	**10,145,777**	**10,002,744**

The following table presents loans and advances to customers by category as at 31 March 2024 that are due after one year.

	Maturing		
	From 1 to 3 years	**From 3 to 5 years**	**Over 5 years**
		million soums	
Corporate loans	**9,603,301**	**7,489,105**	**3,680,388**
Floating rate	4,595,730	3,565,938	1,759,361
Fixed rate	5,007,571	3,923,167	1,921,027
State and municipal organisations	**2,943,199**	**1,591,134**	**2,609,188**
Floating rate	664,830	377,948	-
Fixed rate	2,278,370	1,213,186	2,609,188
Loans to individuals	**1,875,046**	**1,065,538**	**3,713,168**
Floating rate	216	223	591
Fixed rate	1,874,830	1,065,315	3,712,578
Total loans and advances to customers, gross	**14,421,546**	**10,145,777**	**10,002,744**

Summary of Loan Loss Experience

Allocation of Provision for Impairment Losses

The following table presents impairment losses and sets forth the percentage distribution of the total provisions as at 31 March 2024 and as at 31 December 2023, 2022 and 2021. For a discussion of accounting standards related to loss allowances on financial assets, see Note 3 to the Annual Financial Statements included elsewhere in this Prospectus.

	As at 31 March		As at 31 December					
	2024		2023		2022		2021	
	Amount	**% of total loss allowance**	**Amount**	**% of total loss allowance**	**Amount**	**% of total loss allowance**	**Amount**	**% of total loss allowance**
				million soums, except percentages				
Total loan portfolio	61,983,319		60,407,775		51,298,388		44,529,794	
Total loss allowance	(2,493,841)	4.0%	(2,399,537)	4.0%	(2,877,899)	5.6%	(1,992,743)	4.5%
Total loan portfolio, net of loss allowance	**59,489,478**		**58,008,238**		**48,420,489**		**42,537,051**	

The change in the Bank's ratio of allowance for credit losses to total loan portfolio in the years ended 31 December 2022 was due to a 36.0% increase in the total credit-impaired loans (Stage 3 based on the Group's three-stage model for impairment) as at 31 December 2022 as a result of a deterioration of the financial position of one of the Bank's significant corporate borrowers.

Allocation of Net Charge-offs

The following table presents net charge-offs as at 31 March 2024 and as at 31 December 2023, 2022 and 2021.

	As at 31 March		As at 31 December					
	2024		2023		2022		2021	
	Average amount(1)	% of total average loans	Average amount(1)	% of total average loans	Average amount(1)	% of total average loans	Average amount(1)	% of total average loans
	million soums, except percentages							
Corporate loans	38,827,351	63.4%	34,953,499	61.3%	29,117,214	61.5%	24,292,016	57.3%
State and municipal organisations	14,227,711	23.2%	14,685,677	25.8%	13,453,436	28.4%	13,858,008	32.7%
Loans to individuals	8,140,486	13.3%	7,347,721	12.9%	4,767,416	10.1%	4,219,281	10.0%
Total average loans outstanding	**61,195,547**	**100.0%**	**56,986,897**	**100.0%**	**47,338,066**	**100.0%**	**42,369,305**	**100.0%**
Net charge-offs:								
Corporate loans	(2,098,677)	5.4%	(1,985,903)	5.7%	(2,080,293)	7.1%	(1,519,084)	6.3%
State and municipal organisations	(243,593)	1.7%	(155,562)	1.1%	(224,949)	1.7%	(116,924)	0.8%
Loans to individuals	(104,419)	1.3%	(155,186)	2.1%	(54,090)	1.1%	(241,214)	5.7%
Total net charge-offs	**(2,446,689)**	**4.0%**	**(2,296,651)**	**4.0%**	**(2,359,332)**	**5.0%**	**(1,877,222)**	**4.4%**

Note:

(1) Average amounts are based on the average of the quarter-end balances within each applicable period.

The ratio of net charge-offs to total loans and advances to customers was 4.0%, 4.0%, 5.0% and 4.4% for the three months ended 31 March 2024 and for the years ended 31 December 2023, 2022 and 2021, respectively, mainly due to a 36.0% increase in the total credit-impaired loans (Stage 3 based on the Group's three-stage model for impairment).

Deposits

Composition of Deposits per Type and Yield

The following table presents, with average balances, the breakdown of deposits by category as at 31 March 2024 and as at 31 December 2023, 2022 and 2021.

	As at 31 March		As at 31 December					
	2024		2023		2022		2021	
	Average balance(1)	Average rate paid	Average balance(1)	Average rate paid	Average balance(1)	Average rate paid	Average balance(1)	Average rate paid
	million soums, except percentages							
Term deposits	**8,402,904**	**14%**	**8,580,266**	**13%**	**6,715,914**	**12%**	**5,753,508**	**10%**
Current/settlement accounts								
Interest-bearing	-	-	-		-		-	
Non-interest-bearing	6,382,363		5,808,409		7,148,550		6,473,466	
Total	**14,785,267**		**14,388,675**		**13,864,464**		**12,226,974**	

Note:

(1) Average amounts are based on the average of the quarter-end balances within each applicable period.

The Bank participates in the state deposit insurance scheme, which guarantees repayment of 100.0% of deposits regardless of the deposit amount in case of the withdrawal of a license of a bank.

BUSINESS

Overview

Established in 1922, the Bank is one of the leading universal banks in the Republic of Uzbekistan. According to the CBU, in 2023 the Bank ranked as the second largest commercial bank in Uzbekistan by total assets (11.4% market share) and the second largest by loan portfolio size (12.1% market share). The Bank offers a comprehensive range of banking services, including corporate lending, state and municipal organisations lending and retail lending, deposit-taking, cash handling, international money transfers, letters of credit, guarantees, foreign exchange operations and other products, including insurance products and consulting services. The Bank conducts its banking operations from its head office in Tashkent and 87 branches within Uzbekistan as at 31 March 2024.

The Bank has historically operated as a state financing vehicle on the basis of funding provided by state agencies, such as the UFRD and the Ministry of Economy and Finance of the Republic of Uzbekistan, for subsidised financing of investment projects in a number of strategic industries, mainly oil and gas & chemicals and energy, and has otherwise in its day-to-day operations relied on funding provided by the Uzbekistan Government in the form of predominantly subsidised loans, deposits, capital injections and state guarantees, as well as funding received as borrowings from the IFIs. Since 2018, as part of the on-going economic reforms in Uzbekistan, the Bank is undergoing a transitional reform of its banking organisation from being dependent on state control, support and funding to more of a market-orientated commercial structure. Under this transition strategy, the Uzbekistan Government has been gradually decreasing its influence on the business and loan portfolio of the Bank, as well as reducing the state support financing available to the Bank as well as the state guarantees that borrowers of the Bank have benefitted from and which the Bank has received as credit support. See "*– Competitive Strengths – History of Strong Shareholder Support*". Furthermore, as part of the transition the Bank has taken steps to diversify its loan portfolio and client base to increase the share of higher-margin loans attributable to developing sectors of the Uzbekistan's economy, such as manufacturing, agriculture and retail, to give attention to development of small and medium enterprises in the loan and deposit portfolios, as well as to develop further its long-standing relationships with large corporate customers in oil and gas & chemicals and energy sectors on more commercial and market orientated terms. Additionally, the Bank began providing green financing by establishing the "green banking" department and further developing this strategic line of business, providing funding for green projects, introducing green products for corporate and retail customers.

In accordance with the Decree on Strategy of Reforming the Banking System the Bank is expected to be privatized through a sale of the Government's stake. In accordance with the Presidential Decree No. PP-253 dated 31 July 2023 the Government's stake in the charter capital of the Bank is mandated to decrease to below 50% by the end of 2024 through sale to a strategic buyer meeting certain requirements. As of the date of this Prospectus, the Privatisation process is at the preparatory stage, and the deadline to complete the Privatisation by the end of 2024 is likely to be extended to a later date.

As at 31 March 2024, the Bank's total assets comprised 75,071,626 million soums. As at 31 March 2024, total loans and advances to customers, gross amounted to 61,983,319 million soums, with gross loans to corporate customers, gross loans to state and municipal organisations and gross loans to individuals accounting for 64.3%, 22.4% and 13.3% of total loans and advances to customers, gross, respectively. For the three months ended 31 March 2024 and 2023, the Bank generated profit of 217,202 million soums and 193,605 million soums, respectively, and 856,154 million soums, 633,655 million soums and 856,988 million soums for the years ended 31 December 2023, 2022 and 2021.

The Bank was incorporated as a joint-stock commercial bank in 1991 and is domiciled in the Republic of Uzbekistan. It is registered in Uzbekistan to carry out banking and foreign exchange activities and has operated under the banking license No. 17 issued by the CBU on 25 December 2021. Its registered and head office is located at Shaxrisabskaya str. 3, 100000 Tashkent city, Republic of Uzbekistan. The telephone number of the registered office and the head office of the Bank is +998 (71) 200-43-43. As at the date of this Prospectus, the Bank has the following long-term ratings: BB- from Fitch and BB- from S&P.

History

The Bank is one of the oldest financial institutions in the Republic of Uzbekistan. The history of the Bank began in 1922 with the opening of the Central Asian office of Promabank (Industrial Bank) in Tashkent. Ten years later, the Bank was transformed into a specialised bank for long-term investment, responsible for financing capital construction, local industry and foreign trade. The Bank was incorporated in 1991 as a joint-stock commercial bank.

In 2004, the Bank developed its payment system and introduced salary projects for corporate customers. The Bank was the first in Uzbekistan to issue and service international payment chip cards VISA Electron and VISA Classic with its own design.

In 2006, the Bank merged with the International Bank of Uzbekistan “Uzprivatbank”.

In 2008, according to the decision of the general meeting of shareholders, the legal name of the Bank was changed to Joint-Stock Commercial Bank “Uzbek Industrial and Construction Bank”.

The ordinary shares of the Bank have been listed on the Tashkent Stock Exchange since 2003 under the symbol SQBN. As at 31 May 2024, the Bank’s free float amounted to 3.2% of share capital.

In 2019 the Bank became the first Uzbekistan company to issue corporate Eurobonds in the amount of U.S.$300,000,000 on the London Stock Exchange. The Bank began implementing green financing and ESG principles by establishing the “green banking” department in 2019, and has continued to develop this strategic line of business since then.

In 2020, 2021 and 2022 the Bank was named Uzbekistan’s best domestic bank at the Asiamoney Best Bank Awards. In 2022 the Bank was named the Best Bank in Uzbekistan at the Euromoney Awards for Excellence. The Bank’s ESG efforts were also recognised by EBRD, which in 2021 and 2022 awarded the Bank with the “Deal of the Year – Green Trade” award for improving the energy efficiency of the retail sector in Uzbekistan.

In 2023 the Bank was named Uzbekistan’s best bank for ESG at the Asiamoney Best Bank Awards 2022. In 2023 the Bank issued U.S.$100 million Eurobond by way of private placement, with the proceeds to be used to finance green projects, including those supporting increased energy efficiency, the reduction of GHG emissions, sustainable construction, water security and financing for small and medium-sized enterprises and women-led initiatives.

Planned Privatisation

The Decree of the President of the Republic of Uzbekistan No. IP-5992 “On the Strategy of Reforming the Banking System for 2020-2025” dated 12 May 2020 provides for the Privatisation of the Bank through a sale of the Government’s stake. In accordance with Presidential Decree No. UP-253 dated 31 July 2023, the Government is mandated to reduce its stake in the Bank to less than 50% by the end of 2024. As of the date of this Prospectus, no concrete steps have been taken to complete the Privatisation of the Bank, and the deadline to complete the Privatisation by the end of 2024 is likely to be extended to a later date. For further information, see “*Risk Factors — Risks Related to the Bank’s Business and Industry — Future privatisation of the Bank may not be completed or, if completed, may adversely affect its business, financial condition and prospects*”.

Competitive Strengths

In line with its strategy, the Bank is consistently developing and is currently undergoing a transition into a competitive modern financial institution implementing best international standards and practices. The Bank values its customers and provides them with a wide range of financial products and services, and a high level of service. In addition, the Bank actively promotes and assist local industries with financing technical and technological modernisation.

Management believes that the Bank benefits from the following competitive strengths:

Leading position in the Uzbekistan banking market and growing client base

The Bank holds a well-established position within the top five banks in Uzbekistan by assets and loan portfolio, according to the CBU. According to the CBU, in 2023 the Bank ranked as the second largest commercial bank in Uzbekistan by total assets (11.4% market share) and the second largest by loan portfolio size (12.1% market share). For the year ended 31 December 2023, the Bank had an 11.4% market share in total assets, a 12.1% market share in gross loans and a 9.0% market share in equity size, according to CBU.

The Bank maintains a balanced loan portfolio structure focusing on state-owned companies, private corporate businesses and state and municipal organisations, operating mainly in strategic sectors of the economy, such as oil and gas & chemicals, energy and manufacturing. The Bank's gross corporate loan portfolio and gross state and municipal loan portfolio accounted for 64.3% and 22.4% of its total loans and advances to customers, gross as at 31 March 2024. The Bank has increased its net loan portfolio by 1,481,240 million soums, or 2.6%, as at 31 March 2024 as compared to 31 December 2023, while maintaining the quality and diversification of its loan portfolio by focusing on sectors with an established presence, positive economic growth dynamics and long-term customer relations, such as oil and gas & chemicals and energy. The Bank enjoys long-standing relationships with large corporate customers in these sectors and has a deep understanding of their business, industry and needs. The Bank plans to further strengthen its relationship with these customers by providing them with tailored higher-margin products. In addition, the Bank has been taking steps to diversify its loan portfolio and client base to increase the share of higher-margin loans attributable to developing sectors of Uzbekistan's economy such as manufacturing, agriculture and retail, as well as to SME clients. Furthermore, the Bank has been focused on attracting new retail clients by utilising its strong relationships with corporate clients to access their employees. The Bank increased its gross individuals loan portfolio by 238,813 million soums, or 3.0%, as at 31 March 2024 as compared to 31 December 2023, which allowed the Bank to significantly increase the share of loans to individuals in its gross loan portfolio from 9.8% as at 31 December 2021 to 13.3% as at 31 December 2023 and to 13.3% as at 31 March 2024.

Streamlining business with advanced IT solutions

The Bank has been actively working on the implementation of key initiatives to advance its strategic goal of transforming into a bank that is competitive, customer-oriented, market-driven and attractive to investors and customers. The Bank has established a unified omnichannel front to facilitate seamless customer interactions across various platforms, supported by the implementation of comprehensive Customer Relationship Management ("**CRM**") systems, and the deployment of advanced data storage and analytics infrastructure, including Data Warehousing ("**DWH**") and Business Intelligence ("**BI**") tools. In January 2023 the Bank received an international PCI DSS certification (Payment Card Industry Data Security Standard 3.2.1) for its cybersecurity systems.

In May 2020 the Bank introduced the mobile application JOYDA, a banking and marketplace application that allows retail customers of the Bank to access traditional banking services and purchase various goods on JOYDA marketplace. As at 31 March 2024 the number of JOYDA users reached approximately 1,303 thousand users.

At the end of 2023 the Bank began working on implementation of SuperApp, an integrated retail-only application, and is currently in the first stage of development which focuses on integrating SWIFT payment systems, enabling QR payments, and expanding online lending products. This SuperApp, distinct from SQB Business, builds upon the foundation of JOYDA and exclusively targets retail customers, ensuring no overlap with the business-oriented services provided by the Bank.

Active contribution to the development of efficient economy through "Green banking" projects

The Bank established "Green banking" department in 2019 and a separate ESG division in 2023. Since then, the Bank has been developing this strategic line of business by adopting the necessary corporate documentation, including ESG and sustainability policy, along with various internal documents relation to ESG. Starting in 2022, the Bank has been receiving corporate climate governance technical assistance from the EBRD, aiming to develop an action plan to manage climate risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

Furthermore, the Bank has developed several green products for corporate customers, such as the "Corporate Green Loan" (financing the sustainable projects like energy efficiency upgrades, renewable power generation, green transport production and purchase, waste processing and other green projects) and the "Green Energy Microloan" (financing the purchase of solar panels) and several products to SME customers such as "SME Green Loan" (financing the sustainable business projects, such as projects in relation to, *inter alia*, energy efficiency, renewable energy sources, green transport and climate change adaptation) and the "Green Energy Microloan" for financing the purchase of new solar panels. With its "Green banking" products launched in 2021, the Bank has been a leading financial institution supporting socially and environmentally oriented projects in Uzbekistan. Based on the Bank's management accounts, the Bank's corporate green loans portfolio accounted for 9.4% of loan portfolio in 2023 as compared to 6.0% of loan portfolio in 2022 and 3.3% of its loan portfolio in 2021.

In 2023 the Bank was recognised as Uzbekistan's best bank for ESG at the Asiamoney Best Bank Awards 2022. In the same year, the Bank issued a U.S.$100 million Eurobond through a private placement. The proceeds were used for financing green projects, including those that support increased energy efficiency, the reduction of GHG emissions, sustainable construction, water security and financing for small and medium-sized enterprises and women-led initiatives.

Comprehensive banking network

As at 31 March 2024, according to CBU, the Bank had the fourth widest distribution network in Uzbekistan comprising 87 branches and 32 thousand payment terminals. Furthermore, the Bank serves its customers through 44 savings banks, 87 payment offices, 38 field box offices, 80 offices for international money transfers, 80 foreign exchange offices and 173 24-hour banking service points. See "*– Distribution Network*" below. With its client-centric product range, extensive network and 24/7 service, the Bank reaches a broad spectrum of customers. In line with its IT development strategy, the Bank continues to invest in advanced multichannel banking technology to better serve its customers.

Strong balance sheet with prudential capital ratios and robust asset quality

The Bank adheres to stringent risk management policies and procedures and has conservative credit approval processes and underwriting criteria, all of which are intended to maintain the quality of its assets as its loan portfolio grows. It also has an integrated control framework encompassing operational risk management and control, anti-money laundering compliance and corporate and information security.

As at 31 March 2024, the Bank's Regulatory Capital Ratio amounted to 15.3%, which represented a sizeable buffer against the minimum level of 13.0% set by the CBU. The Bank's NPL ratio was 4.2%, 2.3%, 5.2% and 2.2% as at 31 March 2024, 31 December 2023, 2022 and 2021, respectively. The Bank's NPL coverage ratio was 95.4% during the first quarter of 2024, and 173.0%, 107.5% and 199.7% during the years ended 31 December 2023, 2022 and 2021, respectively. See "*Presentation of Financial Information – Key Performance Indicators*" and "*Risk Factors - Risks Related to the Group's Business and Industry - The Bank may not be able to accurately assess the credit risk of potential and current borrowers or maintain the quality of its loan portfolio*". The Bank also employs a contemporary tracking and collection system, that helps maintain the quality of its loan portfolio. See "*Risk Management - Dealing with Problem Assets Department*". Furthermore, the Bank has developed a modern and extensive risk management system tailored to cover its transition strategy and planned operational and internal control network. See "*Risk Factors - Risks Related to the Group's Business and Industry - The Bank's risk management strategies and procedures are developing and may not be completely effective*".

Strong corporate governance and experienced management with a deep understanding of the local and global markets

The Bank's senior management team consists of experienced and trained professionals who have a proven track record of achieving growth and meeting financial performance targets. The Bank's management team has extensive experience in Uzbekistan's banking market (with approximately 20 years of the relevant professional experience on average) and a strong understanding of the local financial services sector.

The Bank's Supervisory Council currently consists of nine members, five of whom are independent directors. See "*Management – Supervisory Council*". The Bank's long-term goal is to maintain and further develop a strong corporate governance model. On 28 May 2021 the Bank's General Shareholders' Meeting approved the Corporate Governance Code which provides for main corporate conduct principles, promoting better performance of the Bank's management bodies. See "*Management – Corporate Governance*". In 2022, the Bank took additional steps to improve its corporate governance by implementing a KPI system for the members of its Management Board.

Strategy

The Bank's strategic objective is to further strengthen its position as one of the leading commercial banks in Uzbekistan and to become the bank of choice for its customers. It aims to continue to provide high-quality corporate and retail banking products and services based on the best international and domestic practices while achieving strong and sustainable performance.

In addition, as part of the ongoing economic reforms in Uzbekistan, the Bank is transitioning from a model reliant on state control, support and funding to a more market-oriented and commercial structure. As part of this strategy, the Bank actively cooperates with IFC and EBRD to develop and implement the transformational business model, which provides for, *inter alia*, key development goals for the Bank's corporate, retail, SME and investment businesses, as well as improvement in operational efficiency, management and corporate governance.

Continued diversification of the loan portfolio and funding base

One of the main strategic goals of the Bank is to further diversify its loan portfolio and funding base by lending more outside of Government supported strategic projects. As at 31 March 2024, the Bank's total gross loan portfolio amounted to 61,983,319 million soums, representing an increase of 39.2% as compared to 31 December 2021. In line with the Bank's transition strategy to increase the share of higher-margin loans in developing sectors of Uzbekistan's economy, such as manufacturing, trade and services and retail, the structure of the portfolio has shifted: the share of retail loans in the gross portfolio increased to 13.3% as at 31 March 2024 as compared to 9.8% as at 31 December 2021; the manufacturing sector's share has increased to 38.5% as at 31 March 2024 as compared to 35.6% as at 31 December 2021 and the trade and services share increased to 11.8% as at 31 March 2024 as compared to 10.0% as at 31 December 2021.

To further diversify its portfolio on both the assets and liabilities sides, the Bank is actively developing its retail banking sector. As at 31 March 2024, the balance of customer accounts was 15,241,851 million soums, representing an increase of 12.4% as compared to 31 December 2021. Moreover, the share of deposits by individuals in the total customer accounts amounted to 27.5% as at 31 March 2024, compared to 24.4% as at 31 December 2021. The Bank aims to strengthen its position in the retail market by improving service quality and offering new products, including specialised banking products tailored to individuals and high-income customers.

As part of its transformation strategy, the Bank intends to further decrease the share of state financing in its funding base and rely more on other sources, such as customer accounts, interbank lending markets and international capital markets. However, the Bank will continue to finance certain investment projects in strategic industries of Uzbekistan's economy, such as the oil and gas, chemicals and energy sectors, which are already underway or contracted for, with funds provided by the Government. See "*Risk Factors - Risks Related to the Group's Business and Industry – The Bank and some of its customers would be adversely affected if it and they did not continue to receive capital support from the Uzbekistan Government*" and "*Risk Factors - Risks Related to the Group's Business and Industry - The Bank faces liquidity and funding risk*".

Diversified product range and IT development

The Bank is working to position itself at the forefront of digital development in Uzbekistan through investment in IT modernisation, software and hardware upgrades, and the introduction of cutting-edge multichannel banking technology.

In addition, improving the IT platform is a key factor in achieving the Bank's strategic goals, particularly in transforming its business and operational structure into a more commercial and market-based system. This transformation aims to improve work efficiency to reduce the time to complete operations and develop state-of-the-art digital risk management solutions, including an automatic credit scoring system. One of the Bank's strategic plans is to implement a SuperApp platform, a retail-only application that offers customers an integrated solution which would bundle the Bank's payment system, insurance products, brokerage and investment services. The Bank will also strive for the gradual unification of software and information storage systems, creating a unified information space that ensures all systems and applications are reliable, stable and uninterrupted. See "*Risk Factors - Risks Related to the Group's Business and Industry - The Bank's IT systems may malfunction, fail to secure the Bank against hacking, or be insufficient to support future business expansion*".

Further development of risk-management and credit policies

The Bank maintains independent and streamlined risk governance that curbs aggressive risk-taking by business lines and ensures the internal control and compliance functions place adequate controls in all business areas, internal functions and operations. Currency risk management is carried out by setting limits on correspondent accounts for currency positions and by hedging. This comprehensive risk management approach ensures a proactive stance against potential losses and supports sustainable growth in a dynamic financial landscape.

Moreover, the risk management, internal control, and internal audit departments operate autonomously in both their tasks and organisational structure. This autonomy helps the Bank to mitigate the risk of significant losses. The Bank's second and third lines of defence, in addition to setting limits on banking operations for control purposes, also actively monitor their execution. Furthermore, the Bank strategically diversifies its assets by setting limits on active operations with foreign partners including holding foreign currency assets in various currencies to mitigate losses from exchange rate fluctuations.

In alignment with its risk management objectives, the Bank pursues a clear risk policy that facilitates the early identification of potential risks. The Bank leverages centralized automated credit risk analysis for its corporate, SME and retail business lines, strengthening its control over credit risks. Additionally, the Bank has implemented its own internal credit rating system for corporate and retail lending, further enhancing its risk management capabilities.

In line with the Bank's transition strategy and further diversification of its client base, including retail and SME customers, which traditionally hold a higher degree of credit risk, the Bank has completed the integration of a new system of Asset Liability Management ("**ALM**") and Funds Transfer Pricing ("**FTP**") to better manage the credit, market and liquidity risks. The Bank is also using macroeconomic quantitative risk models to enable the risk management department to predict and create contingency plans.

Further development of high-quality corporate governance and qualified personnel

The Bank's strategic goal is to maintain and further develop a strong corporate governance and management model. The Bank continues to improve its corporate governance system by implementing the best domestic and global practices. Furthermore, as part of its efforts to maintain leading positions in the market, an important strategic goal of the Bank is to enhance the professional skillset of its employees.

Promoting ESG and green financing

The Bank actively supports the use of renewable energy sources and finances "green" projects that contribute to environmental protection and sustainable development in industry, agriculture, transport and communications, trade and food services and other sectors of economy. With the assistance of the World Bank, it participates in the development of the national green taxonomy framework in Uzbekistan. The Banks aspires to create optimal conditions for the professional and personal development of its employees, implements social and charitable projects and continuously works on improving its corporate governance practices to align them with international standards. Further implementation of ESG principles and sustainable development remains as the Bank's strategic goals.

The Bank supports the United Nations Sustainable Development Goals (the "**UN SDGs**") and global actions to realise its ambitions. To contribute to the UN SDGs, the Bank has developed the Framework in alignment with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines administered by ICMA and the Green Loan Principles and Social Loan Principles administered by the Loan Market Association. Under the Framework, the Bank can issue green, social or sustainable bonds or financial instruments, proceeds of which will be exclusively allocated to finance or refinance, in part or in full, eligible green projects or eligible social projects that meet the eligibility criteria set out in the Framework. Furthermore, the Bank commits to publish on its website an allocation and impact report annually, starting one calendar year after the issuance and until full allocation, and in the event of any material changes, until the maturity of any green, social or sustainability bonds. The Bank's sustainable development strategy supports energy and resource conservations, promoting of renewable energy sources and financial of green projects that lead to environmental protection and sustainable developments. The Bank aims to achieve Scopes 1 and 2 carbon neutrality by 2030, and it plans to start calculating the Scope 3 emissions, including the financed emissions, in 2024.

Competition

The banking market in Uzbekistan is competitive. According to the CBU, as at 31 March 2024, 35 commercial banks were registered in Uzbekistan and the five largest banks held 57% of total banking assets.

The Bank faces competition from the leading domestic banks in each of the business areas in which it operates, as well as from several banks with foreign participation in retail sector. The Bank considers its major competitors to be the NBU, Asaka Bank, Agrobank, Kapital Bank and Ipoteka Bank. Furthermore, the ongoing banking reforms and the general transition to a more market-orientated and commercial model will likely result in increased competition for the Bank from other state-owned banks, as well as from foreign and private banks targeting the same client base. Moreover, the expansion of the Bank's client base to new industries and sectors creates an additional degree of operational and credit risk, as the Bank may not have sufficient knowledge, procedures and resources to adequately evaluate and measure creditworthiness of new types of customers, including retail clients. See "*Risk Factors – The Bank operates in a competitive industry*", "*Risk Factors - The Bank may not be able to implement its strategy to grow its business, and may be subject to risks relating to its expansion*" and "*- The Bank may not be able to accurately assess the credit risk of potential and current borrowers*".

Subsidiaries

Below is the description of the Bank's consolidated key subsidiaries as at 31 March 2024:

(i) the Bank's direct interest in subsidiaries:

- *SQB Capital LLC*, a 100% owned subsidiary of the Bank incorporated in the form of a limited liability company, which is active on the investment and capital management market; and

- *SQB Insurance JSC,* a 100% owned subsidiary of the Bank incorporated in the form of a limited liability company and then reorganized into joint stock company, which provides insurance services.

(ii) the Bank's indirect interest in subsidiaries via SQB Capital LLC:

- *SQB Securities LLC*, a 100% owned indirect subsidiary of the Bank incorporated in the form of a limited liability company, which is active in investment banking;

- *SQB Construction LLC*, a 100% owned indirect subsidiary of the Bank incorporated in the form of a limited liability company, which provides construction services;

- *SQB Consulting LLC*, a 100% owned indirect subsidiary of the Bank incorporated in the form of a limited liability company, which provides consulting services to the Bank's customers applying for loans; and

- *New Zomin Plaza LLC*, a 100% owned indirect subsidiary of the Bank incorporated in the form of a limited liability company, which provides hoteling services.

(iii) the Bank's indirect interest in subsidiaries via SQB Construction LLC:

- *Malik Muxammad Ali Fayz and Capital LLC*, a 100% owned indirect subsidiary of the Bank incorporated in the form of a limited liability company, which is engaged in execution of construction materials production projects;

- *Parizod Mexr and Capital LLC*, a 100% owned indirect subsidiary of the Bank incorporated in the form of a limited liability company, which is engaged in execution of construction materials production projects;

- *Penoplast Sukhon and Capital LLC*, a 100% owned indirect subsidiary of the Bank incorporated in the form of a limited liability company, which is engaged in execution of construction materials production projects;

- *Miraki Town Plaza LLC*, a 99.9% owned indirect subsidiary of the Bank incorporated in the form of a limited liability company, which was established to develop hotels in the territory of a tourist centre in Kashkadarva region; and

- *Miraki Hostel LLC*, a 99.9% owned indirect subsidiary of the Bank incorporated in the form of a limited liability company, which was established to develop hotels in the territory of a tourist centre in Kashkadarva region.

Five companies indirectly owned by the Bank via SQB Construction LLC and consolidated in the Bank's financial statements in the period under review were established in 2021 in accordance with the Presidential Decree No. UP-6244 dated 9 June 2021 "On additional measures to increase industrial power in the regions" for the purposes of the regions industrial power improvement.

The Bank's Management Board approved the decision to transfer to the State Asset Management Agency of the Republic of Kazakhstan the Bank's indirect holdings in associate company (via SQB Capital LLC), Kattakurgan Business Service LLC, and the Bank's subsidiaries (via SQB Construction LLC), Penoplast Surkhon and Capital LLC, Parizod Mexr and Capital LLC and Malik Muxammad Ali Fayz and Capital LLC. The decision was adopted in line with Decree No. 162 of the President of Uzbekistan dated 19 April 2024 "On additional measures on reduction of State participation in the economy". Following the transfer the relevant entities are expected to be offered for sale to third parties with cash proceeds transferred to the Bank.

Business Operations

Operationally, the Bank is organized on the basis of two main operating segments:

- *Corporate banking* which represents direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products;

- *Retail banking* which represents private banking services, private customer current accounts, savings, deposits and debit cards, consumer loans.

Treasury Department of the Bank performs cash management to support liquidity of the Bank as a whole.

Client Base

Operationally, the Bank diversifies its client base into the following categories: corporate customers, state and municipal organisations, SME customers and individual (retail) customers. The Bank defines:

- *corporate customers* as companies with a total annual turnover exceeding U.S.$ 15 million or companies with loans exceeding U.S.$ 15 million;

- *state and municipal organisations* as organisations which are directly or indirectly 100% owned by the state;

- *SMEs* as companies not qualifying for the corporate client requirements (SME customers are only internally diversified for the lending portfolio); and

- *retail customers* as individuals receiving products and services from the Bank.

For the purposes of IFRS reporting, loan portfolio is divided into: loans to corporate customers (which include SMEs with a total annual turnover exceeding U.S.$ 15 million), loans to state and municipal organisations and retail loans (which include SMEs not qualifying for a corporate loan portfolio threshold), while customer accounts are divided into corporate (including all legal entities) and retail accounts.

Corporate Banking

Corporate Banking includes banking services to corporate customers and to state and municipal organisations. The Bank offers customers of its corporate banking department a range of banking products and services, including investment and corporate loans; deposits; fee- and commission-based products and services such as cash handling, settlements, guarantees and letters of credit; and other products and services. The main customers of the Bank's corporate banking department are large-scale industrial companies, construction companies, trading and service sectors entities, as well as state and municipal organisations and commercial structures of small business and private entrepreneurs. The Bank has been improving its offering in cash management, as well as ensuring the availability of a comprehensive range of services for Uzbek firms operating internationally. The Bank participates actively in the interbank lending market and constantly raises and places short-term loans with banks in Uzbekistan, Europe and CIS. Interest rates and the amount of raised and allocated interbank loans are set through supply and demand on the national and international financial markets. On the credit side, the Bank's offering for state and municipal organisations and corporate customers includes project financing for new investment projects, as well as the expansion and renewal of existing operations. These loans cover purchasing of equipment, materials, new product samples, other assets and technologies.

As at 31 March 2024, the Bank served customers of its corporate banking department through its 87 branches and additionally through the corporate banking service office. The Center for the Coordination of Investment Activities and Project Management (the "**Center**") opened in 2019 provides services on the basis of the "single-window" principle, contributing to the development of business plans, feasibility studies, identification of mechanisms and sources of financing. The Center assists foreign investors in successfully starting a business in Uzbekistan, obtaining funding and finding a local partner. Services of the Center are already available in all branches of the Bank throughout the country.

The Bank's strategic goal in the corporate business sector is to create a Banking Service Ecosystem for corporate customers, as well as to enhance efficiency of corporate business. The system will be sustained through a focus on comprehensive, high-level servicing and long-term partnerships. The Bank plans to utilize its resource base and client reach to build a high-quality sales team and tailored corporate customer service.

Corporate Products and Services

The Bank provides customers of its corporate banking department with a wide range of banking products.

- <u>Corporate Lending</u>

The Bank's corporate loan portfolio represents the largest component of the Bank's gross loan portfolio, with the share of 64.3%, 62.6%, 61.1% and 58.2% as at 31 March 2024, 31 December 2023, 2022 and 2021, respectively. As at 31 March 2024, NPLs in the corporate loan portfolio accounted for 6.4% of the Bank's gross corporate loan portfolio. In line with the Bank's risk management policy, the Bank takes collateral, either in the form of letters of surety, pledge of real estate, equipment, inventory and other receivables, cash deposits, vehicles, while overdrafts are mostly unsecured. See "*Financial Review – Financial Position – Loan Portfolio*" and "*Risk Management – Collateral*".

In the corporate lending sector, the Bank's most significant competitors are the NBU and Asaka Bank**.**

- <u>State and Municipal Organisations Lending</u>

The Bank's state and municipal organisations loan portfolio decreased by 689,570 million soums, or 4.7%, as at 31 March 2024 as compared to 31 December 2023. Historically loans to state and municipal organisations constituted the largest portion of the Bank's loan portfolio, however in the period under review their share in the total amount of the Bank's portfolio was declining as a result of the correspondingly growth of the amount of corporate loans and their share in the total loan portfolio. As at 31 March 2024, the balance of state and municipal loans in the gross total loan portfolio represented 22.4% of the gross loan portfolio, as compared to 24.1%, 28.0% and 32.1% as at 31 December 2023, 2022 and 2021, respectively. Loans to state and municipal organisations are comprised to a large extent of investment projects loans. In 2023, the Bank financed investment projects of strategic industries, as well as small business projects and private entrepreneurship, through credit lines of the IFIs and foreign banks. Credit investments in 2023 were mainly directed to the real sectors of the economy, including industry, transport and communications, trade, agriculture, logistics and marketing and utility services.

In the state and municipal organisations lending, the Bank's most significant competitor is the NBU.

- <u>Deposits</u>

The Bank provides a range of current and term accounts to customers of its corporate banking department, and seeks to develop and offer new products to meet customer needs. The Bank offers competitive interest rates on its corporate deposits and seeks to support margins through operational efficiencies and through its mobile and online platforms. As at 31 March 2024, the Bank had over 92,802 depositors attributable to its corporate banking department and the total volume of customer accounts attributable to its corporate banking department (customer accounts of other legal entities) amounted to 3,586,676 million soums, representing 23.5% of the Bank's total customer accounts.

- Trade Finance

The Bank provides gratuitous consulting services to customers on entering their foreign trade contractual data into the E-Contract system. The Bank also helps its customers to choose the optimal scheme of interaction with foreign counterparties and the optimal forms of settlement, ensuring the economic interests of the client, as well as compliance with the norms of the currency legislation of the Republic of Uzbekistan. In addition, the Bank provides its customers with trade finance services, such as master loan agreements, document collection, letters of credit, factoring and post-import facilities. Furthermore, since 2019, the Bank has been eligible to issue Islamic finance products to corporate customers through its cooperation with ITFC (Islamic Trade Finance Corporation). In addition, since March 2019 the Bank is participating in EBRD's Trade Facilitation Program and since September 2019 the Bank is participating in ADB's Trade Finance Program as an issuing bank.

- Documentary Operations

Documentary operations are an important tool of international banking. The Bank has a large number of international correspondent banking relationships and, as a result, its letters of credit and collection are accepted by the majority of the leading banks globally and all of the major banks in Europe, the USA and Asia. The Bank has agreed limits with different international banks and credit lines exceeding U.S.$400 million. The Bank provides documentary operations for its customers in U.S. dollars, Euros, British pounds sterling, Japanese yen and Chinese yuan.

The Bank has a wide network of correspondent banks, including first-class European, American and Japanese banks, such as Citibank NA, Commerzbank AG, JP Morgan Chase Bank NA, Raiffeisen Bank International AG, Landesbank Baden- Württemberg, Banque de Commerce et de Placements S.A.

The main customers of the Bank's documentary operations services are companies in the oil and gas & chemicals industry, as well as energy, engineering and construction enterprises. For its letters of credit, the Bank utilizes funding from foreign bank credit lines, the UFRD loans and the Bank's own funds. As at 31 March 2024, the Bank has opened 30 import and 14 export letters of credit for the total amount of U.S.$58 million and U.S.$7 million, respectively.

- Currency Operations and Money Transfers

As at the date of this Prospectus, the Bank provides the following currency products: (i) attraction and subsequent placement of funds of partner banks and corporate customers in major freely convertible currencies (USD, EUR, JPY, GBP, RUB) for various periods at current rates of the interbank money market; and (ii) carrying out conversion operations in the international foreign exchange market (FX Market) in major world currencies such as, RUB, USD, EUR, JPY, GBP on the terms of a SPOT transaction. On 3 November 2022 the Bank signed ISDA (International Swaps and Derivatives Association) agreement with ICBC bank. Following this, the Bank can trade in OTC (Over-the-counter) derivatives and such operations as swaps, options and futures.

Using international money transfer systems, a client can receive and send a transfer in cash or non-cash foreign and national currencies. In 2002, the Bank began operations in the money transfer market of Uzbekistan.

- SQB Business

In 2022 the Bank developed and implemented gratuitous SQB Business program – a seamless online banking solution for its SME corporate customers. SQB Business allows corporate customers to perform operations with all their accounts in all the Bank's branches and manage these accounts on a single platform in a 24/7 mode. The customers can perform currency exchange operations, SWIFT GPI transfers, maintain online accounting, open deposit account, etc. The Bank launched a mobile version of SQB Business, with future plans to establish a marketplace. As at 31 March 2024, the number of SQB Business users reached 8,759.

- Green Banking

In 2018, the Bank initiated the process of implementing green financing and engaged 16 experts from the IFC and EBRD to advise on the implementation of this strategic goal. In 2019 the Bank established "Green banking" department and has been developing this strategic line of business since then by adopting necessary corporate documentation, developing green products for corporate, SME and retail customers and building green loan portfolio.

The Bank has developed several green products for corporate customers such as "Corporate Green Loan" (financing of sustainable projects, such as energy efficiency upgrade, renewable power generation, production and purchase of green transport, waste processing and other green projects) and "Green Energy Microloan" (financing of purchase of solar panels) and several products to SME customers such as "SME Green Loan" (financing of sustainable business projects, such as projects in relation to, *inter alia*, energy efficiency, renewable energy sources, green transport, climate change adaptation) and "Green Energy Microloan" (financing of purchase of new solar panels). Based on the Bank's management accounts, the Bank's corporate green loans portfolio amounted to 9.4% of loan portfolio in 2023 as compared to 6.0% of loan portfolio in 2022 and 3.3% of its loan portfolio in 2021.

- Processing centre services

The Bank provides sponsorship and processing services to four banks in the Republic of Uzbekistan and two more banks are at the stage of onboarding to the Bank's processing centre. Also, the Bank serves as a settlement bank for National net settlement service of Visa and UnionPay payment systems, and a settlement bank acquirer of the Humo payment system for UnionPay card transactions. In the near future, the Bank's plans to implement plans to implement projects on Host2Host integration with the UzCard processing centre, tokenization of cards of international payment systems and attracting new banks for servicing in its processing centre.

Retail Banking

The Bank's retail banking services include retail lending products, such as consumer loans, mortgage loans, car loans, credit cards, overdrafts and "buy now pay later" products ("**BNPL**"), offered via JOYDA; as well as personal services, including deposits, debit cards, payments and transfers, foreign exchange and safe deposit boxes. As at 31 March 2024, the Bank had 1,548,303 retail customers.

The Bank has particularly focused on growing its retail business. As a result, the Bank's retail loan portfolio increased by 3,910,571 million soums, or 89.9%, as at 31 March 2024 as compared to 31 December 2021, which allowed the Bank to increase the share of retail loans in its gross loan portfolio in the period under review. As at 31 March 2024, NPLs in retail loan portfolio accounted for 0.9% of the Bank's gross retail loan portfolio. Retail customer deposits increased by 889,924 million soums, or 26.9%, as at 31 March 2024 as compared to 31 December 2021. In May 2020 the Bank introduced mobile banking application and marketplace JOYDA which allows retail customers to receive loans online based on the Bank's own scoring system. The Bank sees a significant growth potential in expansion of digital platforms, credit card and overdraft services. In this regard, the Bank aims to improve the quality of services and offer new products to serve individuals.

In the retail lending sector, the Bank's most significant competitors are Ipoteka Bank and Asaka Bank**.**

Retail Products and Services

The Bank provides its retail customers with a wide range of banking products through its branch network and online banking services:

- Retail Loans

The Bank has a number of retail lending programmes, including mortgage, consumer, BNPL, microloans, car loans and other types of consumer loans. The retail loan portfolio is fully denominated in soums. In total, in 2023, the Bank's retail loan portfolio amounted to 8,021,079 million soums, and was mostly presented by mortgage loans, which amounted to 5,260,581 million soums, microloans – 1,819,198 million soums, car loans – 661,671 million soums, consumer loans – 279,497 million soums, as well as some other retail loans for the total amount of 132 million soums. Following the implementation of "green" banking in 2019 the Bank offered such products as "Green Mortgage" (the purchase of a house with green elements in primary and secondary markets), “Green Consumer Loan” (the purchase of solar panels with the power up to 1MW) and “Green products” (for solar photovoltaics) to its retail customers in 2023 and 2022.

- Mortgage loans

The Bank offers several mortgage products to its retail customers. The Bank’s mortgage loans represented 64.8%, 65.6%, 66.2% and 76.2% of the Bank’s gross retail loan portfolio as at 31 March 2024, 31 December 2023, 2022 and 2021, respectively. The Bank offers mortgage loans for purchase of any types of real estate on primary and secondary market, mortgage loans for property in new housing estates (for purchase of new apartment in a newly built estate), mortgage loans for construction and reconstruction (loans for construction and reconstruction of private houses) and mortgage loan on preferential terms (for extension of living space in private houses). As at 31 March 2024 the average term for mortgage loans was 213 months with weighted average interest rate of 15.8%.

- Microloans

Retail customers can get microloans for any purpose either at the offices of the Bank or using JOYDA platform for up to 100 million soums up to four years. In order to receive a microloan from the Bank retail customer must hold the Bank’s debit card. The Bank’s microloans represented 23.8%, 22.7%, 13.4% and 10.7% of the Bank’s gross retail loan portfolio as at 31 March 2024, 31 December 2023, 2022 and 2021, respectively. As at 31 March 2024 the average term for microloan was 33 months with weighted average interest rate of 30.3%.

- Car loans

The Bank offers car loans to its retail customers for the purchase of new automobiles directly from a manufacturer or from authorised dealers, or for the financing costs of insurance. The Bank’s car loans represented 8.1%, 8.2%, 17.6% and 10.3% of the Bank’s gross retail loan portfolio as at 31 March 2024, 31 December 2023, 2022 and 2021, respectively. As at 31 March 2024 the average term for car loans was 53 months with weighted average interest rate of 23.8%.

- Customer Accounts

As at 31 March 2024, current/demand accounts and term deposits amounted to 4,193,710 million soums. As at 31 December 2023, the amount of current/demand accounts and term deposits amounted to 4,503,550 million soums, an increase of 1,199,764 million soums as compared to 31 December 2021. The Bank offers six types of deposits for different periods of deposit, with different conditions.

- Bank Cards

As at 1 January 2024, the number of issued bank cards was 2,300 thousand, of which 1,086 thousand were bank cards of the interbank payment system “UzCard”, 969 thousand were bank cards of the interbank payment system “HUMO”, 142,67 and 33 thousand were bank cards of the international payment systems Visa, Mastercard and UnionPay, respectively.

Taking into account the increasing requirements for the quality of the services provided, the Bank has upgraded its own IT infrastructure for the issuance and servicing of international bank cards such as Mastercard, Visa and UnionPay International. Belgium’s OpenWay Group, one of the leading international companies for building automated systems in the area of cashless payments, was chosen as the Bank’s partner. Cooperation with the OpenWay Group allowed the Bank to improve its banking platform, increasing its reliability, safety, speed and productivity, allowing the Bank’s customers to enjoy modern banking services anywhere and anytime. Currently OpenWay Group provides maintenance services to the Bank.

- Credit Cards

As at 1 January 2024, the number of credit cards issued by the Bank was 2,085 credit cards. Customers order a credit card via JOYDA and, following Bank’s approval, receive their card in the offices of the Bank. As of the date of this Prospectus the Bank issues VISA credit cards with a credit limit of up to 50 million soums, an interest rate of 26.9% and a 40-day grace period. The Bank’s credit cards are primarily intended for payments for offline and online purchases, however customers can also withdraw cash using ATMs, make transfers to bank accounts, digital wallets and cards in the amount of up to 70.0% of the credit limit subject to a commission applied by the Bank.

- Currency Operations and Money Transfers

Retail customers of the Bank can purchase currency in the branches of the Bank, via ATMs or using online JOYDA platform. As at 31 March 2024 the number of online applications for currency exchange amounted to approximately U.S.$110 million. Furthermore, to attract additional client base for money transfer operations, the Bank's fee on transactions with the purchase of foreign currency has been sharply decreased from 0.5% to 0%.

The Bank's customers have access to several money transfer systems, such as Contact, Blizko, Western Union, UNIStream, Zolotaya Korona and Asia Express. Thus, the Bank has diversified geographic coverage for its customers. Expanding the geography of money transfers allows the Bank to maintain the dynamic development of this business segment, and as a result its profitability increased over the last years. As at 1 June 2024, the Bank had 88 offices for international money transfers. At the same time, integration processes are being carried out for all international money transfers to be carried out via JOYDA application.

Other Business of the Bank – SQB Insurance, SQB Capital and SQB Construction

In 2019, the Bank established the insurance company PSB Insurance LLC which in 2022 was converted into SQB Insurance JSC ("**SQB Insurance**"). SQB Insurance offers insurance products to individuals and corporate customers, including, *inter alia*, insurance against accidents and disease, insurance of ground transportation vehicles, railway rolling stock, aviation and marine insurance, property insurance in transit, insurance of property against fire, natural disasters and harm, third-party motor liability insurance, insurance of loans and collateral and other financial risks. In 2022 SQB Insurance implemented SQB Insurance Online platform to digitalise business processes and expediently offer modern and high-quality insurance services to its customers. "Insurance" module was also added to JOYDA to allow customers to receive compulsory third-party car insurance online. SQB Insurance also offers reinsurance services both on domestic market and overseas. As at 31 March 2024 SQB Insurance had 14 branches and offered more than 52 insurance products to its customers.

In 2018 the Bank established limited liability company PSB Capital which, following the Bank's rebranding, changed its name to SQB Capital LLC ("**SQB Capital**"). SQB Capital is engaged in investment and capital management activities and finances various investment projects, including, *inter alia*, projects of Steel Property Construction LLC, which specialises on production of high-quality construction materials, construction of Urganch and Oqlon technological parks, construction of Ceramics Handcrafts Centre in Rishtan (Fergana region), investment in DSK Binokor LLC, which produces reinforced concrete products. Since its establishment SQB Capital LLC has implemented 14 projects for a total amount of about 300 billion soums.

In 2019, the Bank established SQB Construction LLC which offers control measurement services, engineering supervision as well as project design services. Since its establishment it has provided services to some prominent customers, such as Coca Cola, XalkBanki, Uzbekistan Airports and Uztelecom. Major projects with participation of SQB Construction LLC in Uzbekistan include construction of Tarakurgan Thermal Power Station, International Islamic Academy of Uzbekistan, International Central Asia Institute, Victory Park in Tashkent, Tarakurgan UzAuto factory in Asaka city, passenger terminal lines in Nukis Airport etc.

Treasury

The Treasury department of the Bank is responsible for liquidity management, in particular, through securities trading. The Bank has a diversified investment portfolio consisting of government and CBU bonds, corporate bonds and equity securities of corporate entities. For the three months ended 31 March 2024, the Bank received a profit (interest income on investment securities measured at amortised cost) of 106,333 million soums from its investment portfolio. The Treasury department also offers underwriting services for issuing bonds in the local market for industrial companies. Furthermore, the Bank issued Eurobonds with listing on the London Stock Exchange with nominal value of U.S.$100,000,000 in 2023 another Eurobonds with nominal value of U.S.$300,000,000 in 2019.

Distribution Network

Branches

As at 31 March 2024, the Bank had 87 branches. The Bank's branches are divided into three categories in terms of number of employees, size of premises and services offered:

- Business Class category branches offer all types of services and are therefore located in large cities and industrial territories. As at 31 March 2024, the Bank had 44 Business Class category branches.
- Standard Class category branches are mobile bank services' centres, which offer limited range of services to individuals and corporate customers. As at 31 March 2024, the Bank had 43 Standard Class category branches.
- Optimum Class category branches that will offer limited range of services and serve either individuals or entrepreneurs depending on the branches' location. The Bank expects to introduce Optimum Class category branches by the end of this year.

In 2022 the Bank's interbranch operations were transferred to a single bank code (MFO).

Points of sale

As at 31 March 2024, the Bank served its customers through 44 savings banks, 87 payment offices, 38 field box offices, 80 offices for international money transfer, 80 foreign exchange offices, 173 self-services 24/7 offices.

Savings banks

Savings banks are financial organisations with limited services, the main function of which is to attract cash savings and temporarily free funds of the population.

Payment offices

The payment office offers utility payment services, often located in markets and in locations remote from the city for the convenience of the rural population.

Field box offices

Field box offices are decentralized banking points located in shopping centres in rural, remote areas. They offer essential banking services such as cash deposits, withdrawals, and utility bill payments.

Offices for International Money Transfer

The offices for international money transfer offer services covering both inbound and outbound money transfers – from Uzbekistan to other countries and vice versa. The Bank cooperates with reputable international money transfer operators such as Western Union, Zolotaya Korona, Ria and many others.

Foreign Exchange Offices

The Bank operates foreign exchange offices in all branches. The foreign exchange offices provide services to customers for currency exchange from local currency to foreign currencies such as USD, EUR and RUB.

Self-service 24/7 offices

Self-services 24/7 offices are automated banking centres offering round-the-clock services. They provide convenient access to a wide range of banking transactions, including account inquiries, fund transfers, and bill payments.

ATMs

For the convenience of its customers, the Bank has installed approximately 543 thousand ATMs and payment terminals, of which 441 thousand are in retail outlets and 102 are in bank service outlets. The transaction turnover in the terminal network of the Bank for the year ended 31 December 2023 amounted to 6,524 billion soums.

Digital Channels

The Bank continues to believe that scaling its digital platform will enable it to provide improved convenience to its customers by meeting their financial needs more efficiently.

The Bank provides its corporate customers with 24/7 access through its Mobile Banking, SMS Banking and Internet Banking platforms. As at 31 March 2024, the total number of users of the Bank's mobile and online banking services amounted to approximately 70 thousand users.

In May 2020 the Bank introduced the mobile application JOYDA, a mobile bank and marketplace that allows retail customers of the Bank to use traditional banking services such as online deposit accounts, cash management, money transfers and currency exchange operations and to receive loans online based on the Bank's own scoring system, as well as purchase various goods on JOYDA marketplace. As at 31 March 2024 the number of JOYDA users reached approximately 1,303 thousand users.

In 2022 the Bank developed and implemented gratuitous SQB Business programme – a seamless online banking solution for its SME corporate customers. See – "– *Corporate Banking – Corporate Products and Services – SQB Business*".

In addition, the Bank is a principal member of leading international payment systems, such as Mastercard Worldwide, UnionPay International and JCB International.

Sustainability

The Bank is committed to integrating sustainability into all aspects of its operations and ensuring that its approach to sustainability aligns with its long-term business objectives. In 2024 the Bank adopted the Framework to align its strategy with the Bank's sustainability commitments, to communicate its commitments to investors and other market participants and to diversify the investor base and engage in a sustainable dialogue with socially responsible investors.

The Framework is aligned with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines administered by ICMA and the Green Loan Principles and Social Loan Principles administered by the Loan Market Association. Under the Framework, the Bank can issue green, social or sustainable bonds or financial instruments, and under such bond or financial instrument issued the Bank commits to adhere to certain principles with respect to the use of proceeds, project evaluation and selection, management of proceeds and reporting, as set out in the Framework.

The Eligible Green and/or Social Projects under the Framework may include projects, loans, investments and expenditures to individuals, legal entities, municipalities and public sector, as well as equity investment into pure play companies (that derive 90% or more of its revenues from activities that align with the eligibility criteria set out in the Framework) that meet the eligibility criteria set out in the Framework. The Bank believes that the implementation of the Eligible Green and Social projects will contribute to the UN SDG 5 (Gender Equality), 7 (Affordable and Clean Energy), 9 (Industry Innovation and Infrastructure), 12 (Responsible Consumption and Production), 13 (Climate Action), 14 (Life Below Water) and 15 (Life on Land).

The Bank's sustainable development efforts are guided by its sustainable development strategy and ESG and sustainable development policy, which provide for the Bank's objectives and relevant initiatives, including the participation in the UN Global Compact and cooperation with relevant ministries of Uzbekistan, sustainability governance, and environmental and social impact management.

The Bank's green banking and risk management departments are primarily responsible for the development of the environmental risk management system. Additionally, they also conduct screening and monitoring of customer activities in accordance with the Bank's internal policies.

For information on the Bank's green banking products please refer to "—*Corporate Banking — Corporate Products and Services — Green Banking".*

In 2023 the Bank was recognised as Uzbekistan's best bank for ESG at the Asiamoney Best Bank Awards 2022. In the same year, the Bank issued a U.S.$100 million Eurobond through a private placement. The proceeds were used for financing green projects, including those that support increased energy efficiency, the reduction of

GHG emissions, sustainable construction, water security and financing for small and medium-sized enterprises and women-led initiatives. In May 2024 the Bank received "Green Trade Deal of the Year" award from EBRD.

The Bank believes that its operations can significantly contribute to meeting the UN SDG 2 (Zero Hunger), 3 (Good Health and Well-Being), 4 (Quality Education), 6 (Clean Water and Sanitation), 8 (Decent Work and Economic Growth) and 11 (Sustainable Cities and Communities).

Information Technology

The Bank's information technology systems are critical to its business operations and are essential for supporting the expansion of its business operations, increasing its operational efficiencies, coordinating and enhancing its risk management and control systems and meeting the needs of its growing client base.

The Bank has a primary data centre located in Tashkent as well as back-up systems designed to ensure that operations are not disrupted during critical or disastrous events. The Bank also has hardware and software to facilitate parallel operations and protect permanent data. The Bank currently utilises a number of high-grade software systems. The Bank develops its core systems software (core banking software, Internet, Mobile banking, and human resources software) with the assistance of Fido Business LLP. IBM hardware is used for the database servers of the Bank's core banking system and all other applications.

One of the first in Central Asia, the Bank began using the information and analytical system Thomson Reuters EIKON 4.0, which allows it to quickly respond to changes in market conditions to maximise the efficiency of transactions for the Bank's customers.

In the period under review the Bank has actively engaged in developing and enhancing its IT systems as part of its strategic focus on reliability, efficiency, and digitalization. Key initiatives have included the creation of a unified omnichannel front to facilitate seamless customer interactions across various platforms, the implementation of comprehensive Customer Relationship Management ("**CRM**") systems, and the deployment of advanced data storage and analytics infrastructure, including DWH and BI tools. Looking ahead, the bank plans to continue investing in its IT infrastructure to support the expansion of its digital offerings and improve customer experience. Future investments are expected to focus on further digitalizing traditional bank products through the "Digital Bank 2.0" initiative, enhancing automated decision-making processes for compliance and customer service, and integrating products and services offered by external partners.

In January 2023 the Bank received an international PCI DSS certification (Payment Card Industry Data Security Standard 3.2.1) with respect to its cybersecurity systems.

At the end of 2023 the Bank has started working on implementation of SuperApp, an integrated retail-only application, and is currently at the first stage of its development which focuses on integrating SWIFT payment systems, enabling QR payments, and expanding online lending products. The Bank allocated U.S.$325,000 for the first stage of SuperApp development. The subsequent stage will introduce investment functions, including access to the local stock exchange and financial planning technologies. The final stage of the development is set to implement Islamic finance and insurance products. The project is implemented by the Bank's own internal IT team in co-operation with Fido Business LLP. The Bank plans to complete development and introduce SuperApp platform to its customers by the end of 2024. This SuperApp, distinct from SQB Business, builds upon the foundation of JOYDA and targets retail customers exclusively, ensuring no overlap with the business-oriented services of the Bank's business.

See also "*Risk Factors - Risks Related to the Group's Business and Industry - The Bank's IT systems may malfunction, fail to secure the Bank against hacking, or be insufficient to support future business expansion*".

Real Estate

The Bank owns or leases premises for its head office and branches. As at 31 March 2024, the Bank's premises and equipment (comprising buildings and premises, office and computer equipment, and construction in progress) amounted to 3,428,128 million soums, or 4.6% of the Bank's total assets. In 2019, the Bank signed a contract with construction company Shanghai Construction Group Co. Ltd on design and construction of the new head office in Tashkent, the construction of which has recently been completed and the building is now fully in operation. As at 31 March 2024, none of the Bank's premises or equipment were pledged.

Insurance

The Bank has a comprehensive insurance policy with "Kapital Sug'urta" insurance provider, covering against the Bank's losses from intentional fraudulent actions of third parties and employees, as well as losses of third parties as a result of accidental or intentional illegal actions of the Bank's employees in the course of its banking activities. The cost of the policy varies with the changing level of insurable assets, and the Bank monitors the coverage to ensure that it maintains an appropriate level of coverage.

In addition to the above, the Bank holds third-party liability insurance policies and real estate and property insurance policies covering the buildings and premises owned by the Bank. The Bank insures valuables on its premises, including cash in the operational offices, payment terminals and ATMs.

Employees

The following table sets forth the total number of full-time employees of the Bank as at the dates indicated below:

	As at 31 March	As at 31 December		
	2024	2023	2022	2021
Total	**3,985**	**4,006**	**3,759**	**3,841**

There are collective bargaining agreements with all of the Bank's employees. These agreements provide for corporate etiquette, salary payment procedures, confidentiality and other basic provisions.

The Bank's management considers the development of human capital to be an integral part of the Bank's potential and a priority. The personnel management system is aimed at improving its effectiveness to achieve strategic goals. Therefore, the main strategic goal in the field of personnel management is the preservation, strengthening and development of the personnel potential of the Bank and the continuation of the formation of a uniform corporate culture.

In 2022 the Bank introduced a new incentive programme that rewards employees with the payment of bonuses based on achieving KPIs instead of a previous bonus system that assessed branch performance rather than individual employee contributions based on assigned tasks. In its Development Strategy for 2024 – 2026 the Bank expressly indicated the implementation of a result-oriented corporate culture as one of its strategic goals with emphasis on transparency and objectivity of the payroll system, a focus on end results and teamwork, improvement of intercommunication within the Bank, employee incentive schemes and talent nurturing, focus on the development of employees' potential. As part of the implementation of a new corporate culture the Bank aims to develop systems of internal and external communication and HR branding and recruitment, develop systems of employees' adaptation, implement system of career management and development, and expand methods of evaluation based on skills and performance.

The Bank does not have pension arrangements aside from the state pension of the Republic of Uzbekistan. The pension system of Uzbekistan requires contributions from the Bank in respect of its employees, calculated as a percentage of current gross salary payments.

Legal Proceedings

From time to time, the Bank is subject of legal proceedings and other investigations in the ordinary course of its business. As at the date of this Prospectus, there are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the Bank's financial position or profitability.

RISK MANAGEMENT

Overview

The risk management function within the Bank is carried out in respect of financial, operational and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks. The following is a description of the Bank's risk management policies and procedures in respect of the aforementioned risks. For a more detailed description of the Bank's risk management policies and procedures, see Note 35 to the Annual Financial Statements.

The Bank's risk management system is based on the principle of continually assessing risk throughout the life of any operation and includes:

- risk identification;
- qualitative and quantitative assessment of a particular risk;
- determination of an acceptable risk level;
- placement of authority limits and creation of reserves;
- use of collateral;
- ongoing monitoring and control allowing efficient adjustments in case of any negative changes in the conditions on which the preliminary risk assessment was made;
- conducting stress tests to identify potential risks that may arise in the future and developing recommendations to mitigate them;
- maintaining a list of high-risk clients; and
- analysis of efficiency of the risk management system.

Risk Management Structure

Risk Management Bodies

The principal risk management bodies of the Bank are the Supervisory Council, the Audit Committee, the Management Board, the Risk and Compliance Committee, Risk Management Department, Underwriting Department, Monitoring Department, Operation Department, the Internal Audit Department, the Treasury Department, the Credit Committee, the Dealing with Problem Assets Department, the Asset and Liability Management Committee, the AML Compliance and Internal Control Department and the Legal Department.

Supervisory Council. The Supervisory Council is responsible for the Bank's overall risk management approach and for approving the Bank's risk strategies and principals and is ultimately responsible for identifying and controlling risks. It approves the Bank's Credit Policies, which outline credit risk control and monitoring procedures, as well as the Bank's credit risk management systems, and approves certain decisions which fall outside the scope of the respective authorities of the Credit Committee, including approvals of single borrower lending exposure exceeding 15% of total equity. The Management Board presents a comprehensive credit risk report and market risk report to the Supervisory Council for their review on a quarterly basis. See also "*Management—Supervisory Council*".

Audit Committee. The Audit Committee has overall responsibility for implementing principles, frameworks, policies and limits in accordance with the Bank's internal regulations. The Audit Committee facilitates the activities of the Internal Audit Department and the external auditors of the Bank. The Internal Audit Department also reviews anti-money laundering ("**AML**") policies and procedures and presents audit reports on AML to the Audit Committee on a quarterly basis. The Audit Committee is elected by the Supervisory Council. See also "*Management— Internal Audit Committee*".

Management Board. The Management Board has overall responsibility for asset, liability and risk management activities, policies and procedures. In order to effectively implement the risk management system, the Management Board delegates individual risk management functions to each of the various decision-making and executive bodies within the Bank. See also "*Management—Management Board*".

Risk and Compliance Committee. The Risk Committee has general responsibility for advising the Supervisory Council on the Bank's overall risk profile, tolerance and strategy, taking into account the current and prospective macroeconomic and financial environment. The Risk Committee oversees the risk exposures of the Bank and advises the Supervisory Council on risk strategy. The Risk Committee regularly reviews and approves the parameters and methodology used by the Bank to assess risk and reviews the Bank's capability to identify and manage new risk types. The Risk Committee also sets standards for accurate and timely monitoring of large exposures and certain risk types of critical importance, including, but not limited to, credit risk, financial risk, market risk and operational risk.

Internal Audit Department. The Internal Audit Department is responsible for the regular audit of the Bank's risk management, internal control and corporate governance processes, with the aim of reducing the levels of operational and other risks, auditing the Bank's internal control systems and detecting infringements or errors on the part of the Bank's departments and divisions. It examines both the adequacy of, and the Bank's compliance with, those procedures. The Bank's Internal Audit Department discusses the results of all assessments with Management and reports its findings and recommendations to the Bank's Audit Committee. The objective of the Internal Audit Department is to provide direct assistance to the Bank executive bodies to ensure performance and efficiency of financial and economic activity of the Bank by monitoring the internal control system and audit, and providing independent professional advice on improvement of both financial and economic activities and control procedures. The Internal Audit Department is directly accountable to the Supervisory Council. The Supervisory Council approves the Internal Audit Department's action plans and supervises implementation thereof.

The Bank's Internal Audit Department is independent of the Management Board. The Head of the Bank's Internal Audit Department is appointed by the Supervisory Council and reports directly to the Bank's Audit Committee. The Bank's Internal Audit Department audits all of the Bank's subsidiaries.

As part of its auditing procedures, the Bank's Internal Audit Department is responsible for overseeing the following:

- policies and procedures related to identifying and assessing potential risks regarding the Bank's operations;
- reviewing the adequacy of the existing controls established in order to ensure compliance with the Bank's policies, plans, procedures and business objectives, as well as to current legislation and regulation and professional norms and ethics;
- developing internal auditing standards and methodologies;
- carrying out planned and random inspections of the Bank's branches and subdivisions and auditing its subsidiaries;
- policies and procedures to control the quality of the Bank's products;
- reviewing the reliability of the Bank's information technology systems in accordance with a predetermined schedule;
- assessment of the controls on the reliability and security of financial information;
- monitoring the Bank's internal controls and reporting procedures;
- making recommendations to Management, the Supervisory Council and the Audit Committee on the basis of internal audits to improve internal controls;
- monitoring the compliance of the Bank with CBU regulations; and
- monitoring the implementation of auditors' recommendations.

Treasury Department. The Bank's Treasury Department is responsible for managing Bank's assets and liabilities and its overall financial structure. The Bank's Treasury Department is also primarily responsible for managing the funding and liquidity risks of the Bank.

Credit Committee. The Bank's Credit Committee is responsible for supervising and managing the Bank's credit risk in respect of retail loans, corporate loans and counterparty loans. The Credit Committee is organised into two committees: Small Credit Committee and Large Credit Committee. The Committees operate on the basis of credit limits applied to each based on the exposure amount.

Participation of the Bank Management is required for exposures exceeding 10-15% of total equity. All exposures to a single group of borrowers exceeding 15% of total equity capital must be approved by the Supervisory Council. Subcommittees meet on a daily basis, whereas higher ones typically meet two to three times a week. Each of the subcommittees of the Credit Committee makes its decisions by a majority vote of its respective members.

Asset and Liability Management Committee ("***ALCO***"). The ALCO is one of the main risk management bodies that establishes policies and guidelines with respect to capital adequacy, market risks and limits, funding liquidity risk and limits, interest rate and prepayment risks and limits, money market general terms and credit exposure limits, designs and implements respective risk management and stress testing models in practice and regularly monitors compliance with the pre-set risk limits, and approves treasury deals with non-standard terms. In particular, the ALCO:

- sets money-market credit exposure/lending limits;
- sets open currency position limits with respect to overnight and intraday positions;
- establishes stop-loss limits for foreign currency operations and securities;
- monitors compliance with the established risk management models for foreign exchange risk, interest rate risk and funding liquidity risk;
- sets ranges of interest rates for different maturities at which the Bank may place its liquid assets and attracts funding; and
- reviews different stress tests and capital adequacy models prepared by the Risk Management Department.

The ALCO is chaired by the Chairperson of the Management Board and meets at any time deemed necessary. Decisions are made by a majority vote of the ALCO's members. ALCO members include the Chairperson of the Management Board, the Chief Funding Officer, the Head of the Risk Management Department, the Head of the Treasury Department, the Director of Financial Institutions and Investor Relations Department, the Chief Accountant and the Head of the Strategic Development Department. The ALCO reviews financial reports and indices including the Bank's limits and ratios, balance sheet, statement of operations, maturity gap, interest rate gap, currency gap, foreign exchange risk, interest rate risk and funding liquidity risk reports, total cash flow analysis, customer cash flow analysis and concentration risk analysis, for the past periods as well as future projections and forecasts, other financial analysis and further growth projections on a weekly basis.

Regulatory capital requirements in Uzbekistan are set by the CBU and are applied to the Bank on a stand-alone basis. As at 31 March 2024, the CBU requires the Bank to maintain a minimum Regulatory Capital Ratio of 13% and a minimum Capital Adequacy Ratio of 10%, both computed based on the Bank's stand-alone financial statements prepared under the UAL.

The ALCO is the key governing body for the capital adequacy management as well as for the respective risks identification and management. The ALCO establishes limits and reviews actual performance over those limits for CBU capital adequacy regulations. The Treasury Department is in charge of regular weekly and monitoring and reporting over CBU capital adequacy compliance as well as with ALCO policies. Capital adequacy management is an integral part of the Bank's actual monthly reporting as well as the Bank's annual and semi-annual budget approval and budget review processes. The Treasury Department prepares capital adequacy actual reports, forecasts and budgets, and different stress scenarios for the CBU, while the ALCO and the

Management Board regularly review these, identify risks, issues recommendations and, if applicable, propose action plans.

Compliance Control Department. The Compliance Control Department is organised into the following divisions/functions:

- Business Process Compliance, which performs the functions of legal compliance, and its main responsibilities include assessing the risks of business processes, as well as their compliance with international standards, national legislation and internal documents of the Bank. In addition, this division performs the function of identifying systemic deficiencies in the Bank's business processes or activities.

- AML Compliance, which monitors the compliance with international standards and national legislation in the field of AML and countering the financing of terrorism ("**CFT**"). This division performs the function of assessing AML and CFT risks, overseeing the implementation and compliance with the regulatory requirements and performing typical AML/CFT functions such as identifying suspicious transactions, liaising with other departments of the Bank in connection with KYC/customer due diligence checks and other areas of AML and CFT.

- Anti-Fraud Compliance, which monitors all types of fraud and performs the assessment of fraud risks and minimising them.

- Anti-Corruption Compliance, which interacts with the Anti-Corruption Agency of the Republic of Uzbekistan, and also conducts the assessment of corruption risks in the Bank's processes and develops recommendations to the Bank's divisions on minimising such risks. In addition, this division conducts monitoring the anti-corruption system in the Bank.

- Sanctions Compliance, which performs screening of the Bank's clients and their transactions, develops recommendations as to potential improvements in terms of compliance with sanctions requirements, identifies and assesses the risks of non-compliance and interacts with the Bank's departments to minimise such risks.

- Banking Operations Compliance, which carries out inspections and identifies actual violations in various areas of the Bank's operations, including transactions with corporates and individuals, with an aim to increase the overall efficiency of the Bank's compliance control.

As part of the Bank's ongoing transformation, the Bank's Compliance Control Department has also been actively involved in the development of technical solutions aimed at automation of some of the compliance processes and procedures in the Bank.

Legal Department. The Legal Department's principal purposes are to ensure that the Bank's activities conform to applicable legislation and to minimise losses from the materialisation of legal risks. The Legal Department is responsible for the application and development of mechanisms for identifying legal risks in the Bank's activities in a timely manner, the investigation of the Bank's activities in order to identify any legal risks, the planning and implementation of all necessary actions for the elimination of identified legal risks, participation in legal proceedings on behalf of the Bank where necessary and the investigation of possibilities for increasing the effectiveness of the Bank's legal documentation and its implementation in the Bank's daily activities. The Legal Department is also responsible for providing legal support to structural units of the Bank and/or its subsidiaries.

Risk Management Department. Risk Management Department executes the Group-wide risk management function, including developing risk management strategy, risk appetite framework and their alignment with the Bank's overall strategy, establishes risk limits on key indicators and parameters, and continuously monitors risks, conducts stress-tests and reports risks to the Management Board and Risk Committee. It develops liquidity management policies taking into account the impact of internal and external factors on the Bank. It also makes recommendations on minimising risks by analysing the expected credit, liquidity, market, interest and operational risks in banking activities.

Dealing with Problem Assets Department. Dealing with Problem Assets Department is responsible for mitigating credit risks by investigating intended use of loan funds, monitoring loans on a quarterly basis and conducting inventory of all loan documentation on an annual basis. The Dealing with Problem Assets Department deals with recovery of problem loans by enforcing collateral, seeking recourse against the guarantors and initiating court proceedings. Dealing with Problem Assets Department holds auctions to sell the property received as collateral in order to maximise recovery of problem loans. It also prepares daily reports for the Management Board related to overdue loans, NPLs and off balance sheet assets.

Bodies implementing the risk management system

The Bank's risk management system is implemented by the Risk Management Department, Internal Control Department, Treasury Department, and Legal Department.

The Risk Management Department consists of four divisions aimed at managing particular types of risk: Credit Risk Management Division, Financial Risk Management Division, Operational Risk Management Division, and Risk Reporting and Analytics Division.

The Credit Risk Management Division of the Risk Management Department manages credit risks with respect to particular borrowers and assesses overall loan portfolio risks. It is responsible for ensuring compliance with the Bank's Credit Policies and management of the quality of the Bank's loan portfolio.

Financial Risk Management Division of the Risk Management Department manages risks related to liquidity risks, market risks, interest rate risks, and foreign exchange rate risks. It develops and manages stress testing models and prepares contingency capital plans and liquidity risk mitigation measures.

The Operational Risk Management Division of the Risk Management Department is responsible for identifying operational risk, formulating operational risk management policies, evaluating results and recommending changes when appropriate. The Division identifies and assesses operational risk categories within the Bank's processes and operations. It also detects critical risk areas or groups of operations with an increased risk level and develops internal control procedures to address these risks, through business-process optimisation schemes, including document circulation, information streams, distribution of functions, permissions and responsibility. All new product initiatives are also evaluated from a risk perspective.

The Treasury Department manages foreign currency exchange, money market, securities portfolio and derivatives operations and monitors compliance with the limits set by the ALCO for these operations. The Treasury Department is also responsible for management of short-term liquidity.

The Legal Department monitors all changes in relevant laws and regulations, and, together with other relevant departments, ensures that those changes are properly reflected in the Bank's procedures, instructions, manuals, templates and other relevant documentation. It also disseminates information on legislative changes to all relevant departments within the Bank. The Legal Department also participates in drafting laws and regulatory documents upon request of legislators and regulators, certain associations and other professional bodies.

Each of the foregoing departments is provided with policies and/or manuals that are approved by the Management Board or the Supervisory Council (as required). The manuals and policies include comprehensive guidance for each stage of a transaction, including, but not limited to, manuals outlining asset and liability management policies, foreign exchange operations procedures, fixed income investment guidelines, retail banking operations procedures, the deposit policy and the Credit Policies.

Risk measurement and reporting

The Bank measures risk using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on different forecasting models. These models use probabilities derived from historical experience and expertise, adjusted from time to time to reflect the economic environment. The Bank also runs worst-case scenarios that could arise in cases of extreme events.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that it is willing to accept, with additional emphasis on selected industries. The Bank also conducts ongoing monitoring and control, allowing efficient adjustments in case of any unexpected changes in the conditions on which the preliminary risk assessment was made. In addition, the Bank monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The Bank maintains a management reporting system which requires the Risk Management Department, Treasury Department and Accountant Department to prepare certain reports on a daily and monthly basis. On a daily basis, a statement of operations, balance sheet and treasury report (which includes the Bank's open foreign exchange positions, cash flows, limits and balances on NOSTRO and LORO correspondent accounts) and confirmation that there has been compliance with mandatory economic ratios must be provided by each department. On a monthly basis, a report on the structural liquidity gap, a report on interest rate risk, monthly financial statements, and a quarterly report of the Supervisory Council containing analysis of the Bank's performance against its budget are provided.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Management Board, and the head of each business division. The report includes aggregate credit exposure, market, interest, liquidity, operational, ratios, the results of stress-test and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis. The Management and the Supervisory Council receive a comprehensive risk report monthly and once a quarter, respectively, which is designed to provide all the necessary information to assess and draw conclusions on the Bank's risk exposure.

Risk mitigation and excessive risk concentration

In order to avoid excessive concentrations of risks, the Bank focuses on maintaining a diversified portfolio. Concentrations arise when a number of counterparties, or related shareholders, are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations also involve combined, aggregate exposures of large and significant credits compared to total outstanding balance of the respective financial instrument.

Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk

Credit risk is the risk that a borrower or counterparty will be unable to pay amounts in full or in part when due. Credit risk arises mainly in the context of the Bank's lending activities and other transactions with counterparties giving rise to financial assets.

The general principles of the Bank's credit policy are outlined in the Credit Policy. The Credit Policy also outlines credit risk control and monitoring procedures and the Bank's credit risk management systems. The Credit Policy is reviewed annually or more frequently if necessary.

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. Limits on the level of credit risk by product, industry sector and by country are approved an annual basis by the Management Board.

The Bank's credit quality review process provides early identification of possible changes in the creditworthiness of counterparties, including regular collateral revaluations. Counterparty limits are established on the basis of a credit risk classification system, which assigns a risk rating to each counterparty. Risk ratings are subject to regular revision. The credit quality review process allows the Bank to assess the potential loss resulting from the risks to which it is exposed and take corrective action. The Bank makes available to its customers guarantees or letters of credit which may require that the Bank make payments on their behalf. Such payments are collected from customers based on the terms of the guarantee or letter of credit. They expose the Bank to similar risks to loan risks and, accordingly, these instruments are tested by the same control processes and policies as applied to lending.

Loan approval procedures: The procedure of credit approval, revision of initial loan conditions, changes to loan payment schedules are considered based on the requirements of the Bank's Credit Policy approved by the Supervisory Council, as well as other internal regulatory documents related to credit products and lending.

The Credit Committee approves individual transactions, and the Risk Management Department evaluates the correct creation and maintenance of reserves according to the CBU regulations on a monthly basis. See "*– Risk Management Structure—Risk Management Bodies—Credit Committee*".

The Bank evaluates corporate clients on the basis of their financial condition, credit history, business operations, market position, management, level of shareholder support, proposed business and financing plan and on the quality of the collateral offered. The relevant subcommittee of the Credit Committee is responsible for making the decision for loan approval based on credit memorandum, and where appropriate, Credit Risk Manager's report. The loan approval procedures for retail loans depend on the type of retail lending product.

Applications for consumer loans, including credit cards and car loans, are treated under the "scoring" approval procedure. The Bank's Credit Committee determines the amount, terms and conditions of all loans. Applications for mortgage loans by retail clients are completed by the mortgage loan officer and submitted to the Credit Risk Management division of the Risk Management Department, who evaluates the credit risks. In the case of micro financing loans, loan officers evaluate loan applications, prepare a project analysis and submit proposals to the relevant Branch Credit Committee, which makes the final decision. Members of each subcommittee of the Credit Committee have equal voting authority and decisions are approved by a simple majority of votes. Branch Credit Committees approve exposures from 1 billion soums to 10 billion soums; Regional Branch Credit Committees approve exposures from 10 billion soums to 20 billion soums; and the Head Office Credit Committee approves exposures exceeding 20 billion soums.

Collateral

The Bank typically requires credit support or collateral as security for the loans and credit facilities that it grants. The main forms of credit support are guarantees and rights to claim amounts on the borrower's current account with the Bank or other assets. The main forms of collateral for corporate lending are charges over real estate properties, equipment, inventory and trade receivables, and the main form of collateral for retail lending is mortgage over residential property. In the case of corporate loans, the Bank usually requires a personal guarantee (surety) from the borrower's shareholders. Under the Bank's internal guidelines, collateral should be provided (where it is required) to cover outstanding liabilities during the entire duration of a transaction. As at 31 March 2024, the Bank held collateral (including letters of surety and state guarantees) against gross loans fully covering the value of total loans and advances to customers, gross. Retail loans in the amount of up to 4,044 million soums were not collateralised as at 31 March 2024.

Prior to being accepted by the Group, collateral is thoroughly analysed and physically verified, where applicable. Debt securities, treasury and other eligible bills are generally unsecured. The Bank is eligible to lend to customers via unsecured loans for a period not exceeding one year.

Measurement

Exposure and limits are subject to an annual or more frequent review. The Bank's compliance with credit risk exposure limits is monitored by the Credit Risk Management Division on a continuous basis. The Bank establishes provisions for impairment losses of financial assets on a collective basis and on an individual basis when there is objective evidence that a financial asset or group of financial assets is impaired. The Bank creates provisions by reference to the particular borrower's financial condition and the number of days the relevant loan is overdue. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by an adjusted provision account. The determination of provisions for impairment losses is based on an analysis of the assets at risk and reflects the amount which, in the judgement of the Management, is adequate to provide for the losses incurred.

Provisions are made against gross loan amounts and accrued interest. Under the Bank's internal loan loss allowance methodology, which is based upon IFRS requirements for IFRS financial statements and based on CBU regulations for UAL financial statements, the Bank categorises its loan portfolio into significant and non-significant loans. The Credit Risk Management Division makes an individual assessment of all defaulted significant loans. Non-defaulted significant loans are given a collective assessment rate. For the purposes of provisioning all loans are divided into different groups (for example mortgage, consumer, microfinancing loans).

Credit Bureau "Credit Information Analytical Centre" ("**CIAC**") serves as Uzbekistan's centralised credit bureau. Since 2011, all of Uzbekistan's commercial banks hold equal stakes in CIAC's charter capital. The automated information exchange system established by CIAC encompasses all of Uzbekistan's commercial banks, microfinance institutions and lombards. As at 31 March 2024, the database of CIAC included 13,974 thousand individuals and around 938 thousand legal entities.

Per the Bank's policies, the Bank's maximum risk to a single borrower or a group of affiliated borrowers shall not exceed 25% of the Bank's Tier 1 regulatory capital, whereas the total amount of unsecured loans shall not exceed 5% of the Bank's Tier 1 regulatory capital. The Bank also provides that the total amount of all large exposures shall not exceed the Bank's Tier 1 capital by more than 5 times, and the total amount of loans extended to related parties shall not exceed 50% of the Bank's Tier 1 capital.

In order to monitor credit risk exposures, the Dealing with Problem Assets Department produces weekly reports 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 loans, as well as the grade of the loan and collateral. Any significant exposures against customers with deteriorating creditworthiness are reported to and reviewed by the Bank's management daily. The Bank's management oversees the monitoring and recovery procedures of the loans past due.

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

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

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

The Bank monitors the term to maturity of off balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments. Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit.

The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to the inability of counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to a loss in an amount equal to the total unused commitments.

However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring.

Off-balance sheet risk

The Bank applies fundamentally the same risk management policies to off-balance sheet risks as it does to its on-balance sheet risks. In respect of commitments to lend, customers and counterparties are subject to the same credit management policies as for loans and advances. Collateral may be sought depending on the position of the counterparty and the nature of the transaction.

Market risk

The Bank is exposed to market risk (including currency exchange rate risk, interest rate risk and other price risk), which is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables. Market risk exposure arises from mismatches of maturity and currencies between the assets and liabilities, all of which are exposed to market fluctuations.

The Bank manages its market risk through risk-based limits established by the Bank's Supervisory Council on the value of risk that may be accepted. The risk-based limits are subject to review by the Bank's Supervisory Council on an annual basis. The Bank's overall position is split between corporate (including state and municipal organisations) and retail banking positions. The exposure of corporate and retail banking operations to market risk is managed through the system of limits monitored on a daily basis by the Treasury Department. However, the use of this approach does not prevent losses occurring outside of these limits in the event of more significant market movements.

Currency exchange rate risk: Currency exchange rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Bank is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. In respect of currency risk, the Bank Council sets limits (according to CBU regulations) on the level of exposure exceeding 15% of total equity by currency and in total both for overnight and intra-day positions, which are monitored daily. The Group's Treasury Department measures its currency risk by matching financial assets and liabilities denominated in the same currency and analyses the effect of actual annual appreciation (or depreciation, as the case may be) of that currency to the soum to the profit or loss of the Group. The Group measures its currency risk by establishing a 10% of the Group's total regulatory limit on the Bank's net position in each currency, and limiting the Bank's total net position in all currencies to 15% of the Bank's total regulatory capital.

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

Other price risk: The Bank is also subject to prepayment risk through providing loans, including mortgages, which give the borrower the right of early repayment of the loans. The Bank'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. The Bank does not have significant exposure to equity price risk.

Liquidity risk

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

The Bank seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and invest the funds in 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 Bank requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a monthly basis in accordance with the requirements of the CBU. Such ratios are calculated based on UAL.

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.

Mitigation: The Bank's capability to discharge its liabilities is dependent on its ability to realise an equivalent amount of assets within the same period of time. The Bank maintains a portfolio of highly marketable and diverse assets that it believes can be easily liquidated in the event of an unforeseen interruption of cash flow. It also has committed lines of credit that it can access to meet its liquidity needs. Such lines of credit are available through the CBU's refinancing facility. In addition, the Bank maintains a cash deposit (obligatory reserve) with the CBU, the amount of which depends on the level of customer funds attracted. As at 31 March 2024, in line with the CBU's requirements, up to 14% of customer deposits in foreign currencies were set aside as minimum reserves depending on the deposit tenure. In addition, the Bank maintains a minimum average balance of up to 4% of its customers' deposits in soums at its correspondent account at the CBU.

Funding: In the Uzbek marketplace, the majority of working capital loans are short term and granted with the expectation of renewal at maturity. As such, the ultimate maturity of assets may be different from the analysis presented elsewhere. In addition, the maturity gap analysis does not reflect the historical stability of current accounts.

The Bank's principal sources of liquidity are as follows:

- borrowings from international financial institutions and Uzbekistan state financial establishments;
- customer accounts;
- borrowings from other banks and financial organisations;
- debt issuances; and
- interest income.

See "*Financial Review*".

The Management Board believes that the Group's liquidity is sufficient to meet each of its present requirements. For information on the Group's liquid assets, liabilities and maturity profile of the Group's financial liabilities as well as further information on the liquidity risk of the Group see Note 35 to the Annual Financial Statements and Note 23 to the Interim Financial Statements.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but the Bank aims to manage such potential risks through a control framework and by monitoring and responding to the respective risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and training and assessment processes, including the use of internal audit.

Mitigation: The Bank manages its operational risks by establishing incident database, monitoring and continuously improving its policies and procedures relating to various aspects of the Bank's cash, payments, accounting, trading and core processing operations and data back-up and disaster recovery arrangements.

The Bank has an integrated control framework encompassing operational risk management and control, AML compliance, corporate and information security and physical security, each of which is managed by a separate department.

The Internal Control Department is responsible for the identification and assessment of operational risk categories within the Bank's processes and operations, detecting critical risk areas or groups of operations with an increased risk level, developing response actions and the imposition of restrictions in critical risk areas to mitigate identified risk and developing business-process optimisation schemes, including document circulation, information streams, distribution of functions, permissions and responsibilities. The Internal Control Department is also responsible for developing and updating policies and procedures and ensuring that these policies and procedures meet legal and regulatory requirements and help to ensure that material operating risks are within acceptable levels. It also monitors and periodically reviews the Bank's internal control systems to detect errors or infringements by the Bank's departments and divisions. The Head of the Internal Control Department, who reports to the Chairperson of the Management Board, is responsible for the oversight of the Bank's operational risks.

ESG matters

Accounting for green loans involves the classification and measurement of loans where contractual cash flows may change in response to certain ESG metrics, such as compliance with emissions standards, energy efficiency metrics, or a combination of various green measures. Climate change might affect a lender's exposure to credit losses for its financial assets and it could also influence the assumptions made by lenders to estimate expected credit losses ("**ECL**"). Additionally, climate change might impact the risk ratings of individual borrowers or groups of borrowers, as well as their probability of default ("**PD**"). In some cases, it could result in loans being moved between stages.

Borrowers could face a range of physical, regulatory and reputational risks that ultimately impact their credit risk and increase the likelihood of their inability to meet debt obligations. Moreover, the value of assets securing loans could decline or become inaccessible or uninsurable, affecting the value of collateral. When considering the impacts on ECL, the Bank's management approach includes the following:

- Segregating physical risk (for example, destruction or temporary disruption of physical assets due to severe weather events) from transition risk (for example, advancement or displacement resulting from the transition to a 'greener' and more sustainable economy).
- Being mindful of duration: while change is happening rapidly, longer-term exposures are likely to be more affected than short-term ones.
- Recognising that 'one size' doesn't fit all: different portfolios have different risk exposures depending on duration, industry, geography etc. In many cases, only top-down assessments of vulnerable geographies and industries will be possible.
- Avoiding double counting risks by considering the extent to which they might already be captured directly or indirectly through model inputs such as market credit spreads, expected default frequency and other factors.
- Considering other arrangements such as insurance, guarantees, government subsidies (or other payments and policies) and other sources of recoveries, including how they are structured and how their providers are addressing evolving ESG risks.

The Bank believes there is no ESG impact on the ECL measurement of its financial assets as at 31 March 2024.

Assessment of ESG-related risks and opportunities

During 2023, the Bank assessed ESG-related risks and opportunities in the context of sustainable development. The plans for environmental and governance factors are detailed below:

Environmental protection and safety ("E&S"):		
	Description of the current situation	**Description of the target situation**
	E&S policy was updated in January 2023 to include an exclusion list, a categorized risk list and Environmental and Social assessment reports. The exclusion list is aligned with the International Financial Institutions' ("**IFI**") requirements.	• *Increase lending to environmentally-friendly production* Primarily supporting entrepreneurs engaged in sustainable and renewable energy production. • *Finance water-efficient agriculture projects* Water-efficient agriculture projects aim to reduce water usage in farming while maintaining or even increasing productivity.
Governance		

	The Code of Conduct was revised in May 2023 to reflect evolving best practices and ensure alignment with our corporate values.	• An individual responsible for ESG is to be appointed within the underwriting department of the Bank, bolstering the department's commitment to sustainable practices • The establishment of an ESG reporting system, facilitating structured documentation and communication of ESG metrics • The development of an ESG risk management policy, ensuring systematic identification, assessment, and mitigation of ESG-related risks

Climate-related risk

The Bank and its customers may face significant climate-related risks in the future. These risks include the threat of financial losses and adverse non-financial impacts from political, economic and environmental responses to climate change. Key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from adjustments to a net-zero economy, including changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both domestically and internationally. While some physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. Similarly, uncertainties persist for transition risks as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

Currently, the Bank does not explicitly incorporate climate risk factors into its risk framework, including ECL measurement. Existing scenarios, forecasts, and estimates focus on the long-term horizon beyond the maturity of existing portfolios. Such scenarios are also high-level, and attribution to specific borrowers without additional data would be highly arbitrary. To address the information gap for detailed, borrower-specific data, the Bank is collecting information to perform a robust assessment of the risks specific of its borrowers. The Bank plans to enhance its credit risk scoring models in the future to incorporate such information in the PD and loss given default measurement.

MANAGEMENT

Overview

The governance of the Bank consists of various levels and sub-levels, each responsible for different aspects of the Bank's overall activities. The following section sets out the management structure of the Bank and its corporate governance reporting lines.

The highest level of governance is conducted through the General Shareholders' Meeting, the ultimate decision-making body. At the General Shareholders' Meeting, the shareholders elect the Supervisory Council, which is responsible for the general governance of the Bank, including the determination of strategy, coordination and general supervision thereof. The Supervisory Council elects the Management Board, which is the collegial executive body of the Bank, and appoints the Chairperson of the Management Board, which is the sole executive body of the Bank. The Chairperson of the Management Board and the Management Board as a whole are responsible for the day-to-day operations of the Bank.

General Shareholders' Meeting

The General Shareholders' Meeting is held in the form of an annual General Shareholders' Meeting and extraordinary General Shareholders' Meeting. The annual General Shareholders' Meeting is convened no later than six months after the end of the Bank's reporting year and usually on the second Friday of May.

The powers of the General Shareholders' Meeting are set forth in the Bank's Regulations on Shareholders' Meetings and the Bank's Charter. The procedure for convening, preparing for and conducting the General Shareholders' Meeting is stipulated in the Bank's Regulation on the General Shareholders' Meeting.

Shareholders have the power to decide on the following matters, among others:

- amendments to the Bank's charter (with certain exceptions provided for by Uzbekistan law) and approval of the restated charter;
- reorganisation and liquidation of the Bank, appointment of a liquidation committee and approval of interim and final liquidation balance sheets;
- determination of the composition of the Supervisory Council, election of its members and early termination of their powers;
- adoption of Regulation on the Supervisory Council and Regulation on the General Shareholders' Meeting;
- determination of the amount, par value and type of authorised shares, as well as the rights attached to those shares;
- increases and reductions of the Bank's charter capital in the instances provided by the Bank's charter;
- election of the Statutory Audit Panel and appointment of the Bank's external auditor;
- declaration (payment) of dividends;
- approval of annual report and annual accounting (financial) statement;
- approval of the Bank's major transactions in the instances provided by law; and
- certain other matters provided for by the Bank's charter and law.

Decisions of the General Shareholders' Meeting are generally adopted by a simple majority of voting shareholders who are present at the meeting, unless the Regulations on the General Shareholders' Meeting of the Bank and Bank's Charter require a qualified majority or set additional rules. Pursuant to the Regulations on the General Shareholders' Meeting of the Bank and the Bank's Charter, motions such as amendment of the Charter, increase of the share capital in most cases, placement of securities convertible into shares, reorganisation and liquidation must be approved by a three quarters majority vote of the voting shares participating in the General Shareholders' Meeting of the Bank. All decisions of the General Shareholders' Meeting are adopted subject to satisfaction of a quorum of at least 50% of voting shareholders.

Supervisory Council

The Supervisory Council is responsible for general governance matters, with the exception of those matters that are designated by law and by the Bank's Charter as belonging to the exclusive competence of the General Shareholders' Meeting. The Supervisory Council makes its decisions by simple majority, so long as a quorum of at least 75% of the elected members of the Supervisory Council is present, unless otherwise required by law or the Bank's Charter. The Supervisory Council meets on a regular basis – in-person meetings are typically held quarterly, whereas meetings in absentia are held at least once a month. The Bank's shareholders elect members of the Supervisory Council for a three-year term, and such members may be re-elected an unlimited number of times. At least five independent persons must be elected as the members of the Supervisory Council. There is no fixed term of office for Supervisory Council members. The Supervisory Council currently has nine members. The last election of the Supervisory Council took place on 28 June 2024.

The name, position and certain other information for each member of the Supervisory Council are set forth below.

Name	*Year of Appointment to Supervisory Council*	*Position*
Odilbek Rustamovich Isakov	26 January 2024	Chairperson of the Supervisory Council
Ulugbek Khakimovich Mukhtarov	24 June 2022	Deputy Chairperson of the Supervisory Council
Murodbek Bekberganovich Atadjanov	26 January 2024	Member of the Supervisory Council
Azizkhon Bakhrom ogli Nazarov	28 June 2024	Member of the Supervisory Council
Yulia Alexandrovna Ayzup	24 June 2022	Independent Member of the Supervisory Council
Gregg Scott Robins	24 June 2022	Independent Member of the Supervisory Council
Ferdinand Willem Tuinstra	24 June 2022	Independent Member of the Supervisory Council
Oksana Semenovna Sivokobylska	24 June 2022	Independent Member of the Supervisory Council
Georgy Badrievich Chiladze	26 January 2024	Independent Member of the Supervisory Council

Odilbek Rustamovich Isakov (born 1981) - Cofounder and General Director of Infrasia Capital (London, UK). Mr. Isakov graduated from the University of World Economy and Diplomacy (Tashkent, Uzbekistan) in 2000 with a bachelor's degree in International Economics and from Manchester Metropolitan University (UK) where he received a bachelor's degree in Business Economics in 2005. In addition, Mr. Isakov holds an MSc in Finance from Strathclyde University (UK). Mr. Isakov started his career as a manager in the Projects Office of the National Bank for Foreign Economic Activity of the Republic of Uzbekistan in 2002. Having completed his master's degree at Strathclyde University in 2006, he joined HSBC (London, UK) as an Analytical Director in the Debt Capital Markets Department and worked there until 2018. He then took up the position of Head of the Debt Management Department at the Ministry of Economy and Finance of the Republic of Uzbekistan in 2018, eventually being promoted to the position of Deputy Minister in 2019. Mr. Isakov moved to the private sector and co-founded Infrasia Capital in London (UK) in 2023. Since then, he has been acting as the CEO of Infrasia Capital.

Ulugbek Khakimovich Mukhtarov (born 1982) - Deputy Executive Director of the UFRD. Mr. Mukhtarov received bachelor's and master's degrees from the Tashkent Financial Institute in 2003 and 2005, respectively. In 2004, he began his career as a specialist in the Main Department of Small Business of the National Bank for

Foreign Economic Activity of the Republic of Uzbekistan ("**NBU**"). At the NBU, Mr. Mukhtarov reached the position of Head of the Office of Expertise and Monitoring of Projects. Mr. Mukhtarov moved to the UFRD as a Chief Specialist in 2012. Since 2018, he has been acting as Deputy Executive Director of the UFRD.

Murodbek Bekberganovich Atadjanov (born 1982) - Chair of the Treasury Service Committee of the Ministry of Economy and Finance of the Republic of Uzbekistan. Mr. Atadjanov has bachelor's and master's degrees in banking and credit, which he received at the Tashkent Institute of Finance in 2003 and 2005, respectively. Mr. Atadjanov began his career as a cashier-accountant at "Print X" LLC in 2004. After working as an economist at the Departments of Finance and Treasury of Khorezm Region, Mr. Atadjanov joined the Ministry of Economy and Finance of the Republic of Uzbekistan as a Leading Economist at the Department of Financing of Law Enforcement Agencies in 2009. Mr. Atadjanov held various managerial positions, reaching the position of the Chair of the Committee of Treasury Service at the Ministry of Economy and Finance in 2023.

Azizkhon Bakhrom ogli Nazarov (born 1992). Mr. Nazarov graduated from the Tashkent University of Diplomacy and World Economy in 2015 with a degree in international economics and international economic relations. Mr. Nazarov joined the Ministry of Economy and Finance as an economist in 2015, and reached the position of the First Deputy Director of the Department of Finance and Tariff Policy for Core Sectors of Economy, Oil & Gas Industry and Metals & Mining Enterprises at the Ministry of Economy and Finance of the Republic of Uzbekistan in 2023.

Yulia Alexandrovna Ayzup (born 1974). Mrs. Ayzup graduated from the Moscow Banking School of the Central Bank of the Russian Federation in 1994 and the All-Russian Distance Institute of Finance and Economics in 2000 with a degree in finance and credit. In 2010 Mrs. Ayzup completed an MBA program at the Siberian State Aerospace University. Ms. Ayzup began her career in financial services as an economist at the Department of Accounting and Reporting at the Bank "National Credit" in 1994 and as Head of the Operations Department at the "FondServicebank" in 1995. In 1996 Ms. Ayzup joined KPMG and worked as an assistant auditor until 2000. Afterwards, Ms. Ayzup held multiple leadership positions at the Sberbank PJSC, reaching the position of Advisor to the Chairman of the Sberbank PJSC in 2013.

Gregg Scott Robins (born 1965) - Founder of Robins Advising, Switzerland. In 1988 Mr. Robbins graduated from Rice University, Houston, Texas, with a B.A. in Economics and in 1996 Mr. Robbins received master's and Doctoral Degrees with a speciality in Finance and a geographical focus on Russia and Eastern Europe from the University of Oxford in 1991 and 1995, respectively. Mr. Robins started his career as an independent business consultant at the University of Oxford in 1991. He then worked as a Vice President at the Emerging Markets Corporate Bank (London, the United Kingdom) and Private Banking Group (Geneva, Switzerland) from 1996 to 1999. Having served in senior leadership positions at Citibank (Switzerland), Avatar Associates (New York), Netburn McGill (New York), Union Bancaire Privée (Switzerland) and UBS (Russia), he also acted as the CEO of Private Investment Management (Switzerland) from 2016 to 2019. In 2019 he founded his business consulting firm "Robins Advising" in Geneva, Switzerland, which advises individuals and companies on wealth management issues.

Ferdinand Willem Tuinstra (born 1966) - Managing Director at NpM, a platform for inclusive financing, Netherlands. In 1989 Mr. Tuinstra completed an MBA at the Catholic University of Louvain in Belgium and in 2010 Mr. Tuinstra graduated from the New York University Leonard Stern School of Business with an MSc in Risk Management. Mr. Tuinstra started his career as a loan analyst at the ABN AMRO Bank in 1990. Thereafter, he held multiple leadership positions at Rabobank, ABN AMRO, AKBANK, KMB Intesa Bank and Delta Lloyd Bank. In 2010, Mr. Tuinstra became a Chief Banking Consultant at the IFC. Since 2018, Mr. Tuinstra has been a member of the Experts Council of Almacena BV (Netherlands) and the Supervisory Board of the UAB Travel Union (Lithuania).

Oksana Semenovna Sivokobylska (born 1973) - Senior Consultant at the Ministry of Education and Science of the Republic of Latvia. Mrs. Sivokobylska graduated from the University of Latvia with a degree in Economics, Business Administration and Marketing. Mrs. Sivokobylska started her career in the banking sphere as the Head of the Department of Marketing and Corporate Relations at Hasabanka (Swedbank) in 1998. At Swedbank, Mrs. Sivokobylska reached the position of Head of Retail Banking and Member of the Management Board in 2007. Mrs. Sivokobylska then moved to the Bank "Saint Petersburg" and took up the position of Vice President of the Management Board in 2011. Since 2023, Mrs. Sivokobylska has been acting as a Senior Consultant on Efficiency and Governance at the Ministry of Education and Science of the Republic of Latvia.

Georgy Badrievich Chiladze (born 1971) - Chair of the supervisory board of Digital Area (Georgia), co-founder and CEO of Alpha Plus Assets Management (Georgia). Mr. Chiladze received a bachelor's degree in physics from the Tbilisi State University (Georgia) and a master's degree from Johns Hopkins University (Maryland, USA) in 1993 and 1996, respectively. In 2000 Mr. Chiladze earned a Doctor of Science degree in Physics in Johns Hopkins University. Mr. Chiladze started his career as an assistant teacher at Johns Hopkins University in 1995. Mr. Chiladze worked as CEO of BTA Bank (Georgia), as a Financial Director and Director of Risk Management Department at the Bank of Georgia. Since 2023, he has been acting as the CEO of Alpha Plus Assets Management (Georgia).

The business address of each member of the Supervisory Council is the Bank's registered office. No actual or potential conflicts of interest exist between the duties that any member of the Supervisory Council owes to the Bank and such member's private interests or other duties.

Management Board

The Management Board is the Bank's collegial executive body, which is elected by the Supervisory Council. The Management Board meets as often as is considered necessary, typically twice a week, and makes its decisions by simple majority, *provided that* a quorum of at least two-thirds of the elected members of the Management Board is present. The Chairperson of the Management Board has a casting vote. The Management Board is responsible for the Bank's day-to-day management and administration. The Chairperson of the Management Board represents the Bank and acts as its Chief Executive Officer. The Management Board has several committees that help it to carry out its management functions.

As at the date of this Prospectus, the Management Board consists of six members. The name, position and certain other information for each member of the Management Board are set out below. Unless otherwise indicated, members of the Management Board do not perform any external functions. There are no fixed terms of office for Management Board members.

Name	*Year of Appointment to Management Board*	*Position*
Aziz Akbarjon ugli Akbarjonov	4 October 2023	Chairperson
Anvarjon Abdumajitovich Ergashev	27 December 2023	First Deputy Chairperson
Shukhrat Israilovich Yakubov	15 October 2020	Deputy Chairperson
Shokhzod Makhmatmurodovich Yusupov	17 November 2022	Deputy Chairperson
Salavat Foatovich Ismagilov	10 May 2024	Chief Risk Officer – Member of the Board
Bekhzod Bakhtiyorovich Uzakov	15 December 2023	Director of Legal Department – Member of the Board

Aziz Akbarjon ugli Akbarjonov (born 1985). In 2008, Mr. Akbarjonov received bachelor's and master's degrees from the Tashkent State University of Economics in 2008 and 2010, respectively. Mr. Akbarjonov started his career in 2004 as a 2nd-category specialist of Corporate Clients Department at the Tashkent Regional Branch of the National Bank for Foreign Economic Activity of the Republic of Uzbekistan. In 2018 Mr. Akbarjonov joined JSCB Uzpromstroybank as the Director of the Department of Project Management and Performance Control, then served as the Credit Director (CCO) and the Chief Credit Director, and was the First Deputy Chairperson of the Management Board of JSCB Uzpromstroybank from 2020 to 2023.

Anvarjon Abdumajitovich Ergashev (born 1973). Mr. Ergashev graduated from the Tashkent Financial Institute with a degree in Finance and Credit in 1995. Mr. Ergashev began his career in 1993 as a chief specialist of the Uzbek Joint-Stock Innovation and Commercial Bank "Ipak Yuli" and worked there until 1998 as a Deputy Head of the Department for Credit and Commercial Investments. Between 1998 and 2006, he worked as the Head of the Department for Evaluation, Analysis and Crediting of Investment Projects of the Uzbek International Bank Uzprivatbank and Acting First Deputy Chair of the Management Board, Chair of the Management Board. Between 2006 and 2017, Mr. Ergashev worked as the Head of the Central Operational Regional Branch of JSCB Uzpromstroybank; and between 2017 and 2018, he worked as the Head of the Accounting Operations Control Department of JSCB Uzpromstroybank and Director of the Department of Cash Circulation and Cash Operations.

Shukhrat Israilovich Yakubov (born 1967). Mr. Yakubov graduated from the Tashkent Automobile and Road Construction Institute in 1992 and in 1998 he received a degree in International Economic Relations from the Tashkent State University of Economics. Mr. Yakubov began his career in 1991 as a broker at the "Nigora" small enterprise. Mr. Yakubov joined JSCB Uzpromstroybank in 1993 as a 1st category specialist of the Expert and Technical Department. Between 1996 and 2001 he worked as the Head of the Department for Analysis of Investment Projects of the Investment Division, Head of Exchange Operations, Head of Conversion Operations and Head of Foreign Currency Lending Department of the Foreign Economic Activity Division of JSCB Uzpromstroybank. From 2001 until 2006 Mr. Yakubov was the Head of the Katartal Branch and from 2006 until 2018 served as a Deputy Chair of the Management Board of JSCB Uzpromstroybank. From 2018 until 2020 Mr. Yakubov worked as the Head of the Department at the Accounts Chamber under the Presidential Administration of the Republic of Uzbekistan.

Shokhzod Makhmatmurodovich Yusupov (born 1983). Mr. Yusupov graduated from Karshi Institute of Engineering and Economics with a bachelor's degree in 2004 and he obtained a master's degree from Tashkent State University of Economics in 2006. Mr. Yusupov started his career in 2003 as an assistant accountant at the Kashkadarya Water Construction Trust. From 2005 to 2017 Mr. Yusupov worked at the National Bank for Foreign Economic Activity of the Republic of Uzbekistan. From 2018 to 2022 Mr. Yusupov was the Deputy Head of the Executive Branch of JSCB Uzpromstroybank, Head of Department for Control over Execution of Governmental Instructions and the Director of the Department for Development of Construction Materials Production.

Salavat Foatovich Ismagilov (born 1974). In 1998 Mr. Ismagilov graduated from the Istanbul University with a bachelor's degree in economy, and in 2001 he graduated from the Technology University, Ufa, Russia, with a degree in oil and gas engineering. Mr. Ismagilov started his career in Finansbank (Türkiye) where he reached the position of the Head of Corporate Credit in 2003. He held various managerial positions in commercial banks in Russia, such as Director for Corporate customers in Moscow and Moscow Region in Alpha Bank, the Head of Corporate Credit Risk and Chief Risk Officer (CRO) in Credit Europe Bank, the CRO, Head of Risk Management in Moscow Industrial Bank and Vozrozhdenie Bank. Up until his appointment to the Management Board of the Bank he worked as the CRO, Head of Risk Management in Ak Bars Bank. He also worked as a senior manager at KPMG (Russia) in 2018-2019.

Bekhzod Bakhtiyorovich Uzakov (born 1987). In 2011 Mr. Uzakov graduated from the Tashkent State Law University with a master's degree in law. Mr. Uzakov started his career as in-house legal counsel and leading specialist of the Legal Department in the Tashkent Regional Branch of JSCB Uzpromstroybank. From 2018 to 2023 Mr. Uzakov worked as the Deputy Head of Bad Assets and Risk Management Monitoring Department, Credit Monitoring and Bad Assets Department, Head of Courts and Law Enforcement Agencies Relations Department. In 2020 Mr. Uzakov was transferred to the Department for Accounts Payable of JSCB Uzpromstroybank. Between 2021 and 2023, Mr. Uzakov worked first as a Deputy Director and then as the Director of the Legal Department of the "Asaka Bank". In December 2023 Mr. Uzakov was appointed the Director of the Legal Department of JSCB Uzpromstroybank.

The business address of each member of the Management Board is the Bank's registered office. No actual or potential conflicts of interest exist between the duties that any member of the Management Board owes to the Bank and such member's private interests or other duties.

Corporate Governance

The Bank complies with the Uzbekistan corporate governance regime. Corporate governance at the Bank has been carried out in accordance with the requirements of the Regulation on the Management of the Bank rules governing the operation of joint-stock companies and credit organisations in Uzbekistan, the Bank's Charter and other internal documents of the Bank.

As a legal entity, whose shares and debt securities are listed on the Tashkent Stock Exchange, the Bank is required to comply with a number of corporate governance requirements applicable to issuers of securities that are traded on the Tashkent Stock Exchange.

As part of its corporate governance regime, the Bank follows its own Corporate Governance Code. The current version of the Corporate Governance Code was adopted by the Bank's Supervisory Board on 10 November 2020 and approved by the General Shareholders' Meeting on 28 May 2021.

The Bank's Corporate Governance Code sets out the Bank's main corporate conduct principles, promoting better performance of the management bodies of the Bank. It was based on a balanced approach to the interests of the Bank's shareholders, management bodies and other interested parties, with a view to enhance reliability and client satisfaction, promote business culture, improve control over the Bank's performance and to ensure compliance with highest ethical standards. The Corporate Governance Code seeks to improve and systemise approaches to client satisfaction by providing high quality banking services and reliability in accordance with the Bank's plan to evolve as a modern financial institution. To keep client service in line with high financial, business and technological standards, the Bank voluntarily undertakes to follow the principles and rules of corporate governance set out in the Corporate Governance Code. These principles and rules correspond to international best practices of corporate conduct and represent a high level of governance and performance control, business culture and compliance with high ethical standards. As corporate governance practice evolves in Uzbekistan and abroad, the Bank will seek to further improve its corporate governance rules and principles and achieve a higher level of compliance with the principles set out in the Corporate Governance Code.

Among other things, the Bank has implemented the following corporate governance features:

Independent Members

According to the Regulation on the Supervisory Council of the Bank and the Corporate Governance Code, independent directors of the Bank are those Supervisory Council members who have no direct or indirect relationship with the Bank other than membership on the Supervisory Council, and who, among others:

- are not, and have not been in the past five years, employed by the Bank or its affiliates, where "affiliates" means, with respect to any person, any individuals or entities directly or indirectly controlling, controlled by or under common control with, that person and "control" means the power of an individual or entity, whether independently or jointly with other individuals or entities, directly or indirectly (through third parties), to influence activities of entities and/or individuals (including to determine the decision of the management or business policies of an entity through the direct or indirect (i.e. through third parties) ownership of more than 20% of its capital and/or by contract made between that individual or entity and the other individual(s) and/or entity(ies));

- are not affiliated with any non-profit organisation that receives significant funding from the Bank or its affiliates;

- do not receive and have not received in the past five years, any additional payments from the Bank or its affiliates other than their remuneration and reimbursement of expenses related to their service, as Supervisory Council members (such remuneration and reimbursement may not constitute a significant portion (share) of any such independent director's total income for the calendar year in which such remuneration and reimbursement were paid);

- do not participate in any employee pension programme or share option programme of the Bank or any of its affiliates;

- are not employed as the sole executive body or a member of the collective executive body of another entity where any of the members of the Bank's collective executive body serve on that entity's board of directors;

- are not, and have not been at any time during the past five years, employed by or affiliated with an auditor of the Bank or any of its affiliates;

- do not hold a significant (more than 2%) portion of the outstanding shares in the Bank or shares/interests in the capital of any of its affiliates, and are not members of a management body of any entity, or general partners of any general partnership, or members of a business partnership, or partners (members) of an entity incorporated under foreign law in a legal form similar to that of general partnership or business partnership, and cannot give binding instructions to or otherwise direct the activities of an entity, which holds any significant (more than 2%) portion of the outstanding shares in the Bank or shares/interests in the capital of any of its affiliates;

- are not members of the immediate family, guardians or trustee of any individual who would not meet any of the tests set out above, or assistants to any such individual who is of age, legally capable and placed under guardianship, or executors of the estate of any such individual who has been declared missing, or administrators or trustees of the estate of any such individual who is or has been declared deceased; and

- have not served on the Supervisory Council for more than five years.

The foregoing independence criteria exceed the requirements of the Regulation on the Supervisory Council of the Bank and CBU guidance and are based on the requirements of EBRD. The Bank also complies with the independence criteria for directors envisaged by the Tashkent Stock Exchange Listing Rules. The Bank's Supervisory Council currently has five independent directors.

Internal Audit Committee

According to the charter and other internal regulations of the Bank, the Supervisory Council is responsible for creating the Audit Committee. Such committee is formed for pre-examination of the most important matters pertaining to the activities of the Bank.

The Audit Committee's functions also include maintaining the Supervisory Council's control over activities of the Bank's executive bodies and ensuring co-operation with the Bank's executive bodies on matters within the committee's competence, supervision over the reliability and efficiency of the Bank's financial activity and internal control system, control over measures taken to ensure the Bank's financial statements are complete, accurate and true, implementing and promoting a culture of risk management within the Bank, ensuring independence and fairness of internal and external audit functions, controlling performance of, and measures taken by the Bank's executive management under, the system alerting of potential malfeasance by the Bank's staff (including abuse of insider or confidential information) or by third parties, and of other irregularities in its operations.

Corporate Secretary

The Corporate Secretary's role is to enhance the efficiency of the Bank's development management in the interest of the shareholders, coordinate the Bank's actions aimed at the protection of shareholders' rights and interests, improve the Bank's corporate governance practices and standards, maintain the effective operation of the Bank's General Shareholders' Meeting and Supervisory Council, as well as ensure active ongoing interaction with the Bank's shareholders, Supervisory Council members and the Bank's executive bodies.

Code of Corporate Ethics

On 18 March 2016, the Bank also adopted its Code of Corporate Ethics and revised it on 5 December 2020. It sets out the standards of the Bank's activities and employees' conduct with the focus on maintaining ethical standards, quality of service provided to customers, which has the effect of increasing the Bank's profitability, financial stability and efficiency. The objectives of the Code of Corporate Ethics include defining the Bank's mission and corporate values; ensuring the Bank's employees understand their personal responsibility to the Bank's customers, business partners, shareholders and their colleagues for executing their official duties and performing their functions; and setting forth the fundamental principles of the Bank's relationships with customers, business partners, state and municipal authorities, competitors and the Bank's employees, as well as protecting the interests of the Bank's shareholders, customers, business partners and employees. In addition, the Code of Corporate Ethics sets forth the key principles of handling the Bank's insider information and sets out the Bank's gifts policy. The Code of Corporate Ethics applies to all employees of the Bank. Employees are required to act in accordance with the Code of Corporate Ethics and avoid situations where their personal interests conflict with the Bank's interests, and the Bank's managers of various levels are required to supervise and ensure their subordinates' compliance with the provisions of the Code of Corporate Ethics. The Bank's Internal Control Service is responsible for controlling compliance with the Corporate Ethics Code in the course of adoption of internal organisational documents by the Bank's structural divisions, as well as for monitoring the employees' compliance with the Code of Corporate Ethics. The Bank views the adoption of the Code of Corporate Ethics as an important development in continuing to improve the corporate governance of the Bank. The Code of Corporate Ethics also aims to assist with the integration of new employees into the Bank's corporate culture.

Remuneration

In 2023, aggregate remuneration paid by the Bank to the members of its Supervisory Council and Management Board was 15,444 million soums. In turn, in the years ended 31 December 2022 and 2021, aggregate remuneration paid by the Bank to the members of its Supervisory Council and Management Board was 12,574 million soums and 10,465 million soums, respectively.

Members of the Supervisory Council are remunerated according to the Regulation on remunerations and compensations payable to members of the Supervisory Council (approved by the annual General Shareholders' Meeting on 28 June 2019). The members of the Bank's Management Board enter into employment contracts with the Bank, which set forth their remuneration divided into non-performance related and performance-related components.

Litigation Statement Concerning Management

For the previous five years, none of the members of the Supervisory Council or the Management Board:

- has had any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior executive officer or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; or
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Other Interests

No actual or potential conflicts of interest exist between the duties that any member of the Supervisory Council or the Management Board owes to the Bank and such member's private interests or other duties.

PRINCIPAL SHAREHOLDERS

As at the date of this Prospectus, the Bank's charter capital consists of 243,258,522,516 ordinary shares and 370,000,000 preferred shares, all of which are fully paid, issued and outstanding and have a nominal value of 19 soums per share. The Bank's ordinary shares are admitted to trading on the Tashkent Stock Exchange (under the symbol "SQBN"). As at 31 May 2024, the Bank's free float constituted 3.2% of its share capital.

The following table sets forth the shareholders of record of the Bank as at 31 May 2024.

Shareholder	Number of shares	Percentage of the share capital
UFRD	200,240,766,051	82.2%
Ministry of Economy and Finance of the Republic of Uzbekistan	32,829,129,399	13.5%
Uztransgaz JSC	2,950,101,575	1.2%
Other legal entities	5,501,965,257	2.3%
Individuals	2,106,560,234	0.9%
Total	**243,628,522,516**	**100.0%**

Other than as disclosed with respect to the Privatisation in "*Risk Factors — Risks Related to the Bank's Business and Industry — Future privatisation of the Bank may not be completed or, if completed, may adversely affect its business, financial condition and prospects*", the Bank is not aware of any arrangements in existence as at the date of this Prospectus that could reasonably be expected to result in a change of control of the Bank.

CERTAIN TRANSACTIONS WITH RELATED PARTIES

The following is an overview of the Bank's transactions with related parties as at the dates indicated below. The financial information set forth herein has, unless otherwise indicated, been extracted without material adjustment from the Financial Statements. See also "*Capitalisation*".

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. The Bank has the following categories of related parties:

- Significant shareholders – legal entities-shareholders which have a significant influence on the Group through the Government. See "*Principal Shareholders*";
- Key management personnel – members of the Management Board and Supervisory Council of the Bank. See "*Management*"; and
- Entities under common control – entities that are controlled, jointly controlled or significantly influenced by the Government.

The table below sets out the outstanding balances as at 31 March 2024 and 31 December 2023, 2022 and 2021.

	As at 31 March	As at 31 December		
	2024	2023*	2022	2021
		million soums		
	(unaudited)		(audited)	
Cash and cash equivalents				
Entities under common control	374,697	285,995	35,908	1,746,320
Total	**374,697**	**285,995**	**35,908**	**1,746,320**
Due from other banks				
Entities under common control	1,303,772	1,334,385	1,235,199	1,483,268
Total	**1,303,772**	**1,334,385**	**1,235,199**	**1,483,268**
Loans and advances to customers				
Key management personnel	332	368	198	1,176
Significant shareholders	—	—	—	3,678,666
Entities under common control	13,882,926	14,572,496	14,368,999	14,278,451
Total	**13,883,258**	**14,572,864**	**14,369,197**	**17,958,293**
Credit loss allowance				
Significant shareholders	—	—	—	(16,865)
Key management personnel	(1)	(2)	—	—
Entities under common control	(371,075)	(116,111)	(392,033)	(116,465)
Total	**(371,076)**	**(116,113)**	**(392,033)**	**(133,330)**
Investments securities measured at amortised cost				
Significant shareholders	2,546,416	2,090,103	2,060,476	288,290
Entities under common control	—	—	—	770,932
Total	**2,546,416**	**2,090,103**	**2,060,476**	**1,059,222**
Other Assets				
Key management personnel	19	12	—	—
Significant shareholders	3,487	2,089	—	—
Entities under common control	21,124	22,913	—	—
Total	**24,630**	**25,014**	—	—
Due to other banks				
Entities under common control	1,187,788	964,575	661,191	963,175
Total	**1,187,788**	**964,575**	**661,191**	**963,175**
Customer accounts				
Key management personnel	432	2,089	1,347	63
Significant shareholders	3,797,923	3,732,455	3,383,672	4,258,100
Entities under common control	3,663,542	2,175,907	4,075,447	2,909,028
Total	**7,461,897**	**5,910,451**	**7,460,466**	**7,167,191**
Other borrowed funds				
Significant shareholders	2,852,809	2,513,306	4,813,932	5,277,553
Entities under common control	1,445,631	1,588,968	—	476
Total	**4,298,440**	**4,102,274**	**4,813,932**	**5,278,029**
Other liabilities				
Significant shareholders	45	45	—	—
Entities under common control	25,336	529	—	—

	As at 31 March	As at 31 December		
	2024	2023*	2022	2021
		million soums		
	(unaudited)		(audited)	
Total	**25,381**	**574**	—	—
Subordinated debt				
Entities under common control	1,452,974	1,447,959	330,560	101,771
Total	**1,452,974**	**1,447,959**	**330,560**	**101,771**

Note:
* The table was revised to align with Q1 2024 presentation.

The table below sets out the amounts included in profit or loss and other comprehensive income for the three-month period ended 31 March 2024 and the years ended 31 December 2023, 2022 and 2021.

	For the three months ended 31 March		For the year ended 31 December		
	2024	2023	2023	2022	2021
			million soums		
	(unaudited)			(audited)	
Interest income					
Key management personnel	13	8	140	34	48
Significant shareholders	105,698	64,874	373,691	1,079	226,419
Entities under common control	338,278	255,977	2,021,088	350,369	332,970
Total	**443,989**	**320,859**	**2,394,919**	**351,482**	**559,437**
Interest expense					
Key management personnel	(1)	(1)	(265)	(216)	(1)
Significant shareholders	(306,481)	(223,379)	(551,690)	(547,782)	(364,671)
Entities under common control	(47,240)	(65,110)	(172,891)	(84,300)	(85,088)
Total	**(353,722)**	**(288,490)**	**(724,846)**	**(632,298)**	**(449,760)**
(Provision for)/ recovery of credit losses on loans and advances to customers					
Entities under common control	(252,526)	268,472	275,922	(275,568)	12,492
Key management personnel	(1)	(1)	—	(6)	—
Total	**(252,527)**	**268,471**	**275,922**	**(275,574)**	**12,492**
Fee and commission income					
Significant shareholders	3	16	18	29	15,332
Entities under common control	11,266	12,606	57,721	26	15,163
Total	**11,269**	**12,622**	**57,739**	**55**	**30,495**
Net gain from trading in foreign currencies					
Entities under common control	53,432	30,421	50,523	63,051	—
Total	**53,432**	**30,421**	**50,523**	**63,051**	—
Other operating income					
Significant shareholders	—	—	—	—	246
Entities under common control	—	—	—	12	78
Total	—	—	—	**12**	**324**
Administrative and other operating expenses					
Key management personnel	(3,405)	(2,919)	(15,444)	(12,574)	(10,465)
Entities under common control	—	—	—	—	(110,189)
Total	**(3,405)**	**(2,919)**	**(15,444)**	**(12,574)**	**(120,654)**

THE BANKING SECTOR AND BANKING REGULATION IN THE REPUBLIC OF UZBEKISTAN

Introduction

The Uzbekistan financial sector consists mainly of Uzbekistan banks, non-bank depository institutions, microfinance organisations, qualified credit institutions and insurance companies. Non-bank depository institutions and microfinance organisations provide a limited range of banking services, such as accepting deposits from, and issuing loans to, their members only (in the case of non-bank depository institutions), or issuing microloans (in the case of microfinance organisations), while banks provide a wide range of banking services. The CBU acts as the regulator of the financial sector supervising the banking sector. The CBU issues licences, establishes mandatory economic ratios and reserve requirements, regulates accounting and reporting rules and supervises compliance with laws and regulations. The CBU also controls inflation, issues money and ensures the effective functioning of payment systems. The main objective of the CBU is the stability of the national currency.

History of the Uzbekistan Banking Sector

The Uzbekistan banking sector was transformed following Uzbekistan's independence from the Soviet Union on 31 August 1991, as a two-tier banking system was introduced and the CBU was established with the adoption of the law "*On banks and banking activity*". Development of monetary policy and the payment system and formation of the commercial banking industry were among the main objectives of the newly established CBU.

The soum, introduced as the national currency on 1 July 1994, was a landmark in the formation of an independent banking system and the development of the economy of Uzbekistan as a whole. Afterwards, the CBU became an independent body and began to perform its function as a facilitator of the effective formation of the national monetary system. The law "*On the Central Bank of Republic Uzbekistan*", which was adopted in 1995, clearly defined new status, powers, goals and objectives of the CBU.

In 1996, credit and financial institutions serving particular sectors of the economy, such as the automobile industry, aircraft building, agriculture and others, were created to finance these strategic sectors. More specialised banks were established to meet the needs of business environments and economic developments in a wider range of economy sectors.

In 1997, reforms were implemented to stimulate private capital inflows to the banking sector. This process was followed by the decree of the President of the Republic Uzbekistan "*On the arrangements on motivation to form private commercial banks*" in 1997 providing certain benefits to the banks which were 50% or more privately owned. From March 1997, after the introduction of new software and the conversion of all accounts to an electronic regime, banks were able to process payments within 15 minutes across the whole territory of the Republic and within three minutes across Tashkent.

The statutory acts regulating the activity of commercial banks were established on the basis of Basel recommendations on banking supervision and international practice, as well as by taking into consideration the framework of international standards on financial statements. Furthermore, the principle of prior detection of issues on commercial banks' balance sheets was introduced. In addition, new measures were introduced with the aim of supporting the financial stability of commercial banks, including capital and liquidity control.

From 1999 to 2000, Uzbekistan implemented a mechanism for foreign exchange sales. This mechanism allowed authorised banks to purchase currency from their clients on a contractual basis.

In 2002, the law of the Republic Uzbekistan "*On the guarantee of security of funds of citizens in the banks*" established the Deposit Security Fund, which covered all commercial banks operating on the territory of Uzbekistan.

From 2003 to 2004, the regulation and systematic development of banking activity focused on further liberalisation and intensification of the reforms in Uzbekistan. Its main objective was to strengthen confidence in the banking sector. In October 2003, the Republic of Uzbekistan assumed obligations under Article 8 of the IMF Articles of Association. The policy of the CBU at that time was aimed at setting incentives for export and effective use of currency resources, together with prevention of inflation and sharp fluctuations in currency exchange rates.

Between 2003 and 2005, an emphasis was made on the realisation of management of monetary policies, and improvement of stability of the national currency and its exchange rate.

From 2006 to 2007, the Banks expanded their mortgage loans portfolio. The law "*On mortgage*" and the law "*On consumer loans*" facilitated mortgage loans and consumer loans. As a result, such types of loans became very popular.

In 2006, the UFRD was established to finance and co-finance projects of the state investment program. The UFRD is a financial institution under the authority of the Cabinet of Ministers of the Republic of Uzbekistan, designed to ensure the implementation of projects for the modernisation and technical re-equipment of leading sectors of the economy, dynamic, sustainable and balanced socio-economic development of the country, as well as the implementation of an effective structural and investment policy. The UFRD provides loans for state-owned entities through commercial banks on concessional terms. The UFRD's resources come from surplus tax revenues from the subsoil and export taxes, income from the sale of products under production sharing agreements with foreign partners and other revenue streams.

From 2008 to 2009, the main objective of the CBU was the development of retail banking. As a result, the range of services provided by the commercial banks of Uzbekistan expanded and new banking products were introduced.

In the second half of 2017, the CBU began active reforms in the monetary sector. In order to reduce inflationary pressure, the CBU tightened monetary conditions by raising the refinancing rate from 9% as at June 2017 to 16% as at September 2018 subsequently reducing it to 14% as at 25 April 2024.

The CBU also created a platform for interbank monetary operations that connects all commercial banks into a single trading system and ensures transactional transparency. It also established a system of inflation forecasting using econometric models. The CBU has prioritised raising the efficiency of monetary policy in 2018 by minimising the impact of monetary factors on inflation, ensuring price stability and reducing inflationary pressure.

For information on recent reforms and developments in the Uzbekistan banking sector, see "*- Recent and Expected Banking Reforms*" below.

In recent years, the CBU has taken measures to improve the financial stability of banks, one of which was an increase in the minimum charter capital requirement. Commencing from 1 April 2024, the minimum charter capital requirement has been raised from 200 billion soums to 350 billion soums. Starting from 1 January 2025, the minimum charter capital requirement will increase to 500 billion soums. The CBU has also taken action against the banks that did not comply with the mandatory ratios and requirements, and in certain cases revoked banking licenses.

At the same time, the banking industry has been growing, and a several new banks have started operating in the market. There is a growing trend among banks to establish themselves as digital institutions and offer services remotely. Additionally, the Government is also focused on divesting its ownership stake in the banking sector. In 2023 one of the largest state-owned banks, Ipoteka Bank, was sold to Hungarian OTP Bank.

Overview of the Banking Sector

As at 1 April 2024, there were 35 commercial banks in Uzbekistan. The total number of credit institutions throughout the country, including microfinance organisations and branches of commercial banks, was 6,439 as 1 January 2024. The aggregate assets of all banks in Uzbekistan amounted to approximately 665.7 trillion soums as at 1 April 2024. The banking system of Uzbekistan remains closely controlled by the state through a complex set of regulatory actions, decrees, proclamations, and practices. Most banking assets remain in state-owned or controlled banks, and the majority of loans are directed or channelled by the Government to develop certain pre-selected industry sectors. The slow pace of reforms in the banking system limits the role that banks can play as financial intermediaries, thus inhibiting the ability of individuals or private companies to obtain loans and other banking services.

As at 31 March 2024 there was a high level of concentration in the banking sector, with the wholly and partly state-owned banks holding 67% of all of the banking sector's total assets, 70% of the banking sector's total loans, 64% of the banking sector's total share capital and 50% of the banking sector's total deposits, whereas the banks without state ownership held 33% of all of the banking sector's total assets, 30% of the banking sector's total loans, 35% of the banking sector's total share capital and 50% of the banking sector's total deposits.

Assets and Liabilities, Credit Quality and Interest Rates

The following table sets out certain data relating to the banking sector in Uzbekistan as at the dates indicated:

	As at 31 March	As at 31 December				
	2024	2023	2022	2021	2020	2019
			(*soums billion*)			
Total number of banks	35	35	31	33	32	30
Total equity of banks	100,713	97,079	79,565	70,918	58,351	51,031
of which:						
in national currency	100,309	96,684	79,206	70,571	58,016	50,726
in foreign currency	404	395	359	347	335	305
Total assets of banks	665,657	652,157	556,746	444,922	366,121	272,727
of which:						
in national currency	371,269	360,366	292,195	229,507	182,194	143,650
in foreign currency	294,388	291,791	264,551	215,415	183,927	129,077
Total loans to customers	478,201	471,406	390,049	326,386	276,975	211,581
of which:						
in national currency	265,461	259,370	204,931	163,723	138,869	110,634
in foreign currency	212,740	212,036	185,118	162,663	138,106	100,947
Total deposits	243,128	241,687	216,738	156,190	114,747	91,009
of which:						
in national currency	171,609	169,516	131,795	95,578	65,318	51,040
in foreign currency	71,519	72,171	84,943	60,612	49,429	39,969
Capital adequacy ratio[(1)], %	17.5%	17.5%	17.8%	17.5%	18.4%	23.5%

Historically, the assets of Uzbekistan banks have been weighted in favour of loans to the public sector as compared to loans to the private sector. However, as at 31 December 2023, the distribution of assets was more even.

According to the CBU, loans to individuals as at 31 December 2023 were 148,621 billion soums, compared to 100,949 billion soums in 2022 and 69,496 billion soums in 2021.

Due to increased lending by the banking sector to finance the economy, the loan portfolio growth of the banking sector amounted to 17.8%, 19.5% and 20.9% in 2021, 2022, and 2023, respectively. As at 31 March 2024, this indicator amounted to 17.2%, where the main driver behind this growth was support from the UFRD. The UFRD provides loans for state-owned entities through commercial banks on concessional terms.

Banking system soundness in terms of asset quality is characterised by the weighted average of NPLs. NPLs accounted for 3.5% (according to the CBU standards) of total loans in the banking sector as at 31 December 2023, compared to 3.6% as at 31 December 2022. Loan portfolios of banks constituted 471,406 billion soums as at 31 December 2023 and 390,049 billion soums as at 31 December 2022.

As at 31 December 2023, none of the banks were designated as a 'problem bank' and, in general, the assets classified as problem loans (up to 90 days overdue, impaired and restructured loans) accounted for 3.5% of the total loan portfolio.

As at 31 March 2024, the majority of aggregate liabilities in the banking sector were attributable to loans. 40.1% of all liabilities were made up of loans and 43.0% were comprised of deposits, while the remaining 16.9% was accounted for by other liabilities. A high concentration of loans is more prevalent in state-owned banks due to the fact that the UFRD resources were provided to these banks in order to assist in financing the key strategic sectors of the economy. The total liabilities in the banking system have steadily increased in recent years, with total liabilities being 374,005 million soums as at 31 December 2021, 477,181 million soums as at 31 December 2022 and 555,078 million soums as at 31 December 2023. As of 31 March 2024, total liabilities in the banking system amounted to 564,944 million soums.

	31 March	As at 31 December				
	2024	2023	2022	2021	2020	2019
			(soums billion)			
Interest Income	25,872	61,728	47,392	37,067	25,500.2	14,517
Interest Expense	18,027	37,566	30,796	23,019	15,601,8	8,355
Net profit margin	7,845	24,162	**16,595**	**14,048**	**9,898,4**	**6,162**
Fee and commission income	12,988	33,182	17,251	11,801	9,619,5	6,564
Fee and commission expense	3,693	11,812	4,944	3,516	2,855,8	1,343
Operating expense	4,760	14,877	10,998	8,145	6,814,3	5,583
Non-interest gain (loss)	4,534	6,494	**1,309**	**140**	**(50,7)**	**(362)**
Provision for impairment of loans and leases to customers	7,503	13,863	12,221	6,354	3,855,7	1,746
Provision for losses other than loans	1,848	4,213	333	873	298,9	196
Profit before tax	3,029	12,579	5,351	6,961	5,693,2	3,858
Income tax expense	648	2,587	1,465	1,318	1,012,5	659
Return adjustments	—	1.2	—	—	—	—
Net profit	**2,381**	**9,993**	**3,885**	**5,642**	**4,680,7**	**3,200**

As at 31 March 2024, the refinancing rate - which is the main policy rate - was 14.0% and remained the same since March 2023, as compared to higher levels of 15.0% in the period from July 2022 to March 2023, 17.0% in the period from March 2022 to June 2022 and 16.0% from June 2022 to July 2022. Following the increase in the refinancing rate, the average interest rate on the interbank money market increased from 14.1% in 2022 to 14.8% in 2023. The weighted average interest rate on soum-denominated time deposits with a term of up to one year rose to 18.4% as at 31 December 2023, from 17.6% as at 31 December 2022 and from 15% as at 31 December 2021. The weighted average interest rate on soum-denominated time deposits with a term of over one-year increased to 20.5% as at 31 December 2023 from 19.6% as at 31 December 2022 and 18.3% as at 31 December 2021.

The International reserves of Uzbekistan consist of foreign currency reserves and monetary gold. Total net foreign currency reserves and monetary gold reserves as at 1 April 2024 were U.S.$33,635 million per CBU data (net international reserves do not include the foreign currency of commercial banks and government entities, except the Ministry of Economy and Finance and the UFRD). As at 1 April 2024, Uzbekistan's total official international reserves, including gold and the CBU's foreign currency reserves, amounted to U.S.$34,190 million, which remained relatively stable since the beginning of the year (1.1% decrease), but declined by 4.8% as compared to 1 December 2023. Of this, U.S.$8,260 million consisted of foreign currency assets and U.S.$25,374 million was in gold.

Monetary and Exchange Rate Policy

The CBU is responsible for implementing monetary policy. The CBU focuses on ensuring macroeconomic stability and reducing monetary factors influencing inflation. In line with the President's Decree "*On Measures to Drastically Improve Activities of the Central Bank of the Republic of Uzbekistan*" dated 9 January 2018, the CBU's mandate was expanded to include the medium-term goal of transitioning to inflation targeting, as well as ensuring the stability and development of the banking and payment system.

Starting in 2018, the CBU began focusing its monetary policy on the stability of prices in the economy. Certain currency restrictions were abolished and/or waived, including (i) restrictions on foreign currency purchase and sale by residents and cash withdrawals from debit cards in both national and foreign currencies for individuals were made available; (ii) the obligation to sell 50% of export hard currency revenues to commercial banks at CBU's exchange rate; and (iii) commercial banks were allowed to independently set their own tariffs and fees based on market conditions.

Foreign Exchange and International Reserves

In September 2017, the CBU liberalised the foreign currency market. As a result, the exchange rate of the soum was devalued to 8,100 soums per U.S. dollar as at 5 September 2018. As at 31 March 2024, the nominal exchange rate was 12,620 soums per U.S. dollar and as at 31 December 2023, the nominal exchange rate was 12,338.7 soums per U.S. dollar.

In October 2023, the Republic of Uzbekistan, in cooperation with the United Nations Development Program, issued "Green" Eurobonds worth 4.25 trillion soums and Eurobonds worth U.S.$660 million on the London Stock Exchange. This marked the first green sovereign Eurobonds issued in the CIS region.

The CBU holds the international reserves of the Republic of Uzbekistan, including:

- gold and other precious metals;
- foreign currency in cash;
- foreign-currency bank account balances and deposits in foreign banks and international financial organisations; and
- foreign currency securities issued or guaranteed by foreign governments, banks and international financial organisations.

The CBU contributes to the maintenance of international reserves at a level sufficient for the implementation of the monetary and exchange rate policies of the Republic of Uzbekistan, as well as for international transactions.

Foreign Investment

Foreign investment into the banking sector is regulated by the laws "*On the Central Bank of Uzbekistan*", "*On the Banks and banking activities*", "*On the Securities market*", as well as the Regulation of the CBU No. 3252 dated 30 June 2020 ("**Regulation 3252**") regarding the procedure and conditions for granting permission for banking activities.

The amount of shareholders' equity of non-resident banks that intend to open banking subsidiaries and buy shares of the banks in the territory of Uzbekistan must be no less than EUR200 million. Non-resident banks are not permitted to open branches in the territory of Uzbekistan.

The CBU cooperates with a number of foreign financial institutions and central banks to assist with the transition to inflation targeting model as well as the development of the Uzbek banking system.

The CBU cooperates with IMF regarding a wide range of issues. Over the years IMF provided technical assistance in regard to balance of payments statistics, lender of last resort functions, monetary policy, inflation targeting, modelling and forecasting, banking supervision, financial solvency, risk management and debt management.

The CBU closely cooperates with the World Bank, as it provides technical assistance on issues of stress-testing methodology of the banking sector and a framework of rules and regulations on prudential supervision. The CBU also cooperates with the World Bank in digital banking and financial education.

The CBU also cooperates with the EBRD under the Memorandum of Understanding Regarding Cooperation in the Republic of Uzbekistan.

The Asian Development Bank provided technical assistance and support in the implementation of a risk-based approach in bank supervision. The National Bank of Switzerland advises the CBU in respect of the implementation of inflation analysis and forecasting models.

The liberalisation of foreign exchange control started in September 2017 evidenced efforts by the Uzbekistan government to improve the foreign investment climate in the country. Further liberalisation has taken place in January 2021 with adoption of amendments to the law "*On Foreign Currency Regulation*" which allowed pegging the price of goods and services to foreign currency in foreign investment projects based on the decisions of the President of Uzbekistan. Additionally, the resolution of the Cabinet of Ministers No.283 adopted on 14 May 2020 set out the new Regulation on Monitoring and Control over the Foreign Trade Operations. The Regulation has liberalised certain requirements in relation to foreign trade operations.

Concentration within the Banking Sector

As at 31 March 2024 there was a high level of concentration in the banking sector, with the wholly and partly state-owned banks holding 67% of all of the banking sector's total assets, 70% of the banking sector's total loans, 65% of the banking sector's total share capital and 50% of the banking sector's total deposits, whereas private banks held 33% of all of the banking sector's total assets, 30% of the banking sector's total loans, 35% of the banking sector's total share capital and 50% of the banking sector's total deposits.

Payment Systems

There are three settlement systems currently in place in Uzbekistan. The first is the Interbank Payment System, which is designed for conducting electronic payments in soums among banks through their correspondent accounts at the CBU. The second system is the Unified Republic-wide Processing Center, which brings together the commercial banks that issue Uzbek soum cards. The centre established the interbank payment clearing system for soums plastic cards called "Uzcard". The third is the National Interbank Processing Centre – "HUMO" payment system. The membership in the Humair payment system is voluntary. As at 31 July 2023, "Uzcard" and "HUMO" payment systems were integrated.

Credit Ratings

In 2023, S&P affirmed its "BB-/B" long- and short-term foreign and local currency sovereign credit ratings of the Government, with a stable outlook. On 23 February 2024, Fitch affirmed Uzbekistan's long-term foreign and local currency issuer default ratings at "BB-" with a stable outlook. Fitch also affirmed the issuer default ratings on Uzbekistan's senior unsecured foreign- and local-currency bonds at "BB-" and the country ceiling was affirmed at "BB-".

Several Uzbekistan banks, including the Bank, have been rated by international rating agencies. On 5 April 2024, Fitch affirmed its long-term foreign and local issuer default rating at "BB-", and S&P affirmed its rating of the Bank to "BB-/B" with a stable outlook in February 2022.

Role of the Central Bank of Uzbekistan

The CBU regulates the activities of banks and ensures the stable functioning of the banking system in the Republic of Uzbekistan under Article 151 of the Constitution. The Constitution of the Republic of Uzbekistan, the law "*On the Central Bank of the Republic of Uzbekistan*" and other legislative acts determine the legal status, powers, principles of organisation and activities of the CBU.

The CBU is a legal entity owned by the state, but it carries out financial activities and makes decisions within its authority independently. The CBU issues banknotes in circulation, acts as a bank, adviser as well as a fiscal agent of the Government of the Republic of Uzbekistan, and stores and manages official foreign exchange reserves for the Republic of Uzbekistan. The CBU is responsible for most of the supervisory and regulatory functions in Uzbekistan's financial sector. Additionally, the CBU can buy and sell government securities on the open market, as well as debt obligations issued by the CBU itself.

The primary goals of the CBU are to ensure price stability and the development of the banking and payment systems. To accomplish these goals, the CBU: (i) implements monetary policy by managing liquidity in the interbank money market through interventions in the foreign currency market, short-term refinancing loans, foreign currency swaps, open market operations and setting reserve requirements; (ii) sets interbank operational policies; (iii) ensures the stability and development of the banking and payment systems; and (iv) sets foreign currency regulation.

Role of the CBU as the Supervisor of Uzbekistan's Financial Sector

The main objectives of the CBU as regulator of the finance market are:

- formation, acceptance and implementation of monetary and currency control;
- the implementation of an effective settlement system in the Republic of Uzbekistan;
- licensing and supervision of banks, microfinance organisations, non-bank depository institutions, qualified credit institutions and credit bureaus;
- storage and management of official gold and foreign exchange reserves of the Republic of Uzbekistan; and
- implementation of the state budget together with the Ministry of Economy and Finance.

The CBU has the right to:

- represent the interests of the Republic of Uzbekistan in central banks of other states, international banks and other financial institutions;
- enter into financial transactions and render banking services to foreign governments, foreign central banks and bodies of monetary control, and also the international organisations of which the Republic of Uzbekistan is a member;
- open representative offices in foreign states; and
- perform accreditation in the Republic of Uzbekistan of representative offices of foreign banks.

Relations of the CBU with banks and credit institutes of other states are performed according to international treaties of the Republic of Uzbekistan and interbank agreements.

Issuing Money and Regulating its Circulation

The CBU is exclusively entitled to issue monetary symbols in circulation in the form of banknotes and coins as legal means of payment in the territory of the Republic of Uzbekistan. Banknotes and coins in circulation are unconditional obligations of the CBU and are backed by all of its assets.

The CBU also establishes rules for the storage, transportation and collection of cash.

Monetary Policy

The CBU develops the main directions for the monetary policy of the Republic of Uzbekistan for the coming year no later than 30 days before the beginning of the next fiscal year.

The main directions of monetary policy should contain:

- analysis and forecast of economic conditions;
- limits on the volume of money in circulation;
- targets for the annual growth rate of the money supply, including changes in the internal assets of the CBU;
- main directions of currency and interest rate policy; and
- the main objectives for monetary and credit regulation.

Acting as Banker, Adviser and Fiscal Agent of the Government

The CBU may carry out banking operations to maintain the main accounts of state authorities and their agencies, organisations, authorities of the Ministry of Defence, Ministry of Internal Affairs, State Security Service, Ministry of Emergency Situations, State Customs Committee Republic of Uzbekistan, as well as enterprises, institutions and organisations subordinated to the CBU.

The CBU acts as a banker, adviser and fiscal agent of the Government of the Republic of Uzbekistan. The CBU also advises the Government on all-important issues related to its tasks and competencies. Furthermore, the CBU annually submits to the Government a report on economic and financial issues with recommendations on the preparation of the state budget.

The Government consults with the CBU on borrowing plans from internal and external sources, including the amounts that will be paid as part of such borrowing, on proposed terms and conditions for granting loans. The Ministry of Economy and Finance informs the CBU about all loans received by the Republic of Uzbekistan and its governmental bodies.

The CBU may accept deposits and currency values of the Government, as well as other government bodies, if they have permission from the Ministry of Economy and Finance. As a depository institution, the CBU receives and issues cash and currency values and keeps their records. It can pay interest on specified deposits.

The CBU, acting under the terms agreed with the Ministry of Economy and Finance, may act as a fiscal agent of the Government of the Republic of Uzbekistan and state bodies upon:

- placement of debt obligations issued by the Ministry of Economy and Finance and other state bodies, registration of placement and acting as an agent during their transfer;
- payment for the value, interest and other payments on specified securities;
- maintenance of accounts for the specified securities and execution of payment transactions with them; and
- implementation of other transactions with specified securities.

The CBU advises the Ministry of Economy and Finance on the schedule of issuance of government securities and the repayment of public debt, and considers their impact on the liquidity of the banking system and monetary policy priorities when doing so.

Operation of Clearing and Settlement Facility

The CBU is entitled to assist banks in settlement and clearing services for interbank payments, including payment by cheques and other payment instruments. The CBU is entitled to determine at its discretion the procedure for conducting such operations and to give appropriate prescriptions.

Supervision and Licensing

The CBU regulates and supervises the activities of banks, microfinance organisations, lombards and credit bureaus in order to maintain the stability of the financial and banking system, protect the interests of depositors, borrowers and creditors, as well as monitor and control their compliance with internal rules and the procedures for providing information related to countering money laundering, terrorist financing and the proliferation of weapons of mass destruction.

The CBU establishes:

- binding rules for banks to conduct banking operations, accounting and banking statistical reporting, and the preparation of annual reports;
- binding rules for microfinance organisations to conduct financial operations, accounting and reporting; and
- binding rules governing activities and operations of lombards and credit bureaus.

The CBU is entitled to:

- receive and monitor reporting and other documents of banks, microfinance organisations, lombards and credit bureaus, and request and receive information about their activities;
- monitor activities of banks and microfinance organisations, their branches and affiliated entities, as well as the activities of lombards and credit bureaus, and to impose sanctions for violations;
- set requirements to internal audit of banks and credit bureaus;
- set requirements to implementation of the quality classification of bank assets and the creation of adequate reserves to cover potential losses on assets;
- define conditions and procedure for writing off loss or assets;
- issue instructions to eliminate the violations identified in their activities to banks, microfinance organisations, lombards and credit bureaus; and
- determine qualification requirements managers, members of the board, chief accountants of banks and their branches, heads of executive bodies of microfinance organisations and credit bureaus.

In order to start operations, a bank in Uzbekistan is required to be registered with the CBU and hold a general banking licence issued by the CBU. Establishment of a bank is subject to a prior authorisation of the CBU. A decision concerning the issuance of a prior authorisation should be rendered within a period not later than three months from the day of submission of the application with all necessary documents, and should be based on a valuation of the financial possibilities, reputation of the founders, professional qualifications of the directors of the bank, evaluation of the business plan, financial plan, structure of capital, and confirmation of assets required for banking activities (premises, equipment, etc.).

In order to register a bank and obtain a banking licence, the founders must within a period not exceeding six months from the date of receipt of prior authorisation, comply with the requirements established by law. The decision to register a bank and issue a banking licence is made by the CBU within a period not exceeding one month from the date of fulfilment of the requirements of the CBU.

Regulation of the Banking Sector

Capital Adequacy

In accordance with the law "*On the banks and banking activity*", charter capital of the Bank is formed by monetary funds of founders and shareholders of the Bank. Use of funds obtained through loans, pledges and other engaged funds is not allowed. Nevertheless, in exceptional cases and in accordance with legislation, budgetary funds may be used to form charter capital of a bank. From 1 April 2024, the minimal amount of charter capital of a bank is 350 billion soums, and from 1 January 2025, it will be 500 billion soums.

Liquidity and Reserve Requirements

Commercial banks must monitor and control liquidity risks for major currencies and regularly report to the CBU. Banks should take into account unexpected revenue and expenses that may occur when monitoring and controlling the liquidity risk, including future transactions, repurchase agreements, devalued letters of credit, and letters of credit issued to unsatisfactory debtors and guarantees. Banks in Uzbekistan must comply with (i) a liquidity coverage ratio and (ii) an instant liquidity ratio. Liquidity coverage ratio is defined as the ratio of highly liquid assets to total net outflow in the next 30 days and should not be less than 100 percent. The instant liquidity ratio is defined as the ratio of the amount of cash and cash equivalents, securities of the Government of the Republic of Uzbekistan and the CBU and funds on the accounts of the bank with the CBU (except for mandatory reserves on the CBU accounts) to the amount of liabilities payable on demand. Only funds in the national currency, soums, are counted towards instant liquidity ratio. Instant liquidity ratio shall not be less than 25%.

Liquidity analysis of a bank should focus on trends in liquidity indicators analysed during a period (month, quarter, year) and should analyse the past and current strategies for resource allocation. Liquidity analysis should also assess the causes of changes from past status. Liquidity coefficients are part of the overall liquidity adequacy ratio.

In the calculation of liquidity, the liquid assets to total assets ratio, additional liquidity ratio, liquid assets to non-current liabilities ratio and loans to deposits ratio are used. The share of pledged securities in the total securities portfolio also helps the banks to determine their liquidity position. When managing its liquidity indicators, a bank's management should also take into account other factors affecting current liquidity individual to a specific bank's financial position.

Requirements on liquidity indicators

The liquidity compensation ratio ("**LCC**") is defined as a ratio of highly liquid assets to the total net expenses payable within 30 days from the date of calculation. LCC shall not be less than 100%. From 1 September 2019, this indicator shall be calculated in each of:

- all currencies;
- the national currency; and
- all foreign currency-denominated assets combined.

The net stable funding ratio is defined as the ratio of available stable funding to the required amount of stable funding. The net stable funding ratio shall not be less than 100%. Available stable funding includes total capital, liabilities with maturity of more than one year, 30% of loans and current accounts, aa well as 30% of term deposits and loans with maturity of less than one year. The required amount of stable funding includes impaired loans and non-financial assets, assets subject to claims and legal proceedings, 30% of assets with maturity of less than one year, as well as 15% of off-balance sheet items.

Regulation on Liquidity Requirements of Commercial Banks in Uzbekistan

According to the regulation on liquidity requirements of commercial banks in Uzbekistan, the following are considered as liquid assets: cash, gold bricks, the deposit money of banks at the account of CBU, money deposited at corresponding accounts of banks, securities of the CBU and the Government of Uzbekistan, short-term inter-bank loans (up to 30 days) and deposits, sovereign bonds of low risk countries and central banks, as well as other intergovernmental requests and requests to the CBU. The bonds and securities of those leading companies in low-risk countries that are considered as low-risk list securities according to rating agencies such as S&P's, Fitch and Moody's Investors Service or any other rating agencies recognised by the CBU.

According to the regulation on liquidity requirements of commercial banks in Uzbekistan, when the sovereign, banks or corporations have S&P's, Fitch, Moody's Investors Service and any other rating services recognised by the CBU, the lowest of them will be recognised and considered.

Mandatory Ratios

Mandatory economic ratios are established by the following regulations of the CBU:

- *"On requirements for capital adequacy of commercial banks" No. 2693 dated 13 July 2015;*
- *"On requirements for liquidity management of commercial banks" No. 2709 dated 13 August 2015; and*
- *"On maximum risk level for a single borrower or a group of related borrowers" No. 2707 dated 5 August 2015.*

A bank's regulatory capital serves as a base for calculation of the mandatory economic ratios and limits. A bank's regulatory capital consists of Tier I regulatory capital and Tier II regulatory capital. Tier I regulatory capital consists of Tier I main capital and Tier I additional capital and includes, among other items, charter capital, retained earnings and certain reserve funds. Tier II regulatory capital includes, among other items, reserves for standard loans (assets) and subordinated debt.

The following table sets forth the mandatory economic ratios that banks must observe on a daily basis and report to the CBU on the monthly basis. All mandatory economic ratios are calculated based on stand-alone financial statements prepared under UAL.

Mandatory Economic Ratio	**Description**	**CBU Mandatory Economic Ratio Requirements**
Regulatory Capital Ratio	Regulatory Capital Ratio is calculated as a ratio of Total capital to Risk-Weighted Assets. Total capital consists of Tier I and Tier II capital.	Minimum 13%
Capital Adequacy Ratio	The Capital Adequacy Ratio is calculated as a ratio of Tier I capital to Risk-Weighted Assets. Tier I capital consists of main capital and Tier I additional capital.	Minimum 10%
Leverage Ratio	Leverage Ratio is reported to reflect how leveraged a bank is in relation to its consolidated assets. The leverage ratio is calculated as a ratio of Tier I capital to total assets.	Minimum 6%

Mandatory Economic Ratio	Description	CBU Mandatory Economic Ratio Requirements
Instant Liquidity Ratio	Instant Liquidity Ratio is calculated as the ratio of the total liquid assets (cash, cash at correspondence accounts, repo, government bonds) to total liabilities.	Minimum 25%
Maximum Exposure to a Single Borrower or a Group of Related Borrowers for unsecured loan portfolio	It is formulated as the ratio of credit exposure of the bank to one borrower or a group of related borrowers for unsecured loan portfolio and the maximum risk is 25% of Tier I regulatory capital.	Maximum 25%
Maximum Amount of Major Credit Risks	Major credit is defined as the sum of total exposure exceeding 10% of a bank's Tier I capital. Maximum amount of major credit risks is calculated as a ratio of the aggregate amount of major credit exposures to a bank's Tier I capital.	Maximum 8 times (800%)
Maximum Amount Of Unsecured Credit and Factoring Services Risks	This ratio is intended to limit the aggregate credit exposure of a bank in connection with unsecured loans and factoring services. It is formulated as a ratio of the aggregate amount of a bank's unsecured loans to its Tier I regulatory capital.	Maximum 5%

Mandatory Reserve Deposit Requirements

In order to manage credit, currency, interest and financial risks in the banking sector, the CBU requires banks to form mandatory reserves and post them with the CBU to be held in designated accounts. Banks are required to report the calculation of reserves to the CBU promptly after the end of each month. The CBU's mandatory reserve requirements vary depending on the type of financial liabilities and range between 4% and 18%. The CBU may fine a bank that fails to comply with reserve requirements and debit the insufficient reserve from its correspondent account with the CBU.

Audit of Banks

The audits of banks are carried out annually by auditors who are licensed to provide such inspection in accordance with the legislation of Uzbekistan. The audit includes, in particular, the assessment of the capital adequacy, classification of subsidies, securities of subsidy, risk measurement and liquidity measurement. In accordance with the law "*On Banks and Banking activities*", the banks are obliged to establish and implement their own internal audit programmes in addition.

According to the legislation, each bank should establish an internal audit service, approve by its management board and implement certain internal policies and regulations, including regulations on internal audit services and internal audit procedures.

Loan Loss Provisions

The CBU regulates the creation of provisions for loan losses under CBU standards and UAL and requires banks to classify their loans into the following categories and to create provisions for such loans in the corresponding amounts:

Category	Provision
Standard	1%
Substandard	10%

Unsatisfactory	25%
Doubtful	50%
Hopeless	100%

Loans must be classified into one of categories above and provisioned accordingly on the basis of criteria laid down by the CBU, which differs from IFRS criteria. Such criteria include absence of documentation required to ascertain the borrower's financial condition, existing non-performing or impaired loans of the borrower, negative trends in the borrower's industry, decline in the price of collateral, etc.

Cancellation of Banking Licence

According to the law "*On the banks and banking activity*", the CBU is entitled to revoke a licence for carrying out banking activities in the following cases:

- insolvency of the Bank;
- establishment of unreliability of information based on which the licence was issued;
- inability of a bank to perform obligations to investors and other creditors;
- systematic failure to provide requested or reliable information;
- performance of bank transactions contrary to legislation and terms of licence;
- delay in performance of banking transactions for more than one year from the issuance date of its licence;
- non-compliance with the requirements on the minimum amount of the charter capital;
- breach of internal rules and conditions of providing information associated with countermeasures to legalisation of profits obtained through illegal activity, financing terrorism, and financing distribution of mass destruction weapons; and
- in the case of a subsidiary of a foreign bank, revocation of such foreign bank's license.

Annual Reporting

Banks shall publish financial statements under UAL in form and terms established by the CBU, as well as publish financial statements under IFRS, upon confirmation of reliability of information provided. Financial statements of banks shall include:

- consolidated balance sheet;
- consolidated statement of profits and expenses;
- consolidated statement on circulation of monetary funds;
- consolidated statement on changes in shareholder capital; and
- main policies and defining notes.

Banks shall publish annual financial statements together with the auditor's opinion no later than two weeks before annual shareholder meetings or any other governing body. Commercial banks shall provide copies of audit opinions together with audited financial statements to the CBU within 10 days after the audit inspection. Within three days of publication of an annual financial statement, a bank shall provide a copy of that edition to the CBU.

Anti-Money Laundering

Uzbekistan has made consistent efforts to meet international standards through new legislation. However, corruption and law enforcement's susceptibility to political influence limit the effectiveness of this legislative base. Connected individuals can circumvent established AML rules through private financial institutions, shell/mailbox companies, and bribery. Uzbekistan increased prosecutions on financial crimes; nevertheless, the Government's lack of transparency makes verifying the effectiveness of law enforcement in countering money laundering difficult.

Uzbekistan is not on the Financial Action Task Force ("**FATF**") List of Countries that have been identified as having strategic AML deficiencies. The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Uzbekistan was undertaken by FATF in 2023. According to that Evaluation, Uzbekistan was deemed Compliant for eight and Largely Compliant for 26 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for the remaining six Core Recommendations. Uzbekistan is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

Credit Cards

The issuance, maintenance and use of bank cards (credit cards, plastic cards, etc.) in the territory of the Republic of Uzbekistan are governed by the Regulation of the CBU No. 3294 "*On the rules for issuing bank cards and their circulation in the Republic of Uzbekistan*" and other regulatory and legal acts of the Republic of Uzbekistan, as well as agreements concluded between participants of interbank payment systems and rules established by payment organisations.

There are two payment systems, Uzcard and Humo, for making payments with plastic cards with microchip modules and a four-step data encryption system, which exclude counterfeit and unauthorised access by unauthorised persons. The withdrawal and crediting of customer accounts using plastic cards takes place after processing in the united Republic-wide processing centre, which protects customers and merchants from fraud and deception.

Payment Systems

The banking telecommunication network plays a key role in processing messages and transferring information required for effective operation of payment systems and regulating information flow between banks. The main distinctive feature of the banking telecommunications network is its structure, which unites branches of banks in Tashkent, regions and districts of Uzbekistan.

Due to implementation of a united balance system in real time and establishment of new branches in regional centres, the issue of BTS development in regional centres to provide high-speed data transfer was deemed necessary. To meet this need, between 2007 and 2008, specialists of the Head centre of Information of the CBU equipped regional centres and cities of the republic to provide BTS users with 192 kb/s and, in some cases, more.

In 2004, the Unified Nationwide Processing Centre ("**EOPTS**") was created, which allows a single mode of banking transactions in all outlets to be carried out, regardless of which bank is served by the organisation, the service sector, or the owner of a plastic card. Currently, the EOPTS comprises 36 partner banks, which issue the soum plastic cards. The EOPTS established an interbank payment clearing system for Soum plastic cards: Uzcard. In April 2024, the EOPTS was reorganised as a joint-stock company.

In 2018, the National Interbank Processing Centre ("**NIPC**") was established under the Decree of the President No. 3945 dated 19 September 2018. In 2019, the NIPC launched new plastic cards "HUMO". The distinctive feature of "HUMO" and "Uzcard" systems were integrated in 2023. Both payment systems support NFC payments though "HUMO Pay" and "Uzcard Pay" technologies.

Uzbekistan now has a quite widely developed system of non-cash payments based on plastic cards and remote access to banking operations through internet banking and mobile applications. According to the CBU, at the end 2023, the number of online banking users was approximately 44 million compared to approximately 30 million at the end of 2022. Moreover, the number of plastic cards in circulation reached 46 million on 31 December 2023, which is a 70.4% increase since 31 December 2021.

Dollarisation of Uzbek Economy

High levels of dollarisation of the economy of Uzbekistan reduce effectiveness of the monetary policy of the CBU. Furthermore, the total assets in the banking sector are 44% nominated in foreign currency as at 31

March 2024. Therefore, when implementing the monetary policy, the CBU affects 56% of the sector's assets, which is a 4% increase since the same period of 2021.

To reduce the dollarisation of the sector, the CBU and the Government may implement reforms to reduce foreign borrowing in foreign currency, including government loans guaranteed by the Ministry of Economy and Finance of the Republic of Uzbekistan.

Recent and Expected Banking Reforms

In October 2019, in line with the Strategy of Action for five priority areas of development of the Republic of Uzbekistan for 2017-2021, Presidential Decree No. 4487 was issued in order to improve the financial stability of state-owned banks, efficiency of financing of state development programs and the UFRD funding. The Decree, among other things, implemented certain measures to strengthen the financial standing of the banking sector which included a withdrawal of government directed low-margin and subsidised assets from the state owned banks, including the Bank, in order to improve their return on assets and performance.

In addition, as part of the on-going banking sector reforms, foreign investors have been allowed to acquire stakes not exceeding 5% of share capital of banking organisations in the Republic of Uzbekistan without receiving CBU consent. New types of regulated loan products were introduced to the banking sector, including long-term mortgage loans for individuals.

Furthermore, on 7 November 2019, new version of the law "*On banks and banking activities*" was adopted. The new edition of the law is generally much more sophisticated and comprehensive. As such, the law supplemented the list of financial operations conducted by banks with new types of services, including trust management of property and assets, purchase and sale of refined precious metals and operations with derivative financial instruments. Furthermore, the new law introduces the concept of banking groups and the concept of a systemically significant bank. In addition, the new law provides for a number of customer protection measures in the banking market, including regulations on limits for loan and deposits interest rates, commissions, disclosure of information, deposits protection, as well as the banks' liability for violation of consumer rights.

Since 2021, several amendments were introduced to the law "*On banks and banking activities*" which provided for increase of the minimum amount of the charter capital of a bank as well as also simplified the procedure of opening branches and other divisions of banks.

The new law also introduces a formal procedure for granting a licence. The detailed licensing requirements are now set out in Regulation 3252. In addition, it regulates the procedure of reorganisation and liquidation of banks, as well as expanding the forms of banking transactions. The new law clarifies and discloses the forms and procedure of supervision by the CBU. The CBU will further supervise:

- strategies, procedures and mechanisms used by banks to comply with the requirements of the law;
- the existing and potential risks of banks to determine the degree (level) of provision of sustainable management by the mechanisms of regulatory compliance, capital and liquidity of a bank and covering their risks; and
- compliance of banks with the requirements of legislation on risk management and corporate governance.

A separate chapter related to the corporate governance of banks was included in the law. Articles regarding the competence of a bank's management bodies, the rules of ethical behaviour of bank employees, and measures to prevent corruption and to avoid conflicts of interest were incorporated. Banks now have to have a reliable, clearly defined organisational structure of corporate governance, which provides for:

- transparency regarding areas of responsibility;
- effective procedures for identifying, managing, monitoring and communicating the risks to which a bank is or may be exposed (scenarios of crisis imitation);
- the procedure for assessing capital adequacy to cover operational risk;
- relevant internal control mechanisms, including strict accounting procedures; and

- employee remuneration policies and methods that promote and comply with sound and efficient risk management.

In 2020 CBU adopted Regulation of the Central Bank No.3254 on Corporate Governance in Banks which contains detailed rules and principles of corporate governance. This Regulation, among others, mandates the establishment of special committees of banks' supervisory board, including audit committee, risk management committee and remuneration committee. Additionally, it set outs the type of information to be published by banks on their websites including information about their ultimate beneficiaries.

In 2020 CBU amended the regulations on reserve requirement rates, and in 2023 it issued a new regulation on mandatory stress-testing of banks and regular reporting on risk assessment in line with international practices.

In May 2020, the Strategy for reforming banking system of the Republic of Uzbekistan for the years 2020-2025 was adopted. This Strategy aims to increase effectiveness of the banking system, to ensure financial stability, to reduce the Government share in the banking sector and to increase accessibility and quality of financial products. The strategy provided for a complex transformation of several state-owned banks and their privatisation.

The strategy "Uzbekistan - 2030" endorsed by the President of the Republic of Uzbekistan in 2023 also provides for plans to accelerate reforms in the banking sector. Specifically, by 2030, there is a target to quadruple the volume of current deposits held in banks and attract approximately four reputable foreign banks to operate in Uzbekistan. In addition, there are plans to introduce Islamic banking services in at least three banks by 2030.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes, which, subject to amendment, will be endorsed on each Definitive Note and will (subject to the provisions thereof) apply to the Global Note.

The U.S.$400,000,000 8.950 per cent. notes due 2029 (the "**Notes**") which expression includes any further Notes issued pursuant to Condition 16 and forming a single series therewith of "Uzpromstroybank" JSCB (the "**Issuer**") were authorised by a written resolution of the Supervisory Council of the Issuer dated 27 June 2024. The Notes are constituted by a trust deed to be dated 24 July 2024 (the "**Trust Deed**") made between the Issuer and Citibank, N.A., London Branch (the "**Trustee**", which expression shall include all persons for the time being who are the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes.

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed. The Issuer will enter into a paying agency agreement, to be dated 24 July 2024 (the "**Agency Agreement**") with the Trustee, Citibank, N.A., London Branch as principal paying agent and transfer agent (the "**Principal Paying Agent**" and the "**Transfer Agent**" and, together with any other paying agents appointed under the Paying Agency Agreement, the "**Paying Agents**") and Citibank Europe plc, Germany Branch as registrar (the "**Registrar**"). The Registrar, the Paying Agents and the Transfer Agent are together referred to herein as the "**Agents**", which expression includes any successor or additional paying and transfer agents or registrars appointed from time to time in connection with the Notes.

Copies of the Trust Deed and the Agency Agreement may be obtained during normal business hours at the specified office of the Trustee, being at the date hereof Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, and at the specified offices of the Principal Paying Agent. The Noteholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them. Capitalised terms used but not defined in these Conditions shall have the respective meanings given to them in the Trust Deed.

1. Form and Denomination

The Notes are issued in fully registered form, without interest coupons attached, in denominations of U.S.$200,000 or integral multiples of U.S.$1,000 in excess thereof ("**authorised denominations**"). Title to the Notes shall pass by registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The Notes are represented by registered definitive Notes ("**Definitive Notes**") and, save as provided in Condition 3(c), each Definitive Note shall represent the entire holding of Notes by the same holder.

2. Status

The Notes constitute direct, general, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may arise by mandatory operation of law and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. Register, Title and Transfers

(a) **Register**: The Registrar shall maintain the Register in respect of the Notes in accordance with the provisions of the Agency Agreement. The Register shall be kept at the specified office for the time being of the Registrar and shall record the names and addresses of the holders of the Notes, particulars of the Notes and all transfers and redemptions thereof. In these Conditions, the "holder" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(b) **Title**: Title to the Notes will pass by and upon registration in the Register. The holder of each Note shall (except as otherwise required by a court of competent jurisdiction or applicable law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Definitive Note relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Definitive Note) and no person shall be liable for so treating such holder.

(c) **Transfers**: Subject to Conditions 3(f) and 3(g) below, a holding of Notes may be transferred in whole or in part in an authorised denomination upon surrender (at the specified office of the Registrar or the Transfer Agent) of the relevant Definitive Note representing that Note, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer endorsed thereon) (the "**Transfer Form**"), duly completed and executed, at the specified office of the Transfer Agent or of the Registrar, together with such evidence as the Transfer Agent or the Registrar may reasonably require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form. In the case of a transfer of part only of a holding of Notes represented by one Definitive Note, a new Definitive Note shall be issued to the transferee in respect of the part transferred and a further new Definitive Note in respect of the balance of the holding not transferred shall be issued to the transferor. Neither the part transferred nor the balance not transferred may be less than the minimum authorised denomination. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Definitive Note representing the enlarged holding shall only be issued against surrender of the Definitive Note representing the existing holding. No transfer of a Note will be valid unless and until entered on the Register.

(d) **Exercise of Options or Partial Redemption in Respect of Notes**: In the case of an exercise of a Noteholders' option in respect of, and a partial redemption of, a holding of Notes represented by a single Definitive Note, a new Definitive Note shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Notes of the same holding having different terms, separate Definitive Notes shall be issued in respect of those Notes of that holding that have the same terms. New Definitive Notes shall only be issued against surrender of the existing Definitive Notes to the Registrar or the Transfer Agent.

(e) **Delivery of New Definitive Notes**: Each new Definitive Note to be issued pursuant to Condition 3(c) or 3(d) shall be available for delivery within three business days of receipt of a duly completed form of transfer or Change of Control Put Option Notice (as defined in Condition 7(f)) and surrender of the existing Definitive Note(s). Delivery of the new Definitive Note(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Change of Control Put Option Notice or Definitive Note shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or Change of Control Put Option Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Definitive Note to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 3(e), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar (as the case may be).

(f) **Transfer or Exercise Free of Charge**: Definitive Notes, on transfer or exercise of an option and partial redemption, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment by the person making such application for transfer or exercise of an option of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require).

(g) **Closed Periods**: No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(b) and Condition 7(c), (iii) after any such Note has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.

(h) **Regulations concerning Transfer and Registration**: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer and registration of Notes set out in Schedule 1 to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Agents (such approval not to be unreasonably withheld or delayed). A copy of the current regulations will be sent by the Registrar free of charge to any person who so requests and will be available at the specified offices of the Registrar and at the specified office of the Transfer Agent.

4. Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Material Subsidiaries will create, or permit to arise or subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction (a "**Security Interest**") other than a Permitted Security Interest upon the whole or any part of its property, assets or revenues, present or future, to secure any Indebtedness, without in any such case at the same time or prior thereto securing the Notes equally and rateably therewith or have the benefit of such other arrangement as (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

5. Covenants

(a) Regulatory Compliance

(i) So long as any Note remains outstanding, the Issuer shall not permit its:

(A) CBU Capital Adequacy Ratio to fall below the minimum percentage set by the CBU;

(B) CBU Tier 1 Capital Adequacy Ratio to fall below the minimum percentage set by the CBU; and

(C) CBU Leverage Ratio to fall below the minimum percentage set by the CBU.

(ii) The Issuer shall comply with all other financial and prudential ratios set by the CBU applicable to banks generally in Uzbekistan except where the failure to do so would not, individually or in the aggregate, have a Material Adverse Effect.

(b) **Restricted Payments**: So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Subsidiaries, directly or indirectly, to make a Restricted Payment, unless at the time of and after giving effect to such Restricted Payment:

(i) no Event of Default shall have occurred and be continuing (or would result therefrom); and

(ii) the aggregate amount of such Restricted Payment made during any financial year of the Issuer would not exceed 50% of the Consolidated Net Profit for the previous financial year determined by reference to the Issuer's audited consolidated financial statements for the previous financial year delivered to the Trustee pursuant to Condition 5(c),

provided, however, that in any financial year where the Issuer is required under the Presidential Decree dated 29 June 2018 No. UP-5468, as amended or superseded from time to time (the "**Decree**") or any Governmental resolution having similar effect, to make any Restricted Payments to its shareholders and the mandatory amount of such

Restricted Payments exceeds the threshold set out in paragraph (ii) above, such higher threshold as specified in the Decree or any Governmental resolution having similar effect shall apply for the purposes of this Condition 5(b).

(c) **Financial Statements etc.**: So long as any Note remains outstanding, the Issuer shall deliver to the Trustee:

(i) not later than 180 days after the end of the Issuer's financial year, copies (in English) of the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period, and all such annual financial statements of the Issuer shall be accompanied by the audit report (in English) of the Auditors thereon and supplemented with information as to (A) the CBU Capital Adequacy Ratio, (B) the CBU Tier 1 Capital Adequacy Ratio and (C) the CBU Leverage Ratio; and

(ii) not later than 120 days after the end of the first six months of each of the Issuer's financial years, copies (in English) of the Issuer's unaudited consolidated financial statements for such six-month period, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period and all such financial statements of the Issuer shall be accompanied by the review report (in English) of the Auditors thereon and supplemented with information as to (A) the CBU Capital Adequacy Ratio, (B) the CBU Tier 1 Capital Adequacy Ratio and (C) the CBU Leverage Ratio,

in the case of each of (i) and (ii) above, together with a written notice in the form of an Officer's Certificate in the form set out in the Trust Deed stating whether since the date of the last certificate or, if none, the Issue Date an Event of Default or a Potential Event of Default shall have occurred and be continuing, describing all such Events of Default or Potential Events of Default and what action the Issuer is taking or proposes to take with respect thereto; and

(iii) the Issuer shall also post such financial statements on its website within the time periods referred to in Condition 5(b)(i) or 5(b)(ii) above, as the case may be.

(d) Limitation on Mergers:

(i) So long as any Note remains outstanding, the Issuer shall not (x) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation, as these terms may be construed under applicable Uzbek law) or undergo any other type of corporate reconstruction, or (y) in a single transaction or a series of related transactions, directly or indirectly, merge, consolidate, amalgamate or otherwise combine with or into another Person or sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer or the Group, to another Person, unless:

(A) (i) the surviving or resulting entity or the transferee (the "**Successor Entity**") is the Issuer or, (ii) if not the Issuer, the Successor Entity (x) assumes all the obligations (if any) of the Issuer under the Notes and the Trust Deed, and (y) retains or succeeds to all of the rights and obligations of the Issuer under all of its material government permits, licenses, consents and authorisations; and

(B) either the Successor Entity is an Acceptable Investor (as defined below) or such transaction(s) would not, individually or in the aggregate, have a Material Adverse Effect; and

(C) immediately after such transaction(s), the Successor Entity certifies to the Trustee that the transaction complies with these Conditions (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability to any person).

(ii) So long as any Note remains outstanding, the Issuer shall ensure that none of the Material Subsidiaries shall (x) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation, as these terms may be construed under applicable law) or undergo any other type of corporate reconstruction or (y) `in a single transaction or a series of related transactions, merge, consolidate, amalgamate or otherwise combine with or into another Person or sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of such Material Subsidiary, unless:

(A) (i) such Material Subsidiary is the Successor Entity or (ii) the Successor Entity (if not such Material Subsidiary) retains or succeeds to all of the rights and obligations of such Material Subsidiary under all of its material government permits, licenses, consents and authorisations (if any); and

(B) such transaction(s) would not, individually or in the aggregate, have a Material Adverse Effect; and

(C) immediately after such transaction(c), the Issuer (on behalf of the Successor Entity) certifies to the Trustee that the transaction complies with these Conditions (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability to any person).

(iii) Notwithstanding the foregoing:

(A) The Issuer may perform acts set out in Condition 5(d)(i) if required to do so by statute or a Government resolution applicable to the Issuer, *provided that* (i) the Issuer is the Successor Entity or (ii) if not the Issuer, the Successor Entity (x) assumes all the obligations (if any) of the Issuer under the Notes and the Trust Deed, and (y) retains or succeeds to all of the rights and obligations of the Issuer under all of its material government permits, licenses, consents and authorisations;

(B) Any Material Subsidiary of the Issuer may perform acts set out in Condition 5(d)(ii) if required to do so by statute or a Government resolution applicable to the Issuer or such Material Subsidiary, *provided that* (i) such Material Subsidiary is the Successor Entity or (ii) the Successor Entity (if not such Material Subsidiary) retains or succeeds to all of the rights and obligations of such Material Subsidiary under all of its material government permits, licenses, consents and authorisations (if any); and

(C) Any Subsidiary of the Issuer may consolidate with, merge with or into, amalgamate or otherwise combine with or sell, assign, transfer, convey or otherwise dispose of all of its assets to the Issuer or another Subsidiary of the Issuer.

(e) Asset Sales

(i) So long as any Note remains outstanding, the Issuer shall not, and shall ensure that none of its Material Subsidiaries shall, directly or indirectly, consummate an Asset Sale, unless:

(A) the terms of such Asset Sale are substantially no less favourable to the Issuer or the relevant Subsidiary, as the case may be, than those which would be obtained in a comparable arm's length transaction and on commercially reasonable terms; and

(B) the Issuer delivers to the Trustee a resolution of the appropriate decision-making body of the Issuer or the relevant Material Subsidiary (in the English language) along with an Officer's Certificate certifying that such Asset Sale complies with this Condition 5(e); and

(ii) The Trustee may rely on such resolution and such Officer's Certificate referred to in this Condition 5(e) without further enquiry and will not be responsible or liable to any person for so doing.

(f) **Affiliate Transactions**: So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Material Subsidiaries to, enter into or permit to exist any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer or such Material Subsidiary (an "**Affiliate Transaction**") unless:

(i) the terms of the Affiliate Transaction are no less favourable to the Issuer or such Material Subsidiary than those that could be obtained at the time of the Affiliate Transaction in a comparable arm's-length transaction with a Person who is not an Affiliate of the Issuer or such Material Subsidiary; and

(ii) the Issuer delivers to the Trustee with respect to any Affiliate Transaction, or series of related Affiliate Transactions involving aggregate consideration in excess of US$100,000,000 (or its U.S. Dollar Equivalent), a resolution of the Issuer's Board of Directors (in the English language) along with an Officer's Certificate certifying that such Affiliate Transaction complies with this Condition 5(f) and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Issuer's Board of Directors or such Material Subsidiary's Board of Directors (or, in the event there is only one disinterested member of the Issuer's or Material Subsidiary's Board of Directors, approved by such disinterested member); *provided, however, that* the provisions of these Conditions 5(f)(i) and 5(f)(ii) shall not apply to:

(A) any Affiliate Transaction where the Affiliate in question is an Agency of the Republic of Uzbekistan or a Person which is a Subsidiary of, or is otherwise controlled by an Agency of the Republic of Uzbekistan;

(B) any employment agreement, employee compensation arrangements, consulting agreement, employee benefit plan, officer and director indemnification agreement or any similar arrangement entered into by the Issuer or any of its Material Subsidiaries in the ordinary course of business and compensation (including bonuses and equity compensation) paid to and other benefits (including retirement, health and other benefit plans) and indemnification arrangements provided on behalf of directors, officers, consultants and employees of the Issuer or any of its Material Subsidiaries;

(C) transactions between or among or solely for the benefit of the Issuer and/or its Subsidiaries;

(D) any issuance of Capital Stock of the Issuer to Affiliates of the Issuer or the receipt of capital contributions by the Issuer from Affiliates of the Issuer;

(E) Restricted Payments permitted to be made pursuant to Condition 5(b);

(F) agreements and arrangements, and transactions pursuant thereto, existing on the Issue Date and any amendment, extension, renewal, refinancing, modification or supplement thereof; *provided that* following such amendment, extension, renewal, refinancing, modification or supplement, the terms of any such agreement or arrangement so amended, modified or supplemented are, on the whole, no less favourable to the Issuer and its Material Subsidiaries, as applicable, than the original agreement or arrangement as in effect on the Issue Date.

(iii) The Trustee may rely on such resolution and such Officer's Certificate referred to in this Condition 5(f) without further enquiry and will not be responsible or liable to any person for so doing.

(g) **Maintenance of Authorisations**: So long as any Note remains outstanding, the Issuer shall, and shall ensure that each of its Material Subsidiaries will, take all action which may be necessary to ensure the obtaining and continuance of, all consents, licences, approvals and authorisations required in or by the laws of the Republic of Uzbekistan or any relevant jurisdiction or Agency having regulatory authority in respect of the Issuer or any Material Subsidiary of the Issuer in order to carry out its business activities.

(h) **Change of Business**: So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not make any material change to the general nature of the Issuer's business from that carried on at the Issue Date.

6. Interest

The Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 8.950 per cent. per annum, payable semi-annually in arrear on 24 January and 24 July in each year (each an "**Interest Payment Date**"), commencing on 24 January 2025 and will amount to U.S.$44.75 per Calculation Amount (as defined below). Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Definitive Note representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day–count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7. Redemption and Purchase

(a) **Final redemption**: Unless previously redeemed, or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on 24 July 2029 (the "**Maturity Date**"). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

(b) **Redemption for tax reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 17 and to the Trustee and Agents (which notice shall be irrevocable) at the principal amount thereof, together with interest accrued to (but excluding) the date fixed for redemption, if (i) immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or becomes effective on or after the Issue Date and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; *provided* *that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (x) an Officer's Certificate of the Issuer stating that the Issuer is entitled to effect such redemption and that the conditions precedent to the right of the Issuer to so redeem set out in (i) and (ii) above have occurred and (y) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept and rely absolutely, without further enquiry and without liability to any person, upon such opinion and certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders. All Notes in respect of which any such notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(c) **Redemption at Make Whole**: At any time prior to the Maturity Date the Issuer may, at its option, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (the "**Call Option Notice**") in accordance with Condition 17 and to the Trustee and the Agents redeem the Notes in whole but not in part, at the price which shall be the following (as calculated by the Issuer):

(i) the aggregate principal amount of the outstanding Notes; plus

(ii) interest and other amounts that may be due pursuant to these Conditions (if any) accrued but unpaid to but excluding the date on which the call option is to be settled (the "**Call Settlement Date**"); plus

(iii) the Make Whole Premium.

The Call Option Notice shall specify the Call Settlement Date.

For the purposes of this Condition 7(c):

"**Make Whole Premium**" means, with respect to a Note at any time, the excess of (a) the present value of the Notes at the Call Settlement Date, plus the present value of any required interest payments that would otherwise accrue and be payable on such Notes from the Call Settlement Date through to the Maturity Date, in each case calculated using a discount rate equal to the Treasury Rate at the Call Settlement Date plus 50 basis points, over (b) the outstanding aggregate principal amount of the Notes at the Call Settlement Date, *provided that* if the value of the Make Whole Premium at any time would otherwise be less than zero, then in such circumstances, the value of the Make Whole Premium will be equal to zero.

"**Treasury Rate**" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity most nearly equal to the period from the Call Settlement Date to the Maturity Date. The Issuer will obtain such yield to maturity from information compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least three business days (but not more than five business days) prior to the Call Settlement Date and shall notify the Noteholders (in accordance with Condition 17) and the Trustee and the Agents thereof not less than two business days prior to the Call Settlement Date (or, if such Statistical Release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith); *provided, however, that* if the period from the Call Settlement Date to the Maturity Date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Call Settlement Date to the Maturity Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

(d) **Purchase**: the Issuer and its Subsidiaries may at any time purchase or procure others to purchase for its account Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 13(a).

(e) **Cancellation**: All Definitive Notes representing Notes purchased pursuant to this Condition 7 shall be either cancelled forthwith, held or, to the extent permitted by law, resold. Any Definitive Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(f) **Redemption at the option of Noteholders upon a Change of Control**: If at any time while any Note remains outstanding a Change of Control Put Event occurs, the Issuer shall, at the option of the holder of any such Note (the "**Change of Control Put Option**"), redeem or purchase such Note on the Change of Control Put Date (as defined below) at 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Change of Control Put Date.

If a Change of Control Put Event occurs then, within 14 days of the occurrence of the Change of Control Put Event, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 17 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, a holder of Notes must deliver at the specified office of any Paying Agent, on any business day (being a day on which commercial banks are open for business in the city where such Paying Agent has its specified office) falling within the period commencing on the date on which the Change of Control Notice is given to Noteholders as required by this Condition 7(f) and ending 60 days after such date (the "**Change of Control Put Period**"), a duly signed and completed notice of exercise in the form obtainable from any specified office of any Paying Agent (a "**Change of Control Put Option Notice**") and in which the holder must specify a bank account to which payment is to be made under this paragraph accompanied by the applicable Definitive Note or Notes or evidence satisfactory to the Paying Agent concerned that the certificate for such Notes will, following the delivery of the Change of Control Put Option Notice, be held to its order or under its control.

The Issuer shall redeem or purchase (or procure the purchase of) the Notes the subject of each Change of Control Put Option Notice on the date (the "**Change of Control Put Date**") 14 days after the expiration of the Change of Control Put Period unless previously redeemed or purchased and cancelled. A Change of Control Put Option Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Option Notice and require the applicable Definitive Note or Notes to be returned.

For the purposes of this Condition 7(f):

(i) "**Acceptable Investor**" means (A) the Republic of Uzbekistan or (B) any entity which:

  (A) has an issuer rating from any Rating Agency that is either (a) at least equal to the then issuer rating of the Republic of Uzbekistan from the same Rating Agency or (b) an Investment Grade Rating; and

  (B) is not the subject or target of any Sanctions;

(ii) an "**Adverse Ratings Event**" will occur if on, or within six months after, the date of the announcement of the occurrence of the Change of Control (which period shall be extended so long as the rating of the Issuer or the Notes is under publicly announced consideration for possible downgrade by reason of such Change of Control by any of the Rating Agencies), the rating of the Issuer or the Notes is withdrawn or downgraded by any Rating Agency by reason of such Change of Control;

(iii) a "**Change of Control**" will occur upon the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that an investor, other than an Acceptable Investor, becomes the owner (directly or indirectly) of at least 50% plus one share of the issued and outstanding voting Capital Stock of, or otherwise to control, the Issuer;

(iv) "**Change of Control Put Event**" means the occurrence of both (x) a Change of Control, and (y) an Adverse Ratings Event;

(v) an "**Investment Grade Rating**" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, BBB- (or the equivalent) by Fitch, or an equivalent rating by any other Rating Agency;

(vi) "**Rating Agency**" means each of Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and Fitch Rating Limited ("**Fitch**"), Moody's Investors Service ("Moody's"), or any of their affiliates or successors; *provided that* if any of Fitch or S&P ceases to rate the Issuer or the Notes or fails to make a rating of the Issuer or the Notes publicly available for reasons outside of the Issuer's control, any other rating agency of equivalent international standing may be selected by the Issuer as a replacement agency for Fitch or S&P, or both of them, as the case may be;

(vii) "**Sanctions**" means any financial or economic sanctions or trade embargoes or any sanction measures imposed, administered or enforced by the United Nations, the United States of America, the European Union (or any of its member states), the United Kingdom or any governmental or regulatory authority, institution or agency of any of the foregoing including, without limitation, the United Nations Security Council, the U.S. Department of Treasury's Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce or His Majesty's Treasury.

8. Payments

(a) Method of Payment

(i) Payments of principal shall be made (subject to surrender of the relevant Definitive Notes at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Definitive Notes) in the manner provided in paragraph (ii) below.

(ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made by transfer to an account in U.S. Dollars maintained by the payee with a bank.

(iii) If the amount of principal being paid upon surrender of the relevant Definitive Note is less than the outstanding principal amount of such Definitive Note, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Definitive Note with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) **Payments subject to fiscal laws**: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(c) **Agents**: The initial Agents and their initial specified offices are listed below. The Issuer reserves the right (subject to prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed)) to terminate the appointment of all or any of the Agents at any time (*provided that* no Agent shall be responsible for any costs or liabilities occasioned by any such termination) and appoint additional or other payment or transfer agents, *provided that* they will maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee (such approval not to be unreasonably withheld or delayed). Notice of any such change will be provided as described in Condition 17 below.

(d) **Delay in Payment**: Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, or if the Noteholder is late in surrendering or cannot surrender its Definitive Note (if required to do so).

(e) **Non-Business Days**: If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 8, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in U.S. Dollars in New York City.

9. Taxation

All payments of principal, interest and other amounts in respect of the Notes by the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Definitive Note:

(i) held by a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Uzbekistan other than the mere holding of such Definitive Note; or

(ii) where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant Definitive Note on the last day of such period of 30 days.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

"**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Definitive Note representing such Note being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such surrender.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition. If the Issuer becomes subject in respect of payments of principal or interest on the Notes to any taxing jurisdiction other than (or in addition to) the Republic of Uzbekistan, references in these Conditions to the Republic of Uzbekistan shall be construed as references to such other jurisdiction.

10. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer that the Notes are, and they shall immediately become, due and repayable at their principal amount together with accrued interest if any of the following events occurs and is continuing (each, an "Event of Default"):

(a) the Issuer fails to pay any amounts payable on any of the Notes when due and such failure continues for a period of seven days in relation to principal and 14 days in relation to interest; or

(b) the Issuer does not perform or comply with any of its other obligations in the Notes or the Trust Deed which default (i) is (in the opinion of the Trustee) incapable of remedy and, in the case of a breach of an obligation under the Trust Deed, (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders or (ii) if in the opinion of the Trustee capable of remedy is not remedied within 30 days or such longer period as the Trustee may agree after notice of such default having been given to the Issuer by the Trustee in writing requesting the same to be remedied; or

(c) (i) any other present or future Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and payable prior to its stated maturity by reason of any default (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness, *provided that* the aggregate amount of the relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.$25,000,000 or its U.S. Dollar Equivalent; or

(d) the occurrence of any of the following events:

(i) (A) the Issuer or any Material Subsidiary of the Issuer seeking, consenting or acquiescing in the introduction of proceedings for its liquidation or bankruptcy or the appointment to it of a liquidator or a similar officer; (B) the presentation or filing of a petition in respect of the Issuer or any Material Subsidiary of the Issuer in any court or before any agency for its bankruptcy, insolvency, dissolution or liquidation which, in the case of a petition presented or filed by a Person other than the Issuer, or such Material Subsidiary, as the case may be, is not dismissed or discharged within 60 days from the date of presentation or filing; (C) the institution of supervision, external management, examinership or bankruptcy management to the Issuer or any Material Subsidiary of the Issuer; (D) the convening of a meeting of creditors generally of the Issuer or any Material Subsidiary of the Issuer for the purposes of considering an amicable settlement with its creditors generally; and/or (E) any extra judicial liquidation or analogous act in respect of the Issuer or any Material Subsidiary by any Agency in the Republic of Uzbekistan; or

(ii) the Issuer or any of its Material Subsidiaries: (A) fails or is unable or admits its inability to pay its debts generally as they become due; (B) consents by answer or otherwise to the commencement against it of an involuntary case in bankruptcy or to the appointment of a custodian of it or of a substantial part of its property;

(iii) a court of competent jurisdiction enters an order for relief or a decree in an involuntary case in bankruptcy or for the appointment of a custodian in respect of the Issuer or any Material Subsidiary of the Issuer or a substantial part of their respective property and such order or decree remains undischarged for a period of 30 days; or

(iv) the shareholders of the Issuer approve any plan for the liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring permitted by Condition 5(d));

(e) a judgment, order, decree of a court or other appropriate law enforcement body from which no further appeal or judicial review is permissible under applicable law for the payment of any amount in excess of U.S.$25,000,000 (or its U.S. Dollar Equivalent) is rendered against the Issuer or any of its Material Subsidiaries and continues unsatisfied and unstayed for a period of 30 days after the date thereof or, if later, the date therein specified for payment or on which such judgment or order otherwise becomes enforceable; or

(f) an order of a court of competent jurisdiction is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring permitted by Condition 5(d)) which event in the case of a Material Subsidiary of the Issuer is in the opinion of the Trustee materially prejudicial to the interests of the Noteholders; or

(g) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of the Republic of Uzbekistan, is not taken, fulfilled or done; or

(h) the validity of the Notes or the Trust Deed, as the case may be, is contested by the Issuer, or the Issuer shall deny any of its obligations thereunder or it is, or will become, unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed or any of such obligations shall become unenforceable or cease to be legal, valid and binding; or

(i) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) and (f) above.

11. Prescription

Claims for the payment of principal and interest in respect of any Definitive Note shall be prescribed unless made within 10 years (for claims for the payment of principal) or five years (for claims for the payment of interest) from the appropriate Relevant Date in respect of them.

12. Replacement of Definitive Notes

If any Definitive Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Definitive Notes must be surrendered before replacements will be issued.

13. Meetings of Noteholders, Modification and Waiver

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such meetings shall be held in accordance with the provisions set out in the Trust Deed. Such a meeting may be convened by the Trustee upon receipt of a written request by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses). The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to alter the method of calculating the amount of any payment in respect of the Notes, (iv) to change the currency of payment of the Notes or (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) **Modification and Waiver**: The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed or the Notes which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Notes or the Trust Deed, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable thereafter.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other Person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

14. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions and/or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take, nor shall the Trustee be bound to take or omit to take, any such steps, actions and/or proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding and (ii) it shall have been indemnified and/or provided with security and/or prefunded in each case to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trust Deed also contains a provision permitting the Trustee to request a compliance certificate from the Issuer related to compliance with the Conditions in the circumstances described in the Trust Deed. The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer and the Noteholders. The liability of the Auditors to the Trustee in respect of any report, confirmation, certificate or advice of the Auditors shall be governed by the terms of such report, confirmation, certificate or advice (or the engagement letter relating thereto).

16. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

17. Notices

Notices to the Noteholders shall be valid if sent to them by first class mail (airmail if overseas) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed on the Stock Exchange, notices will be published in a manner which complies with the rules and regulations of the Stock Exchange. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

18. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer, shall indemnify each Noteholder on the written demand of such Noteholder, addressed and delivered to the Issuer, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20. Governing Law

The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them are governed by, and shall be construed in accordance with, English law.

21. Arbitration, Consent to Enforcement and Waiver of Immunity

(a) **Arbitration**: Any dispute arising out of or connected with the Notes and the Trust Deed, including a dispute as to the validity or existence of the Notes and the Trust Deed and/or this Condition 21 or any non-contractual obligation arising out of or in connection with the Notes and the Trust Deed (a "**Dispute**"), shall be resolved by arbitration whose seat shall be in London, England, conducted in the English language by three arbitrators pursuant to the rules of the London Court of International Arbitration ("**LCIA**") (such arbitration to also be administered by the LCIA in accordance with those rules), which rules are deemed to be incorporated by reference into this Condition with the exception that any provision of such rules relating to the nationality of an arbitrator shall, to that extent, not apply and save that, unless the parties agree otherwise, the third arbitrator, who shall act as chairman of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If the third arbitrator is not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

(b) **Agent for Service of Process**: The Issuer has appointed Law Debenture Corporate Services Limited, at Eighth Floor, 100 Bishopsgate, London EC2N 4AG as its agent in England to receive service of process in any proceedings in England in connection with the Notes and the Trust Deed.

(c) **Consent to enforcement etc.**: The Issuer consents generally in respect of any Disputes to the giving of any relief or the issue of any process in connection with such Disputes including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any judgment or award which may be made or given in such Disputes.

(d) **Waiver of immunity**: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before the making of a judgment or an award or otherwise) or other legal process including in relation to the enforcement of a judgment or award and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its respective assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity.

22. Definitions

In these Conditions, the following terms shall have the following meanings:

"**Affiliate**", in respect of any specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, and, in the case of a natural Person, any immediate family member of such Person. For purposes of this definition, "**control**", as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "**controlling**", "**controlled by**" and "**under common control with**" shall have correlative meanings;

"**Agency**" means any agency, authority, central bank, department, committee, government, legislature, ministry, minister, official or public or statutory person (whether autonomous or not) of, or of the government of, any state or supra-national body;

"**Asset Sale**" means

(a) the sale, lease, conveyance or other disposition of any tangible or intangible assets or rights or revenues of the Issuer or a Material Subsidiary of the Issuer in one or more transactions or series of transactions (whether related or not);

(b) the issuance of Capital Stock in any Material Subsidiary of the Issuer or the sale of Capital Stock in any of its Material Subsidiaries.

Notwithstanding the foregoing, none of the following items will be deemed to be an Asset Sale:

(a) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than 7.5 per cent. of the consolidated total assets of the Issuer (as calculated by reference to the most recent consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c);

(b) any sale or other disposition of Capital Stock in a Subsidiary not involved in carrying out banking business or any sale or other disposition of other assets that are no longer useful in the conduct of the business of the Issuer or its Subsidiaries;

(c) a transfer of assets between or among the Issuer and its Subsidiaries;

(d) any sale, lease, conveyance or other disposition of any assets of the Issuer or any of its Subsidiaries or property pledged as collateral by or to the Issuer or any of its Subsidiaries in the ordinary course of the Issuer's or, as the case may be, the relevant Subsidiary's business;

(e) an issuance or other disposition of Capital Stock by a Material Subsidiary of the Issuer to the Issuer or to a Subsidiary of the Issuer;

(f) the creation of a Security Interest;

(g) a payment or other disposition that does not violate Condition 5(b) and Condition 5(d);

(h) the sale or other disposition of assets received by the Issuer or any of its Material Subsidiaries in compromise or settlement of claims of the Issuer or any of its Material Subsidiaries; and

(i) the sale, transfer or other disposition of any revenues or assets (or any part thereof) the subject of any securitisation of receivables, asset-backed financing or similar financing structure originated by the Issuer or any of its Material Subsidiaries whereby all payment obligations are to be discharged primarily from such assets or revenues, *provided that* the value of such assets or revenues, asset-backed financing, or similar financing structures, when aggregated with the value of all assets or revenues subject to a Security Interest permitted under paragraph (h) of the definition of "Permitted Security Interest", does not, at any time, exceed 25% of the Group's total loans and advances to customers before allowances for expected credit losses as calculated by reference to the most recent consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c).

"**Auditors**" means the auditors for the time being of the Issuer or, if they are unable or unwilling promptly to carry out any action requested of them under these Conditions, such other firm of accountants of international standing as may be selected by the Issuer for the purpose and notified in writing to the Trustee;

"**Board of Directors**" means with respect to the Issuer, its Supervisory Council; with respect to a corporation, the board of directors or managers of the corporation and, in the case of any other corporation having both a supervisory board and an executive or management board, the executive or management board (except where the supervisory board is expressly indicated); with respect to a partnership, the board of directors of the general partner of the partnership; and with respect to any other Person, the board or committee of such Person serving a similar function;

"**business day**" means (except where expressly defined otherwise) a day which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in U.S. Dollars in New York City;

"**Capital Lease Obligation**" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital or finance lease that would at that time be required to be classified and accounted for as a finance lease for financial reporting purposes and reflected as a liability on a balance sheet, in each case in accordance with IFRS;

"**Capital Stock**" means, with respect to any Person, any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any Preferred Stock of such Person, whether now outstanding or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock but excluding any debt securities convertible into or exchangeable for such Capital Stock;

"**CBU**" means the Central Bank of Uzbekistan;

"**CBU Capital Adequacy Ratio**" means a ratio of the Issuer's CBU Regulatory Capital to the CBU Risk Weighted Assets calculated by reference to the Uzbek accounting standards;

"**CBU Capital Regulation**" means the Regulation of the Central Bank of Uzbekistan No. 14/3 dated 13 June 2015, as amended, supplemented or restated or superseded from time to time;

"**CBU Leverage Ratio**" means a ratio of the Issuer's CBU Tier 1 Capital to total assets and off-balance sheet instruments and derivative (financial) instruments less intangible assets and the sum of all investments in capital of unconsolidated economic entities, including debt obligations, which form capital of such economic entities and capital investments of other banks, calculated in accordance with the CBU Capital Regulation;

"**CBU Regulatory Capital**" means the regulatory capital (regulyativ kapital) as such term is defined in the CBU Capital Regulation;

"**CBU Risk-Weighted Assets**" means the aggregate of balance sheet assets and off-balance sheet engagements, weighted for credit and market risk in accordance with the CBU Capital Regulation;

"**CBU Tier 1 Capital**" means the Tier 1 Capital (regulyativ kapital I darajali kapital) as such term is defined in the CBU Capital Regulation;

"**CBU Tier 1 Capital Adequacy Ratio**" means a ratio of the Issuer's CBU Tier 1 Capital to the CBU Risk-Weighted Assets;

"**Code**" means the United States Internal Revenue Code of 1986, as amended;

"**Consolidated Net Profit**" means, for any period, the net profit of the Issuer and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS;

"**control**" shall have the meaning provided in the definition of "Affiliate" and "controlled" shall be construed accordingly;

"**Deferred Capital Stock**" means a dividend or distribution declared by the Issuer and which a shareholder of the Issuer has irrevocably instructed the Issuer to retain and apply towards consideration for any future Capital Stock to be issued by the Issuer to such shareholder;

"**Fair Market Value**" means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors of the Issuer or the relevant

Material Subsidiary of the Issuer (unless otherwise provided in these Conditions) whose determination shall be conclusive;

"**Group**" means the Issuer and its consolidated Subsidiaries taken as a whole;

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

The term "guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person guaranteeing any obligation.

"**Hedging Obligations**" means, with respect to any Person, the obligations of such Person under:

(a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

(b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates; and

(c) any foreign currency futures contract, option or similar agreement or arrangement designed to protect such Person against fluctuations in foreign currency rates;

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(a) all indebtedness of such Person for borrowed money;

(b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all Capital Lease Obligations of such Person;

(d) all indebtedness of other Persons guaranteed or indemnified by such Person, to the extent such indebtedness is guaranteed or indemnified by such Person;

(e) to the extent not otherwise included in this definition, all Hedging Obligations of such Person, *provided*, *however*, *that* if and to the extent that netting is permitted by applicable laws (including the laws of the Republic of Uzbekistan), the amount of any such Hedging Obligations for the purposes of this paragraph (e) shall be equal at any time to the net payments under such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at the termination of such agreement or arrangement;

(f) any amount raised by acceptance under any acceptance credit facility; and

(g) any amount raised under any other transaction having the economic or commercial effect of a borrowing,

and the amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above, and with respect to contingent obligations, as described above, the maximum liability which would arise upon the occurrence of the contingency giving rise to the obligation;

"**Issue Date**" means 24 July 2024;

"**Material Adverse Effect**" means a material adverse effect on (a) the business, condition (financial or otherwise), results of operations or prospects of the Issuer or the Group, (b) the ability of the Issuer to perform its obligations under the Trust Deed and the Notes or (c) the validity or enforceability of the Trust Deed and the Notes;

"**Material Subsidiary**" means any Subsidiary of the Issuer:

(a) which, according to the most recent audited consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c) accounted for more than 5% of the profit before tax of the Group or which, according to the most recent audited consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c), was the owner of more than 5% of the consolidated total assets of the Group; or

(b) to which are transferred substantially all of the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer was a Material Subsidiary (with effect from the date of such transaction).

The Issuer does not have any Material Subsidiaries as of the Issue Date;

"**Officer**" means the chief financial officer, the chairman or the first deputy chairman of the Board of Directors, the chairman of the Management Board or other person holding a corresponding or similar position of responsibility;

"**Officer's Certificate**" means a certificate executed on behalf of the Issuer by one Officer;

"**Permitted Security Interest**" means:

(a) any Security Interest in existence on the Issue Date;

(b) any Security Interests granted by any Material Subsidiary of the Issuer in favour of the Issuer or any Material Subsidiary of the Issuer;

(c) any Security Interests imposed or required by statute, operation of law or any Government resolution;

(d) any Security Interests securing Indebtedness of a Person existing at the time that such Person is merged into or consolidated with the Issuer or a Material Subsidiary of the Issuer or becomes a Material Subsidiary of the Issuer, *provided that* such Security Interests (i) were not created in contemplation of such merger or consolidation or event; and (ii) do not extend to any assets or property of the Issuer or any Material Subsidiary of the Issuer (other than those of the Person acquired and its Material Subsidiaries (if any));

(e) any Security Interests already existing on assets or property acquired or to be acquired by the Issuer or a Material Subsidiary of the Issuer, *provided that* such Security Interests were not created in contemplation of such acquisition and do not extend to any other assets or property (other than the proceeds of such acquired assets or property);

(f) any netting or set-off arrangement entered into by the Issuer or any of its Material Subsidiaries in the ordinary course of its banking business for the purpose of netting debit and credit balances;

(g) Security Interests arising pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings or as security for costs and expenses in any such proceedings, so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;

(h) any Security Interest upon, or with respect to, any present or future assets or revenues of the Issuer or any part thereof which is created pursuant to any securitisation of receivables, asset-backed financing or similar financing structure and whereby all payment obligations secured by such Security Interest or having the benefit of such Security Interest, are to be discharged solely from such assets or revenues, *provided that* the value of assets or revenues subject to such Security Interest when aggregated with the value of assets or revenues which are the subject of any securitisation of receivables, asset-backed financing or similar financing structure permitted pursuant to Condition 5(e), does not, at any such time, exceed 25% of the Group's total loans and advances to customers before allowances for expected credit losses as calculated by reference to the most recent consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c);

(i) any Security Interest granted upon or with regard to any property hereafter acquired by the Issuer or any Material Subsidiary to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition (other than a Security Interest created in contemplation of such acquisition), *provided that* the maximum amount of Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(j) any Security Interest arising in the ordinary course of banking business including without limitation: Security Interests pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market (and not for the purpose of raising credit or funds for the operation of the Issuer or any Material Subsidiary of the Issuer), in connection with (x) contracts entered into substantially simultaneously for sales and purchases at market prices of securities or precious metals (y) the establishment of margin deposits and similar securities in connection with trading in securities or precious metals or (z) the Issuer's foreign exchange dealings or other proprietary trading activities including, without limitation in the case of (x), (y) and (z), Repos;

(k) any Security Interest in respect of Hedging Obligations entered into for non-speculative purposes;

(l) any Security Interest on property acquired (or deemed to be acquired) under a finance lease, or claims arising from the use or damage to such property, *provided that* any such encumbrance secures only rentals and other amounts payable under such lease;

(m) Security Interests arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by a Security Interest permitted by any of the above exceptions, *provided that* the Indebtedness thereafter secured by such Security Interest does not exceed the amount of the original Indebtedness and such Security Interest is not extended to cover any property not previously subject to such Security Interest;

(n) any Security Interests arising in relation to any Project Finance Debt; and

(o) any Security Interests not otherwise permitted by the preceding paragraphs (a) through (n), *provided that* the aggregate principal amount of the Indebtedness secured by such Security Interests does not at any time exceed 15 per cent. of the Group's consolidated total assets as published in the most recent consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c);

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or other entity;

"**Potential Event of Default**" means an event or circumstance which, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10, would constitute an Event of Default;

"**Preferred Stock**", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person;

"**Project Finance Debt**" means any Indebtedness incurred in relation to any asset solely for purposes of financing the whole or any part of the acquisition, creation, construction, improvement or development of such asset where the financial institutions to which such indebtedness is owed have recourse solely to the applicable project borrower (where such project borrower is formed solely or principally for the purpose of the relevant project) and/or to such asset (or any derivative asset thereof) or any other similar non-recourse Indebtedness which is properly regarded as project finance debt;

"**Repo**" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities borrowing agreement or any agreement relating to securities which is similar in effect to any of the foregoing and for purposes of this definition, the term "securities" means any Capital Stock, share, debenture or other debt or equity instrument, or derivative thereof, whether issued by any private or public company, any government or Agency or instrumentality thereof or any supranational, international or multilateral organisation.

"**Restricted Payment**" with respect to the Issuer or any of its Subsidiaries means:

(a) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Person) or similar payment to the direct or indirect holders of its Capital Stock (other than (A) dividends or distributions payable solely in its Capital Stock, Deferred Capital Stock or in options, warrants or other rights to purchase such stock, (B) dividends or distributions payable solely to the Issuer or a Wholly-Owned Subsidiary of the Issuer and (C) *pro rata* dividends or other distributions made by a Subsidiary of the Issuer that is not a Wholly-Owned Subsidiary of the Issuer to minority stockholders (or owners of an equivalent interest in the case of a Subsidiary that is an entity other than a corporation));

(b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Capital Stock of the Issuer held by any Person (other than by a Subsidiary) or of any Capital Stock of a Subsidiary of the Issuer held by any Affiliate of the Issuer (other than by a member of the Group), including in connection with any merger or consolidation and including the exercise of any option to exchange any Capital Stock (other than into Capital Stock of the Issuer that is not Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of Indebtedness of such Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Maturity Date);

(c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity or scheduled repayment of any Subordinated Obligations of the Issuer or any Subsidiary of the Issuer (except for the repayment of inter-company debt owed by any member of the Group to any other member of the Group from time to time);

"**Stock Exchange**" means the London Stock Exchange plc;

"**Subordinated Obligations**" means, with respect to any Person, any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the Notes pursuant to a written agreement to that effect;

"**Subsidiary**" means, in relation to any Person (the "first person"), at any particular time, any other Person (the "second person") (i) which the first person controls or has the power to control and (ii) which is (or is required under IFRS to be) consolidated in or with the financial statements of the first person;

“**Taxes**” means any taxes, levies, duties, imports or other charges or withholding of a similar nature no matter where arising (including interest and penalties thereon and additions thereto);

“**U.S. Dollars**”, “**dollars**” or the sign “**$**” means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts;

“**U.S. Dollar Equivalent**” means with respect to any amount denominated in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such other currency involved into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with the applicable foreign currency as quoted by Reuters at approximately 11:00 am (New York time) on the date not more than two Business Days prior to the date of determination;

“**Wholly - Owned Subsidiary**” of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

SUMMARY OF THE PROVISIONS RELATING TO THE NOTES WHEN IN GLOBAL FORM

The Notes will be evidenced on issue by (i) in the case of Regulation S Notes, a Regulation S Global Note deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg and (ii) in the case of Rule 144A Notes, a Rule 144A Global Note deposited with a custodian for, and registered in the name of Cede & Co. as nominee of DTC.

Beneficial interests in the Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that if it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes (a) to be purchasing outside of the United States in accordance with Regulation S or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Global Note (if applicable). See "*Transfer Restrictions*".

Beneficial interests in the Rule 144A Global Note may be held only through DTC at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the agency agreement. See "*Transfer Restrictions*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the Paying Agency Agreement and the Global Notes will bear applicable legends regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note and only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) from the transferor to the effect that the transfer is being made in accordance with Regulation S.

Save in the case of the issue of replacement Notes pursuant to Condition 12, the Issuer, the Transfer Agents and the Registrar shall make no charge to the holders for the registration of any holding of Notes or any transfer thereof or for the issue of any Notes or for the delivery thereof at the specified office of a Transfer Agent or the Registrar or by uninsured post to the address specified by the holder, but such registration, transfer, issue or delivery shall be effected against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration, transfer, issue or delivery. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Note certificates in definitive form (the "**Definitive Notes**"). The Notes are not issuable in bearer form.

Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the above Conditions. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note will be made to the person who appears on the register of Noteholders at the close of business on the Record Date as holder of the relevant Global Note against presentation and (if no further payment falls to be made in respect of the relevant Notes) surrender of such Global Note to or to the order of the Principal Paying Agent (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose), which shall endorse such payment or cause such payment to be endorsed in the appropriate schedule to such Global Note (such endorsement being prima facie evidence that the payment in question has been made). Interest in respect of the Notes represented by a Global Note will be paid from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by such Global Note, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

Notices

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication to entitled account holders rather than in the manner specified in the Conditions and shall be deemed to be given to holders of interests in such Global Note with the same effect as if they had been given to such Noteholder in accordance with the Conditions; *provided, however*, *that* as long as the Notes are listed on the London Stock Exchange, all notices will also be given in accordance with the rules of the London Stock Exchange. Any such notice will be deemed to have been given on the day the same has been delivered to the relevant clearing systems.

Record Date

Notwithstanding Condition 8(a)(ii), "Record Date" shall mean the Clearing System Business Day before the relevant due date for payment, where "Clearing System Business Day" means Monday to Friday inclusive, except 25 December and 1 January.

Meetings

The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each Note for which such Global Note may be exchangeable.

Trustee's Powers

Notwithstanding anything contained in the Trust Deed, in considering the interests of Noteholders while a Global Note is held on behalf of a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests, and treat such accountholders, as if such accountholders were the holders of such Global Note.

Issuer's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Noteholders and the relevant clearing systems (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required and instead the Notes to be redeemed shall be selected (i) in the case of the Regulation S Global Note, in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg or (ii) in the case of the Rule 144A Global Note, on a *pro rata* pass-through distribution of principal basis.

Noteholder's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, the exercise of the option of Noteholders provided for in Condition 7(g) will be subject to the normal rules and operating procedures of such clearing system.

Electronic Consent and Written Resolution

While a Global Note is registered in the name of any nominee for a clearing system, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting in respect of which the special quorum provisions specified in the Notes apply, take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Exchange for Definitive Notes

Exchange

Each Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Notes in definitive, registered form if: (i) in the case of a Rule 144A Global Note, DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Rule 144A Global Note or ceases to be a "clearing agency" registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC or (ii) in the case of a Regulation S Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar or any Transfer Agent.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest or on the date of optional redemption in respect of the Notes.

"**Exchange Date**" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Notes and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or the Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes and (b) in the case of a Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Definitive Notes issued in exchange for a beneficial interest in a Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or the Transfer Agent, together with the completed form of transfer thereon.

Book-entry Procedures for the Global Note

Custodial and depositary links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*–Settlement and Transfer of Notes*".

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note will have an ISIN and Common Code. The Regulation S Global Note will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of such common depositary. The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

DTC

The Rule 144A Global Note will have a CUSIP number and will be deposited with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in the Regulation S Global Note directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**") through organisations that are accountholders therein.

DTC

The information set out below in connection with DTC is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. The information about DTC set forth below has been obtained from sources that the Issuer believes to be reliable, including DTC, but neither the Issuer nor any of the Joint Bookrunners takes any responsibility for the accuracy of the information. If investors wish to use the facilities of any clearing system they should confirm the applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuer, the Trustee or any of the Joint Bookrunners will have any responsibility or liability for any aspect of the records relating to, or payments made on account of interests in, Notes held through the facilities of any clearing system, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC has advised the Issuer as follows: DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, which clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Note directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations that are Direct Participants in such system. DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Rule 144A Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Exchange for Definitive Notes*" DTC will surrender the Rule 144A Global Note for exchange for individual Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note must look solely to Euroclear or Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in a Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by a Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes unless and until interests in the relevant Global Note held within a clearing system are exchanged for Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. In particular, because DTC can only act on behalf of Direct Participants the ability of a person having an interest in the Rule 144A Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note, as the case may be (subject to the certification procedures provided in the Paying Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Rule 144A Global Note will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note of the relevant class and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Rule 144A Global Note (subject to the certification procedures provided in the Paying Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Rule 144A Global Note who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note; and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note. Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Notes among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedure, and such procedures may be discontinued at any time. None of the Issuer, the Trustee nor any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing then-operations.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the Closing Date thereof, which could be more than two business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market are generally required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes between the relevant date of pricing and the Closing Date should consult their own advisors.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale or other transfer of the Notes offered hereby.

In connection with its purchase of the Notes, any prospective purchaser thereof (an "**Investor**"), by virtue of its acceptance of this Prospectus, will be deemed to represent, acknowledge and agree as follows:

1. It is (i) a QIB, (ii) acquiring such Notes for its own account or for the account of a QIB, and (iii) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.

2. It understands that the Notes have not been and will not be registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

3. It understands that the Rule 144A Global Notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

4. It understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Note and that the Notes offered and sold outside of the United States in reliance on Regulation S will be represented by the Regulation S Global Note. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

5. The Issuer, the Registrar, the Transfer Agent, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. It agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of the Notes is no longer accurate, it shall promptly notify the Issuer, the Registrar, the Transfer Agent and the Joint Bookrunners. If it is acquiring any Notes for the account of one or more QIBs or accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

TAXATION

Prospective purchasers of the Notes are advised to consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident of a purchase of Notes, including, but not limited to, the consequences of the receipt of interest and the sale or redemption of Notes. The following is a general description of Uzbekistan withholding tax laws and certain United States tax consequences relating to the Notes as in effect on the date hereof, and does not purport to be a comprehensive discussion of the tax treatment of the Notes.

Withholding Tax in Uzbekistan

Pursuant to the Tax Code of the Republic of Uzbekistan effective as at 1 January 2020 ("**Tax Code**"), any income, including interest received from the international bonds issued by an Uzbek legal entity and made to a non-resident or resident legal entity is not subject to Uzbekistan taxation. Any income, including interest, of an individual holder received from the international bonds issued by an Uzbek legal entity will not be subject to Uzbekistan personal income tax.

If interest payments in respect of any Notes are subject to Uzbekistan withholding tax, the Bank shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received had no such withholding been required as more fully described in Condition 9.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below) but does not purport to be a complete analysis of all potential tax effects. This summary deals only with initial purchasers of Notes at the "issue price" (the first price at which a substantial amount of Notes are sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) in the initial offering that are U.S. Holders and that will hold the Notes as capital assets (generally, assets held for investment), and does not address U.S. Holders of U.S.$300 million 5.75 per cent. Eurobonds issued in 2019 repurchased in a substantially contemporaneous redemption. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate or gift tax laws). This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks and other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, traders in securities that elect mark-to-market tax accounting for their securities holdings, partnerships or other pass-through entities and investors in such entities, investors that will hold the Notes as part of a hedge, straddle, constructive sale, wash sale, or conversion, integrated or similar transaction, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad, investors that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

If a partnership or other entity or arrangement taxable as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Each partner should consult its own tax advisor as to the tax consequences of the purchase, ownership and disposition of the Notes by a partnership in which the partner holds an interest.

This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, final, temporary and proposed U.S. Treasury regulations promulgated thereunder, administrative pronouncements and judicial decisions, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Characterisation of the Notes

In certain circumstances (see "Terms and Conditions of the Notes – Redemption and Purchase – Redemption at Make Whole)", the Issuer may be obligated to redeem the Notes prior to maturity or to pay amounts on the Notes that are in excess of stated interest or principal on the Notes. These potential payments may implicate the provisions of U.S. Treasury regulations relating to "contingent payment debt instruments," but the Issuer does not intend to treat the possibility of such contingent payments on the Notes as subjecting the Notes to the contingent payment debt instrument rules. The Issuer's determination that the Notes are not subject to the contingent payment debt instrument rules is binding on a U.S. Holder, unless such U.S. Holder discloses its contrary position in the manner required by applicable U.S. Treasury regulations. It is possible that the Internal Revenue Service ("IRS") may take a different position, in which case, if such position is sustained, a U.S. Holder might be required to accrue ordinary interest income at a higher rate than the stated interest rate and to treat as ordinary income rather than capital gain any gain realised on the taxable disposition of the Notes. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments. U.S. Holders are encouraged to consult their own tax advisors regarding the possible application of the contingent payment debt instrument rules to the Notes.

Payments of Interest

Payments of stated interest on a Note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) and OID (as defined below), if any will be includible in the gross income of a U.S. Holder as ordinary interest income at the time such payments are received or accrued, in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Stated interest on a Note will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. Although no non-U.S. withholding tax in respect of a payment of interest to a U.S. Holder on the Notes is expected based on current law, any such withholding, if it were to arise, may be eligible for a foreign tax credit (or a deduction in lieu of such credit) for U.S. federal income tax purposes. An election to deduct creditable foreign taxes instead of claiming foreign tax credits must be applied to all foreign taxes paid or accrued in the same taxable year. The rules governing foreign tax credits are complex, and recently finalized Treasury Regulations have imposed additional requirements that must be met for a foreign tax to be creditable, and we do not intend to determine whether such requirements will be met. A recent notice from the IRS indicates that the Treasury and the IRS are considering proposing amendments to such Treasury Regulations and allows, subject to certain conditions, taxpayers to defer the application of many aspects of such Treasury Regulations for taxable years ending on or before December 31, 2023, and that additional temporary relief may be provided. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. Holder's particular circumstances. Prospective investors should consult their tax advisors concerning the applicability of the U.S. foreign tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount ("OID")

The Notes may be issued with OID for U.S. federal income tax purposes. In such event, U.S. Holders generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. Holders will include any OID in income in advance of the receipt of cash attributable to such income.

The Notes will be treated as issued with OID if the stated principal amount of the Notes exceeds their issue price (as defined above) by an amount equal to or more than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date). U.S. Holders of the Notes with less than the *de minimis* amount of discount will include the discount on such Notes in income, as capital gain, when principal payments are made on the Note.

In the event that the Notes are issued with OID, the amount of OID includible in income by a U.S. Holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. Holder holds such Note ("**accrued OID**"). A daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID that accrued in such period. The "accrual period" of a Note may be of any length and may vary in length over the term of the Note, *provided that* each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity," determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period generally is equal to its issue price, increased by the accrued OID for each prior accrual period. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognise gain or loss equal to the difference, if any, between (i) the amount realised upon such sale, exchange, retirement, redemption or other taxable disposition (other than any amount equal to any accrued but unpaid stated interest and OID (and any additional amounts paid with respect thereto), which, if not previously included in such U.S. Holder's income, will be taxable as ordinary interest income in accordance with the U.S. Holder's method of tax accounting as discussed above) and (ii) such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note will generally equal the amount such U.S. Holder paid for such Note, increased by any previously accrued OID, and decreased (but not below zero) by any payments received by a U.S. Holder other than payments of qualified stated interest with respect to the Notes. Any gain or loss recognised upon the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the sale, exchange, retirement, redemption or other taxable position. Non-corporate U.S. Holders (including individuals) generally are subject to tax on long-term capital gains at reduced rates. The deductibility of capital losses is subject to limitations.

Foreign Financial Assets Reporting

Certain U.S. Holders are required to disclose on their U.S. federal income tax returns certain information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). U.S. Holders should consult their own tax advisors regarding the effect, if any, of these rules on their ownership and disposition of the Notes and regarding their tax reporting obligations.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to payments of principal and interest (including the accrual of OID, if any) on the Notes and to the proceeds from the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. Holder unless such U.S. Holder is an exempt recipient and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. Holder fails to provide a taxpayer identification number or a certification that it is not subject to backup withholding and otherwise comply with any applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Prospective purchasers of Notes are urged to consult their own tax advisors regarding their qualification for an exemption from backup withholding and information reporting and the procedures for obtaining such an exemption, if applicable.

SUBSCRIPTION AND SALE

BancTrust Investment Bank Limited, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Raiffeisen Bank International AG and Société Générale (together, the "**Joint Bookrunners**") have, pursuant to a Subscription Agreement dated 22 July 2024 (the "**Subscription Agreement**"), severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the principal amount of Notes set out opposite its name in the table below at the issue price of 98.820 per cent. of the principal amount of Notes:

Joint Bookrunner	Principal Amount of Notes (U.S.$)
BancTrust Investment Bank Limited	U.S.$80,000,000
Citigroup Global Markets Limited	U.S.$80,000,000
J.P. Morgan Securities plc	U.S.$80,000,000
Raiffeisen Bank International AG	U.S.$80,000,000
Société Générale	U.S.$80,000,000

The Issuer has agreed to pay to the Joint Bookrunners a management, underwriting and selling commission in respect of the Notes. The Subscription Agreement entitles the Joint Bookrunners to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has in the Subscription Agreement agreed to indemnify the Joint Bookrunners against certain liabilities incurred in connection with the issue of the Notes.

Each of the Joint Bookrunners and its respective affiliates may, from time to time in the ordinary course of their respective businesses, engage in further transactions with, and perform services for, the Issuer and its affiliates. In particular, the Joint Bookrunners and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non public market financing for, and enter into derivative transactions with, the Issuer or its affiliates (including their respective shareholders) and for which they will receive customary fees.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. The Subscription Agreement provides that Joint Bookrunners may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has severally represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other Regulatory Restrictions

Each Joint Bookrunner has severally represented, warranted and agreed that:

(a) **Financial promotion**: it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) **General compliance**: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has severally represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For these purposes the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Republic of Uzbekistan

Each Joint Bookrunner has severally represented, warranted and undertaken with the Issuer and each other Joint Bookrunner that it has not offered and will not offer the Notes for circulation, distribution, placement, sale or purchase in the territory of the Republic of Uzbekistan.

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has severally represented, warranted and undertaken with the Issuer that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

General

Neither the Issuer nor any Joint Bookrunner has made any representation that any action has been or will be taken in any jurisdiction by the Joint Bookrunners or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Bookrunner has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

INDEPENDENT AUDITORS

The Annual Financial Statements included elsewhere in this Prospectus have been audited by Audit Organization "PricewaterhouseCoopers" LLC who has issued an unqualified independent auditor's report on the Annual Financial Statements. Audit Organization "PricewaterhouseCoopers" LLC has a licence authorising audit of companies registered by the Ministry of Finance of the Republic of Uzbekistan under registration number No. 00780 dated 5 April 2019 and a certificate authorising audit of banks registered by the CBU under registration number No. 9 dated 14 February 2014.

The Interim Financial Statements included elsewhere in this Prospectus have been reviewed by Audit Organization "PricewaterhouseCoopers" LLC independent auditors, as stated in the report appearing herein. Audit Organization "PricewaterhouseCoopers" LLC independent auditors, reported that they reviewed the Interim Financial Statements, included in this Prospectus and issued an unqualified review report. However, their separate report, included herein, state they did not audit and they do not express an audit opinion on the Interim Financial Statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

(1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Market will be granted on or before 25 July 2024, subject only to the issue of the Global Notes. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. The expenses related to the admission to trading of the Notes are expected to be approximately £6,850.

(2) The issue of the Notes was authorised by resolution of the Supervisory Council of the Issuer passed on 27 June 2024 and decision of the Management Board of the Issuer passed on 22 June 2024.

(3) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

(4) The indication of yield in relation to the Notes is 9.250% per annum. This yield is calculated at the Closing Date on the basis of the Issue Price. It is not an indication of future yield.

(5) The ISIN of the Regulation S Global Note is XS2849506402 and the Common Code of the Regulation S Global Note is 284950640. The ISIN of the Rule 144A Global Note is US917935AA60, the Common Code of the Rule 144A Global Note is 284379870 and the CUSIP of the Rule 144A Global Note is 917935AA6.

(6) The Legal Entity Identifier is 213800C2NIFPFTXYIU69.

(7) Save as disclosed in "*Financial Review - Factors Affecting the Financial Statements*", there has been no material adverse change in the prospects of the Issuer since 31 December 2023 and no significant change in the financial performance and the financial position of the Issuer or the Group since 31 March 2024 and to the date of this Prospectus.

(8) As at the date of this Prospectus, there are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.

(9) For so long as any Notes are outstanding, copies of the following will be available for inspection on the Issuer's website (https://www.sqb.uz/en/):

- a copy of this Prospectus along with any supplement to this Prospectus;
- the charter documents of the Issuer; and
- the Financial Statements, including the related independent auditor's report and review report in respect thereof.

(10) For so long as any Notes are outstanding, copies of the following will be available for inspection, and may be obtained free of charge, during normal business hours on any weekday, (i) at the specified office of the Principal Paying Agent in London or (ii) electronically from the Issuer or the Principal Paying Agent:

- the Trust Deed to be entered into with the Trustee; and
- the Paying Agency Agreement to be entered into with the paying agents and the Trustee.

This Prospectus will also be published on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html.

(11) No natural or legal person has an interest that is material to the issue of the Notes.

(12) The Issuer has obtained all necessary consents, approvals and authorisations in Uzbekistan in connection with its entry into, and performance of its obligations under, the Trust Deed and the Agency Agreement.

(13) There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders under the Notes.

(14) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

(15) The auditor of the Issuer is Audit Organization "PricewaterhouseCoopers" LLC who have audited the Annual Financial Statements and have reviewed the Interim Financial Statements. See "*Independent Auditors*."

(16) The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

(17) The Issuer does not intend to provide any post-issuance transaction information regarding the Notes.

(18) Citibank Europe PLC, German Branch will act as Registrar in relation to the Notes.

(19) The Legal Entity Identifier is 213800C2NIFPFTXYIU69.

(20) There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.

(21) The Joint Bookrunners and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform services of the Issuer in the ordinary course of business. In the ordinary course of their business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer.

INDEX TO FINANCIAL STATEMENTS

Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Supervisory Board of JSCB “Uzbek Industrial and Construction Bank”:

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of JSCB “Uzbek Industrial and Construction Bank” and its subsidiaries (together – the “Group”) as at 31 March 2024 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

Audit Organization 'PricewaterhouseCoopers' LLC

Audit Organization “PricewaterhouseCoopers” LLC
Tashkent, Uzbekistan
9 July 2024

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(in millions of Uzbek Soums)

	Notes	31 March 2024 (unaudited)	31 December 2023
ASSETS			
Cash and cash equivalents	7	6,538,332	6,965,894
Due from other banks	8	2,021,266	1,778,707
Investment securities measured at amortised cost	10	2,549,324	2,093,415
Financial assets at fair value through other comprehensive income		125,108	119,217
Loans and advances to customers	9	59,489,478	58,008,238
Investment in associates		78,688	77,814
Derivative financial assets		-	51,499
Reinsurance contract assets		20,638	20,334
Current income tax prepayment		152,613	238,871
Other assets		124,659	147,845
Deferred tax asset		232,131	203,571
Premises and equipment	11	3,428,128	3,340,418
Intangible assets	11	67,630	67,945
Non-current assets held for sale		243,631	179,555
TOTAL ASSETS		**75,071,626**	**73,293,323**
LIABILITIES			
Due to other banks	12	5,632,152	5,818,951
Customer accounts	13	15,241,851	14,328,682
Debt securities in issue		5,108,971	4,970,366
Other borrowed funds	14	38,208,005	37,633,735
Derivative financial liabilities		31,161	-
Insurance contract liabilities		171,760	157,745
Other liabilities		301,515	247,059
Subordinated debt		1,715,367	1,696,854
TOTAL LIABILITIES		**66,410,782**	**64,853,392**
EQUITY			
Share capital		4,634,438	4,634,438
Retained earnings		3,998,928	3,781,693
Revaluation reserve of financial assets at fair value through other comprehensive income		27,351	23,688
Net assets attributable to the Bank's owners		8,660,717	8,439,819
Non-controlling interest		127	112
TOTAL EQUITY		**8,660,844**	**8,439,931**
TOTAL LIABILITIES AND EQUITY		**75,071,626**	**73,293,323**

Approved for issue and signed on behalf of the Management Board on 9 July 2024.

Akbarjonov Aziz
Chairman of the Management Board

Khujamuratov Abbos
Acting Chief Accountant

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in millions of Uzbek Soums, except for earnings per share which are in Soums)

	Notes	Three months ended 31 March 2024 (unaudited)	Three months ended 31 March 2023 (unaudited)
Interest income calculated using the effective interest method	15	2,109,867	1,630,925
Other similar income	15	11,810	6,623
Interest expense	15	(1,176,849)	(877,809)
Net margin on interest and similar income		944,828	759,739
Provision for credit losses on loans and advances to customers	9	(397,016)	(300,209)
Net margin on interest and similar income after credit loss allowance on loans and advances to customers		**547,812**	**459,530**
Fee and commission income		114,617	110,030
Fee and commission expense		(47,252)	(31,196)
Loss on initial recognition on interest bearing assets		(1,710)	(4,420)
Net (loss) gain on foreign exchange translation		(22,984)	39,319
Net gain from trading in foreign currencies		140,242	134,425
Gains less losses from financial derivatives		(23,861)	(80,253)
Insurance revenue (excluding reinsurance business)		27,495	19,926
Insurance service expenses (excluding reinsurance business)		(21,402)	(15,330)
Reinsurance business		(3,186)	(6,183)
Finance income (expenses) from insurance contracts (net)		(5,130)	(3,007)
Dividend income		225	2,861
Other operating income		9,746	10,607
(Provision for)/recovery of credit losses on other assets		(43,339)	4,600
Impairment of assets held for sale		(6,272)	(9,089)
Administrative and other operating expenses	16	(391,261)	(355,247)
Share of result from associates		374	682
Profit before tax		**274,114**	**277,255**
Income tax expense	17	(56,912)	(83,650)
PROFIT FOR THE PERIOD		**217,202**	**193,605**
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Fair value gain on equity securities at fair value through other comprehensive income		4,579	5,415
Tax effect		(916)	(1,083)
Other comprehensive income		**3,663**	**4,332**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**220,865**	**197,937**
Profit/(loss) is attributable to:			
- Owners of the Bank		217,235	193,608
- Non-controlling interest		(33)	(3)
PROFIT FOR THE PERIOD		**217,202**	**193,605**
Total comprehensive income /(loss) is attributable to:			
- Owners of the Bank		220,898	197,940
- Non-controlling interest		(33)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**220,865**	**197,937**
Total basic and diluted EPS per ordinary share attributable to the owners of the Bank (expressed in UZS per share)	18	**0.89**	**0.79**

(in millions of Uzbek Soums)

	Attributable to owners of the Bank				Non-controlling interest	Total equity
	Share capital	Revaluation reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total		
1 January 2023	**4,640,011**	**14,490**	**2,925,522**	**7,580,023**	**1,133**	**7,581,156**
Profit for the period	-	-	193,608	193,608	(3)	193,605
Other comprehensive income for the period	-	4,332	-	4,332	-	4,332
Total comprehensive income for the period	-	4,332	193,608	197,940	(3)	197,937
Acquisition of non-controlling interest in subsidiaries		-	-		(1,004)	(1,004)
Three months ended 31 March 2023 (unaudited)	**4,640,011**	**18,822**	**3,119,130**	**7,777,963**	**126**	**7,778,089**

	Attributable to owners of the Bank				Non-controlling interest	Total equity
	Share capital	Revaluation reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total		
1 January 2024	**4,634,438**	**23,688**	**3,781,693**	**8,439,819**	**112**	**8,439,931**
Profit for the period	-	-	217,235	**217,235**	(33)	217,202
Other comprehensive income for the period	-	3,663	-	**3,663**	-	3,663
Total comprehensive income for the period	-	3,663	217,235	**220,898**	(33)	**220,865**
Non-controlling interest arising on new established subsidiaries		-	-	-	48	48
Three months ended 31 March 2024 (unaudited)	**4,634,438**	**27,351**	**3,998,928**	**8,660,717**	**127**	**8,660,844**

(in millions of Uzbek Soums)

	Notes	Three months ended 31 March 2024 (unaudited)	Three months ended 31 March 2023 (unaudited)
Cash flows from operating activities			
Interest received		1,806,307	1,277,548
Interest paid		(956,477)	(691,049)
Fee and commission received		110,528	101,108
Fee and commission paid		(47,252)	(31,196)
Financial derivatives		19,678	4,649
Insurance operations income received		40,180	31,585
Insurance operations expense paid		(28,691)	(20,043)
Net gain from trading in foreign currencies		140,242	134,425
Other operating income received		4,070	6,546
Staff costs paid		(210,058)	(207,926)
Administrative and other operating expenses paid		(120,293)	(46,554)
Income tax paid		(130)	(108,216)
Cash flows from operating activities before changes in operating assets and liabilities		**758,104**	**450,877**
Net (increase)/decrease in:			
- in due from other banks		(317,357)	(272,328)
- in loans and advances to customers		(1,129,704)	(4,097,055)
- in investment securities measured at amortised cost		(408,468)	451,556
- in other assets		21,848	14,813
- in repossessed collateral		(70,348)	(32,872)
Net increase/(decrease) in:			
- in due to other banks		(109,564)	3,478,919
- in customer accounts		792,127	(1,535,437)
- in other liabilities		(375)	(7,824)
Net cash used in operating activities		**(463,737)**	**(1,549,351)**
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		(1,240)	(22,684)
Acquisition of premises, equipment and intangible assets		(130,022)	(313,778)
Proceeds from disposal of premises, equipment and intangible assets		12,566	13,963
Acquisition of investment in associates		(500)	-
Dividend income received		225	2,861
Net cash used in investing activities		**(118,971)**	**(319,638)**
Cash flows from financing activities			
Proceeds from other borrowed funds		3,425,220	1,788,619
Repayment of other borrowed funds		(3,331,994)	(1,497,769)
Net cash from financing activities		**93,226**	**290,850**
Effect of exchange rate changes on cash and cash equivalents		61,920	110,816
Net decrease in cash and cash equivalents		**(427,562)**	**(1,467,323)**
Cash and cash equivalents at the beginning of the period	7	6,965,894	7,119,489
Cash and cash equivalents at the end of the period	7	**6,538,332**	**5,652,166**

(In millions of Uzbek Soums, unless otherwise indicated)

1. INTRODUCTION

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” for the three months period ended 31 March 2024 for Joint Stock Commercial Bank “Uzbek Industrial and Construction Bank “(the “Bank”) and its subsidiaries (together referred to as the “Group”).

The Bank was incorporated in 1991 and is domiciled in the Republic of Uzbekistan. It is registered in Uzbekistan to carry out banking and foreign exchange activities and has operated under the banking license No.17 issued by the Central Bank of Uzbekistan (“CBU”) on 25 December 2021 (succeeded the licenses No.17 issued on 25 January 2003 and №25 issued on 29 January 2005 by the CBU for banking operations and general license for foreign currency operations, respectively).

Principal activity. The Bank’s principal activity is commercial banking, retail banking, and operations with securities and foreign currencies. The Bank accepts deposits from legal entities and individuals, extends loans, and transfer payments. The Bank conducts its banking operations from its head office in Tashkent and 87 branches within Uzbekistan as of 31 March 2024 (31 December 2023: 90 branches).

The Bank participates in the state deposit insurance program, which was introduced by the Uzbek Law No.360-II “Insurance of Individual Bank Deposit” on 5 April 2002. On 28 November 2008, the President of Uzbekistan issued the Decree No.PD-4057 stating that in case of the withdrawal of a license of a bank, the State Deposit Insurance Fund guarantees repayment of 100% of individual deposits regardless of the deposit amount.

As at 31 March 2024 (unaudited), the number of Bank’s employees was 4,005 (31 December 2023: 4,057).

Registered address and place of business. 3, Shakhrisabz Street, Tashkent, 100000.

At 31 March 2024 (unaudited) and 31 December 2023, the Group consolidated the following companies in these condensed consolidated interim financial information:

Name	**Country of incorporation**	**The Bank's ownership**		**Type of operation**
		31 March 2024 (unaudited)	**31 December 2023**	
		%	**%**	
Bank's direct interest in subsidiaries:				
SQB Capital, LLC	Uzbekistan	100	100	Asset management
SQB Insurance, LLC	Uzbekistan	100	100	Insurance
Bank's indirect interest in subsidiaries via SQB **Capital*****, LLC***				
SQB Securities, LLC	Uzbekistan	100	100	Asset management
SQB Construction, LLC	Uzbekistan	100	100	Construction
SQB Consulting, LLC	Uzbekistan	100	100	Consulting
“New Zomin Plaza” LLC	Uzbekistan	100	100	Hoteling
Bank's indirect interest in subsidiaries via SQB Construction, LLC				
Malik Muxammad Ali Fayz and Capital, LLC	Uzbekistan	100	100	Construction materials
Parizod Mexr and Capital, LLC	Uzbekistan	100	100	Construction materials
Penoplast Surkhon and Capital LLC	Uzbekistan	100	100	Construction materials
Miraki Town Plaza LLC	Uzbekistan	99.9	-	Hoteling
Miraki Hostel LLC	Uzbekistan	99.9	-	Hoteling
Radius Serebro and Capital LLC	Uzbekistan	-	99.76	Construction materials
Big Peak 777 and Capital, LLC	Uzbekistan	-	100	Construction materials

During the reporting period, two subsidiaries have been disposed of by the Group, impact of discontinued operations is immaterial.
On 27 February 2024, Group established new subsidiaries Miraki Town Plaza LLC and Miraki Hostel LLC with 99.99% ownership each. The new subsidiaries were established to develop construction of hoteling in the territory of the tourist center, in accordance with Presidential Decree No 376 dated 28 November 2023 on "Additional measures to be taken to further develop construction of modern services and tourism facilities in the mountainous-recreational areas of Kashkadarya region".

(In millions of Uzbek Soums, unless otherwise indicated)

1. INTRODUCTION (Continued)

The table below represents the Group’s investment in associates at 31 March 2024 (unaudited) and 31 December 2023.
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Name	Principal activity	Country	Group's ownership 31 March 2024 (unaudited)	31 December 2023
LLC "Khorezm Invest Project"	Asset management	Uzbekistan	34%	34%
LLC "Zomin Miracle Mountains"	Catering	Uzbekistan	34%	34%
LLC "Kattaqurgon Business Services"	Asset management	Uzbekistan	33%	33%

The table below represents the interest of the shareholders in the Bank’s share capital as at 31 March 2024 (unaudited) and 31 December 2023:

Shareholders	31 March 2024 (unaudited)	31 December 2023
The Fund for Reconstruction and Development of the Republic of Uzbekistan	82.19%	82.19%
Ministry of Economy and Finance of the Republic of Uzbekistan	13.48%	13.48%
Other legal entities and individuals	4.33%	4.33%
Total	**100%**	**100%**

The Government of the Republic of Uzbekistan, acting through the Fund for Reconstruction and Development of the Republic of Uzbekistan and the Ministry of Economy and Finance of the Republic of Uzbekistan controls over the Group.

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 the 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.

Uzbekistan experienced the following key economic indicators in first quarter of 2024:

- Inflation: 8% (2023: 8.8%)
- GDP growth 6.2% (2023: 6.0%).
- Official exchange rates: 31 March 2024: USD 1 = UZS 12,620.09 (31 December 2023: USD 1 = UZS 12,338.77).
- Central Bank refinancing rate: 14% (2023: 14%).

In February 2024, Fitch, international rating agency, affirmed the Republic of Uzbekistan’s long-term foreign and short-term sovereign credit rating for foreign and local currency liabilities at the BB- level. The outlook was Stable. The agency states that Uzbekistan's economy is continuing to prove its resilience to spillovers from the Ukraine war and sanctions imposed against Russia, with the economy recording growth rates among the highest in the CIS region (2023: 6%; 2024F: 6%). Within the banking sector, Uzbek authorities appear to have increased enforcement of Western sanctions on pertinent Russian individuals and institutions.

Inflation has historically been high relative to peers, highlighting weak monetary policy transmission. Fitch has factored in a boost of up to 3pp to inflation from higher energy tariffs in 2024, which will result in annual average inflation of 13% this year. Further phases of tariff increases, as authorities seek to achieve full market pricing by 2027-28, will pose upside risks to inflation. In 2023, the Central Bank of Uzbekistan decided to postpone adopting the 5% formal inflation target from end-2024 to the second half of 2025, in large part due to inflationary pressures, and Fitch expects the monetary policy stance to remain tight.

According to Central bank of Uzbekistan, in the first quarter 2024, inflation rate decreased year-on-year to 8% against 11.7% over the same period last year.

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, however, this volatility stabilized by the end of 2022 and remained consistent throughout 2023 and the first quarter of 2024.

2. OPERATING ENVIRONMENT OF THE GROUP (Continued)

In order to reduce the impact of the external environment on the economy of the Republic of Uzbekistan, on 17 March 2022, the Board of the Central Bank of the Republic of Uzbekistan increased the CBU refinancing rate from 14% to 17%. In June 2022 and then in July 2022, after some decrease in the degree of influence of the external environment on the economy, the Board of the Central Bank of Uzbekistan decreased the CBU refinancing rate to 15% respectively. On 17 March 2023, the Board of the Central Bank of the Republic of Uzbekistan decreased the CBU refinancing rate from 15% to 14%.
For the purpose of managing the country risk, the Bank controls transactions with counterparties within the limits set by the Bank’s collegial body, which are reviewed regularly. 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. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this condensed consolidated interim financial information as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2023.

Interim period tax measurement. Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim periods.

The condensed consolidated financial information are prepared on a going concern basis, as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, the management has considered a wide range of information including liquidity projections, maturity of financial liabilities (Note 23), regulatory capital requirements, and government support funding.

4. ADOPTION OF NEW AND REVISED STANDARDS

The following amendments became effective from 1 January 2023:

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). The adoption of the standard did not have a material impact on these consolidated financial statements.

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). The adoption of the standard did not have a material impact on these consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024). The adoption of the standard did not have a material impact on these consolidated financial statements.

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Group has not early adopted.

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's condensed consolidated interim financial information requires the Management to make estimates and judgements that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting year. The Management evaluates its estimates and judgements on an ongoing basis. The Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), and loss given default ("LGD"), as well as models of macro-economic scenarios.

For the purpose of measurement of ECL the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. The Group incorporates forward-looking information into a measurement of ECL when there is a statistically proven correlation between the macro-economic variables and defaults. As at the reporting date the Group has obtained quarterly values for macroeconomic variables: GDP growth rate, inflation, unemployment rates, aligned them with quarterly default rates across all loan portfolios and performed statistical tests for correlation considering different time lags. As at the reporting date, statistical tests have not established a significant correlation. The Management updates its statistical tests for correlation as at each reporting date.

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, and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level. The SICR criteria remained unchanged and are consistent with last year-end consolidated financial statements.

ECL is measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

For treasury operations, the Group calculates ECL on a financial asset based not only on the current estimates of the credit quality of the counterparty/issuer at the reporting date, but also taking into account possible deterioration of the financial condition due to the adverse macroeconomic factors of the counterparty's/issuer's environment in the future. In particular, the level of ECL for treasury operations is affected by the rating outlook (positive, stable, negative) assigned by international rating agencies, which affects the probability of default ("PD").

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.

A 10% increase or decrease in PD estimates would result in an increase or decrease in total expected credit loss allowances of UZS 166,879 million at 31 March 2024 (unaudited) (31 December 2023: increase or decrease of UZS 142,514 million). A 10% increase or decrease in LGD estimates would result in an increase or decrease in total expected credit loss allowances of UZS 226,497 million at 31 March 2024 (unaudited) (31 December 2023: increase or decrease of UZS 232,814 million).

(In millions of Uzbek Soums, unless otherwise indicated)

6. SEGMENT REPORTING

Operating segments are components of the Group that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision makers (CODM) and for which discrete financial information is available. The CODM of the Group is the Management Board. The Management Board regularly uses financial information based on IFRS for operational decision-making and resource allocation.

The Group operates solely in Uzbekistan and its consolidated revenue comprises interest income, fee and commission income and other operating income which are concentrated on the domestic market, as such, does not have separate geographical segments.

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

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

The Group is organized on the basis of two main business segments – corporate banking which represents direct debit facilities, current accounts, deposits, loan and other credit facilities, and derivative products and retail banking which represents private banking services, private customer current accounts, savings, deposits and debit cards, consumer loans.

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

Segment information for the reportable segments for the period ended 31 March 2024 (unaudited) is set out below:

	31 March 2024 (unaudited)		
	Corporate	**Individuals**	**Total**
Assets			
Cash and cash equivalents	6,368,798	169,534	6,538,332
Loans and advances to customers	51,331,310	8,158,168	59,489,478
Due from other banks	2,021,266	-	2,021,266
Investment securities measured at amortised cost	2,549,324	-	2,549,324
Total reportable segment assets	**62,270,698**	**8,327,702**	**70,598,400**
Liabilities			
Due to other banks	5,632,152	-	5,632,152
Customer accounts	11,048,141	4,193,710	15,241,851
Other borrowed funds	38,203,723	4,282	38,208,005
Debt securities in issue	5,108,971	-	5,108,971
Total reportable segment liabilities	**59,992,987**	**4,197,992**	**64,190,979**

Segment information for the reportable segments for the year ended 31 December 2023 is set out below:

	31 December 2023		
	Corporate	**Retail**	**Total**
Assets			
Cash and cash equivalents	6,811,546	154,348	6,965,894
Loans and advances to customers	50,094,273	7,913,965	58,008,238
Due from other banks	1,778,707	-	1,778,707
Investment securities measured at amortised cost	2,093,415	-	2,093,415
Total reportable segment assets	**60,777,941**	**8,068,313**	**68,846,254**
Liabilities			
Due to other banks	5,818,951	-	5,818,951
Customer accounts	9,825,132	4,503,550	14,328,682
Other borrowed funds	37,628,622	5,113	37,633,735
Debt securities in issue	4,970,366	-	4,970,366
Total reportable segment liabilities	**58,243,071**	**4,508,663**	**62,751,734**

The cash management is performed by Treasury Department to support liquidity of the Bank as a whole.

(In millions of Uzbek Soums, unless otherwise indicated)

6. SEGMENT REPORTING (Continued)

	Three months ended 2024 (unaudited)		
	Corporate	**Individuals**	**Total**
Interest income			
Interest on Loans and advances to customers	1,540,772	381,851	1,922,623
Interest on balances Due from other banks	83,871	-	83,871
Interest on balances Cash and cash equivalents	8,850	-	8,850
Interest on investment securities measured at amortised cost	106,333	-	106,333
Interest expense			
Interest on balances Due to other banks	(116,484)	-	(116,484)
Interest on Customer accounts	(170,941)	(133,332)	(304,273)
Interest on Other borrowed funds	(635,621)	-	(635,621)
Interest on Debt securities in issue	(86,033)	-	(86,033)
Interest on subordinated debt	(34,438)	-	(34,438)
Segment results	**696,309**	**248,519**	**944,828**

	Three months ended 31 March 2023 (unaudited)		
	Corporate	**Individuals**	**Total**
Interest income			
Interest on Loans and advances to customers	1,220,793	239,630	1,460,423
Interest on balances Due from other banks	92,414	-	92,414
Interest on balances Cash and cash equivalents	1,457	-	1,457
Interest on investment securities measured at amortised cost	83,254	-	83,254
Interest expense			
Interest on balances Due to other banks	(51,290)	-	(51,290)
Interest on Customer accounts	(140,144)	(154,705)	(294,849)
Interest on Other borrowed funds	(478,928)	-	(478,928)
Interest on Debt securities in issue	(51,309)	-	(51,309)
Interest on subordinated debt	(1,433)	-	(1,433)
Segment results	**674,814**	**84,925**	**759,739**

(In millions of Uzbek Soums, unless otherwise indicated)

6. SEGMENT REPORTING (Continued)

(c) Reconciliation of income and expenses, assets, and liabilities for reportable segments:

	31 March 2024 (unaudited)	31 December 2023
Total reportable segment assets	**70,598,400**	**68,846,254**
Financial assets at fair value through other comprehensive income	125,108	119,217
Investment in associates	78,688	77,814
Premises and equipment	3,428,128	3,340,418
Intangible assets	67,630	67,945
Current income tax prepayment	152,613	238,871
Derivative financial assets	-	51,499
Deferred tax asset	232,131	203,571
Reinsurance contract assets	20,638	20,334
Other assets	124,659	147,845
Non-current assets held for sale	243,631	179,555
Total assets	**75,071,626**	**73,293,323**
Total reportable segment liabilities	**64,190,979**	**62,751,734**
Derivative financial liabilities	31,161	-
Reinsurance contract liabilities	171,760	157,745
Other liabilities	301,515	247,059
Subordinated debt	1,715,367	1,696,854
Total liabilities	**66,410,782**	**64,853,392**

	Three months ended 2024 (unaudited)	Three months ended 2023 (unaudited)
Segment results	**944,828**	**759,739**
Provision for credit losses on loans and advances to customers	(397,016)	(300,209)
Loss on initial recognition on loans and advances to customers	(1,710)	(4,420)
Fee and commission income	114,617	110,030
Fee and commission expense	(47,252)	(31,196)
Gains less losses from financial derivatives	(23,861)	(80,253)
Net (loss) gain on foreign exchange translation	(22,984)	39,319
Net gain from trading in foreign currencies	140,242	134,425
Insurance revenue (excluding reinsurance business)	27,495	19,926
Insurance service expenses (excluding reinsurance business)	(21,402)	(15,330)
Reinsurance business	(3,186)	(6,183)
Finance income (expenses) from insurance contracts (net)	(5,130)	(3,007)
Dividend income	225	2,861
Other operating income	9,746	10,607
(Provision for)/recovery of credit losses on other assets	(43,339)	4,600
Impairment of assets held for sale	(6,272)	(9,089)
Administrative and other operating expenses	(391,261)	(355,247)
Share of result from associates	374	682
Profit before tax	**274,114**	**277,255**

(In millions of Uzbek Soums, unless otherwise indicated)

7. CASH AND CASH EQUIVALENTS

	31 March 2024 (unaudited)	31 December 2023
Correspondent accounts and placements with other banks with original maturities of less than three months	3,458,008	3,057,468
Cash balances with the CBU (other than mandatory reserve deposits)	1,703,433	2,413,511
Cash on hand	1,377,072	1,495,017
Less: Allowance for expected credit losses	(181)	(102)
Total cash and cash equivalents	**6,538,332**	**6,965,894**

As at 31 March 2024 (unaudited) and 31 December 2023 for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1.

The credit quality of cash and cash equivalents at 31 March 2024 (unaudited) is as follows:

	Cash balances with the CBU (other than mandatory reserve deposits)	Correspondent accounts and placements with other banks with original maturities of less than three months	Total
- Central Bank of Uzbekistan	1,703,433	-	**1,703,433**
- Rated Aa1 to Aa3	-	1,153,469	**1,153,469**
- Rated A1 to A3	-	1,080,787	**1,080,787**
- Rated Baa1 to Baa3	-	721,334	**721,334**
- Rated Ba1 to Ba3	-	502,374	**502,374**
- Rated B1 to B3	-	44	**44**
Less: Allowance for expected credit losses	(38)	(143)	**(181)**
Total cash and cash equivalents, excluding cash on hand	**1,703,395**	**3,457,865**	**5,161,260**

Moody's credit rating for Uzbekistan was set at BB- as at 31 March 2024 (unaudited) and at 31 December 2023 which is used for assessment of cash balances with the CBU.

The credit quality of cash and cash equivalents at 31 December 2023 is as follows:

	Cash balances with the CBU (other than mandatory reserve deposits)	Correspondent accounts and placements with other banks with original maturities of less than three months	Total
- Central Bank of Uzbekistan	2,413,511	-	**2,413,511**
- Rated Aa1 to Aa3	-	1,234,500	**1,234,500**
- Rated A1 to A3	-	1,331,758	**1,331,758**
- Rated Baa1 to Baa3	-	2,475	**2,475**
- Rated Ba1 to Ba3	-	488,727	**488,727**
- Rated B1 to B3	-	3	**3**
- Unrated	-	5	**5**
Less: Allowance for expected credit losses	(53)	(49)	**(102)**
Total cash and cash equivalents, excluding cash on hand	**2,413,458**	**3,057,419**	**5,470,877**

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

Information on related party balances is disclosed in Note 25. Information on fair value of cash and cash equivalents is disclosed in Note 22.

(In millions of Uzbek Soums, unless otherwise indicated)

8. DUE FROM OTHER BANKS

	31 March 2024 (unaudited)	31 December 2023
Placements with other banks with original maturities of more than three months	1,670,777	1,557,826
Mandatory cash balances with CBU	156,682	173,697
Restricted cash	230,287	83,479
Less: Allowance for expected credit losses	(36,480)	(36,295)
Total due from other banks	**2,021,266**	**1,778,707**

Mandatory deposits with the CBU include non-interest-bearing reserves against client deposits. The Group does not have the right to use these deposits for the purposes of funding its own activities.

Restricted cash represents balances on correspondent accounts with foreign banks placed by the Group on behalf of its customers. The Group does not have the right to use these funds for the purpose of funding its own activities.

At 31 March 2024 (unaudited) the Group had balances with fourteen counterparty banks (31 December 2023: ten counterparty banks) with aggregated amounts above UZS 20,000 million. The total aggregate amount of these deposits was UZS 1,554,396 million (2023: UZS 1,523,310 million) or 82% of the total amount due from other banks (31 December 2023: 84%).

The balances also include an account held with Asia Invest bank, a subsidiary of the National Bank of Uzbekistan (NBU), which operates in Russia.

As at 31 March 2024 (unaudited) and 31 December 2023 for the purpose of ECL measurement due from other bank balances are included in Stage 1 and Stage 3.

Analysis by credit quality of due from other banks outstanding at 31 March 2024 (unaudited) is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restricted cash	Total
- Central Bank of Uzbekistan	156,682	-	-	**156,682**
- Rated A1 to A3	-	-	229,356	**229,356**
- Rated Ba3	-	1,409,053	931	**1,409,984**
- Rated B1	-	86,190	-	**86,190**
- Rated B2	-	136,989	-	**136,989**
- Rated B3	-	398	-	**398**
- Unrated	-	38,147	-	**38,147**
Less: Allowance for expected credit losses	(105)	(36,368)	(7)	**(36,480)**
Total due from other banks	**156,577**	**1,634,409**	**230,280**	**2,021,266**

Per credit quality table above Turkiston and Hi-Tech Banks were classified as Unrated (both Unrated at 31 December 2023) as at 31 March 2024 (unaudited), since both banks went bankrupt in 2023. Both banks were classified under Stage 3 for purpose of ECL (both Stage 3 as at 31 December 2023).

(In millions of Uzbek Soums, unless otherwise indicated)

8. DUE FROM OTHER BANKS (Continued)

Analysis by credit quality of due from other banks outstanding at 31 December 2023 is as follows:

	Mandatory cash balances with CBU	**Placements with other banks with original maturities of more than three months**	**Restricted cash**	**Total**
- Central Bank of Uzbekistan	173,697	-	-	**173,697**
- Rated A1 to A3	-	-	82,568	**82,568**
- Rated Ba3	-	1,275,355	50	**1,275,405**
- Rated B1	-	82,690	-	**82,690**
- Rated B2	-	162,081	-	**162,081**
- Rated B3	-	398	-	**398**
- Unrated	-	37,302	861	**38,163**
Less: Allowance for expected credit losses	(116)	(36,177)	(2)	**(36,295)**
Total due from other banks	**173,581**	**1,521,649**	**83,477**	**1,778,707**

The credit rating is based on the rating agency Moody's (if available) or the rating agencies Standard & Poor’s and Fitch.

Information on related party balances is disclosed in Note 25. Information on fair value of due from other banks is disclosed in Note 22.

(In millions of Uzbek Soums, unless otherwise indicated)

8. DUE FROM OTHER BANKS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for due from banks between the beginning and the end of the reporting periods:

	Gross Carrying Amount				Credit Loss Allowance			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
As at 1 January 2024	**1,777,700**	**-**	**37,302**	**1,815,002**	**12,571**	**-**	**23,724**	**36,295**
Changes in the gross carrying amount								
- Transfer from stage 1	-	-	-	**-**	-	-	-	**-**
- Transfer from stage 2	-	-	-	**-**	-	-	-	-
- Transfer from stage 3	-	-	-	**-**	-	-	-	-
New assets issued or acquired	310,249	-	-	**310,249**	89	-	-	**89**
Matured or derecognized assets (except for write off)	(94,844)	-	-	**(94,844)**	(748)	-	-	**(748)**
Foreign exchange differences	26,777	-	562	**27,339**	307	-	537	**844**
Loss allowance for ECL and Gross Carrying as at 31 March 2024 (unaudited)	**2,019,882**	**-**	**37,864**	**2,057,746**	**12,219**	**-**	**24,261**	**36,480**

	Gross Carrying Amount				Credit Loss Allowance			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
As at 1 January 2023	**1,843,596**	**-**	**34,017**	**1,877,613**	**12,121**	**-**	**22,077**	**34,198**
Changes in the gross carrying amount								
- Transfer from stage 1	-	-	-	**-**	-	-	-	**-**
- Transfer from stage 2	-	-	-	**-**	-	-	-	**-**
- Transfer from stage 3	-	-	-	**-**	-	-	-	**-**
New assets issued or acquired	215,787	-	-	**215,787**	1,341	-	-	**1,341**
Matured or derecognized assets (except for write off)	(182,845)	-	-	**(182,845)**	(620)	-	-	**(620)**
Foreign exchange differences	(56,969)	-	(1,051)	**(58,020)**	(579)	-	(44)	**(623)**
Loss allowance for ECL and Gross Carrying as at 31 March 2023 (unaudited)	**1,819,569**	**-**	**32,966**	**1,852,535**	**12,263**	**-**	**22,033**	**34,296**

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS

The Bank uses the following classification of loans:

- Loans to state and municipal organisations - loans issued to clients wholly owned by the Government of the Republic of Uzbekistan and budget organisations;
- Corporate loans - loans issued to clients other than government entities and private entrepreneurs;
- Loans to individuals - loans issued to individuals for consumption purposes, for the purchase of residential houses and flats and loans issued to private entrepreneurs without forming legal entity.

Loans and advances to customers comprise:

	31 March 2024 (unaudited)	31 December 2023
Corporate loans	39,840,501	37,814,200
State and municipal organisations	13,882,926	14,572,496
Loans to individuals	8,259,892	8,021,079
Total loans and advances to customers, gross	**61,983,319**	**60,407,775**
Less: Allowance for expected credit losses	(2,493,841)	(2,399,537)
Total loans and advances to customers	**59,489,478**	**58,008,238**

The table below represents loans and advances to customer’s classification by stages:

	31 March 2024 (unaudited)	31 December 2023
Originated loans to customers	61,840,931	60,275,550
Overdrafts	142,388	132,225
Total loans and advances to customers, gross	**61,983,319**	**60,407,775**
Stage 1	44,102,450	47,967,352
Stage 2	14,961,984	9,536,058
Stage 3	2,918,885	2,904,365
Total loans and advances to customers, gross	**61,983,319**	**60,407,775**
Less: Allowance for expected credit losses	(2,493,841)	(2,399,537)
Total loans and advances to customers	**59,489,478**	**58,008,238**

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to corporate customers between the beginning and the end of the reporting period:

	Credit Loss Allowance				Gross Carrying Amount			
Corporate loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2024	**237,229**	**641,149**	**1,297,934**	**2,176,312**	**26,130,681**	**8,866,688**	**2,816,831**	**37,814,200**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(28,809)	26,834	1,975	**-**	(2,539,002)	2,419,481	119,521	**-**
- Transfer from stage 2	72,645	(144,592)	71,947	**-**	1,200,444	(2,207,108)	1,006,664	**-**
- Transfer from stage 3	135,500	187,218	(322,718)	**-**	299,006	455,699	(754,705)	**-**
- Changes in EAD and risk parameters*	(205,059)	76,221	242,904	**114,066**	(1,038,181)	357,240	(64,574)	**(745,515)**
New assets issued or acquired	49,542			**49,542**	3,349,378			**3,349,378**
Matured or derecognized assets (except for write off)	(1,665)	(2,829)	(18,315)	**(22,809)**	(444,783)	(60,459)	(33,676)	**(538,918)**
Total movements with impact on credit loss allowance charge for the period	**22,154**	**142,852**	**(24,207)**	**140,799**	**826,862**	**964,853**	**273,230**	**2,064,945**
Movements without impact on credit loss allowance charge for the period:								
Recovery of assets previously written off				**-**				**-**
Written off assets			(300,231)	**(300,231)**			(300,231)	**(300,231)**
Foreign exchange differences	454	1,226	2,482	**4,162**	180,764	61,337	19,486	**261,587**
Loss allowance for ECL and Gross Carrying as at 31 March 2024 (unaudited)	**259,837**	**785,227**	**975,978**	**2,021,042**	**27,138,307**	**9,892,878**	**2,809,316**	**39,840,501**

*The line "Changes in EAD and risk parameters" under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during the reporting period and transfers of new issued loans between stages.

*The line "Changes in EAD and risk parameters" 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. 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 the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to state and municipal organisations between the beginning and the end of the reporting period:

	Credit Loss Allowance				Gross Carrying Amount			
State and municipal organisations	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2024	**109,738**	**6,373**	**-**	**116,111**	**14,170,248**	**402,248**	**-**	**14,572,496**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(39,457)	39,457	-	**-**	(4,795,328)	4,795,328	-	**-**
- Transfer from stage 2	5,464	(5,464)	-	**-**	253,519	(253,519)	-	**-**
- Transfer from stage 3	-	-	-	**-**	-	-	-	**-**
- Changes in EAD and risk parameters*	(23,271)	272,613	-	**249,342**	(1,092,873)	(50,806)	-	**(1,143,679)**
New assets issued or acquired	5,280			**5,280**	1,490,214			**1,490,214**
Matured or derecognized assets (except for write off)	(1,222)	(874)	-	**(2,096)**	(1,095,920)	(142,954)	-	**(1,238,874)**
Total movements with impact on credit loss allowance charge for the period	**(53,206)**	**305,732**	**-**	**252,526**	**(5,240,388)**	**4,348,049**	**-**	**(892,339)**
Movements without impact on credit loss allowance charge for the period:								
Written off assets			-	**-**			-	**-**
Foreign exchange differences	2,303	135	-	**2,438**	197,172	5,597	-	**202,769**
Loss allowance for ECL and Gross Carrying as at 31 March 2024 (unaudited)	**58,835**	**312,240**	**-**	**371,075**	**9,127,032**	**4,755,894**	**-**	**13,882,926**

*The line "Changes in EAD and risk parameters" under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during the reporting period and transfers of new issued loans between stages.

*The line "Changes in EAD and risk parameters" 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. 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 the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to individuals between the beginning and the end of the reporting period:

	Credit Loss Allowance				Gross Carrying Amount			
Loans to individuals	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2024	**44,997**	**20,568**	**41,549**	**107,114**	**7,666,423**	**267,122**	**87,534**	**8,021,079**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(2,000)	1,630	370	**-**	(189,515)	168,059	21,456	**-**
- Transfer from stage 2	5,994	(8,624)	2,630	**-**	93,821	(122,633)	28,812	**-**
- Transfer from stage 3	4,622	4,033	(8,655)	**-**	9,293	6,409	(15,702)	**-**
- Changes in EAD and risk parameters*	(12,653)	3,668	20,371	**11,386**	(337,959)	(896)	(436)	**(339,291)**
New assets issued or acquired	2,559			**2,559**	751,864			**751,864**
Matured or derecognized assets (except for write off)	(842)	(295)	(9,117)	**(10,254)**	(156,816)	(4,849)	(3,014)	**(164,679)**
Total movements with impact on credit loss allowance charge for the period	**(2,320)**	**412**	**5,599**	**3,691**	**170,688**	**46,090**	**31,116**	**247,894**
Movements without impact on credit loss allowance charge for the period:								
Written off assets			(9,081)	**(9,081)**			(9,081)	**(9,081)**
Foreign exchange differences	-	-	-	**-**	-	-	-	**-**
Loss allowance for ECL and Gross Carrying as at 31 March 2024 (unaudited)	**42,677**	**20,980**	**38,067**	**101,724**	**7,837,111**	**313,212**	**109,569**	**8,259,892**

*The line “Changes in EAD and risk parameters” under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during the reporting period and transfers of new issued loans between stages.

*The line “Changes in EAD and risk parameters” 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. 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 the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

(In millions of Uzbek Soums, unless otherwise indicated)

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 corporate customers between the 1 January 2023 and 31 March 2023 (unaudited):

	Credit Loss Allowance				Gross Carrying Amount			
Corporate loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2023	**312,367**	**273,865**	**1,840,048**	**2,426,280**	**22,016,654**	**5,672,749**	**3,672,995**	**31,362,398**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(74,158)	72,699	1,459	**-**	(4,397,033)	4,305,769	91,264	**-**
- Transfer from stage 2	91,952	(112,429)	20,477	**-**	2,074,562	(2,511,434)	436,872	**-**
- Transfer from stage 3	569	285,643	(286,212)	**-**	3,575	579,321	(582,896)	**-**
- Changes in EAD and risk parameters*	(182,460)	(20,641)	1,501,598	**1,298,497**	(333,419)	285,732	1,167,864	**1,120,177**
New assets issued or acquired	29,448			**29,448**	2,837,799			**2,837,799**
Matured or derecognized assets (except for write off)	(14,781)	(1,851)	(809,148)	**(825,780)**	(981,555)	(38,465)	(1,258,292)	**(2,278,312)**
Total movements with impact on credit loss allowance charge for the period	**(149,430)**	**223,421**	**428,174**	**502,165**	**(796,071)**	**2,620,923**	**(145,188)**	**1,679,664**
Movements without impact on credit loss allowance charge for the period:								
Written off assets			(1,172,294)	**(1,172,294)**			(1,172,294)	**(1,172,294)**
Foreign exchange differences	3,645	7,512	11,522	**22,679**	391,145	138,793	40,702	**570,640**
Loss allowance for ECL and Gross Carrying as at 31 March 2023 (unaudited)	**166,582**	**504,798**	**1,107,450**	**1,778,830**	**21,611,728**	**8,432,465**	**2,396,215**	**32,440,408**

*The line “Changes in EAD and risk parameters” under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2023 and transfers of new issued loans between stages.
*The line “Changes in EAD and risk parameters” 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. 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 the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

(In millions of Uzbek Soums, unless otherwise indicated)

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 state and municipal organisations between the 1 January 2023 and 31 March 2023 (unaudited):

	Credit Loss Allowance				Gross Carrying Amount			
State and municipal organisations	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
As at 1 January 2023	**108,869**	**273,773**	**9,391**	**392,033**	**12,615,316**	**1,741,219**	**12,464**	**14,368,999**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(4,932)	4,932	-	**-**	(1,006,324)	1,006,324	-	**-**
- Transfer from stage 2	250,075	(250,529)	454	**-**	1,369,382	(1,386,033)	16,651	**-**
- Transfer from stage 3	-	9,391	(9,391)	**-**	-	12,464	(12,464)	**-**
- Change in EAD and risk parameters*	(274,541)	(897)	2,083	**(273,355)**	(1,106,761)	45,929	(2,054)	**(1,062,886)**
New assets issued or acquired	7,650			**7,650**	3,466,900			**3,466,900**
Matured or derecognized assets (except for write off)	(2,729)	(38)	-	**(2,767)**	(559,054)	(859)	-	**(559,913)**
Total movements with impact on credit loss allowance charge for the period	**(24,477)**	**(237,141)**	**(6,854)**	**(268,472)**	**2,164,143**	**(322,175)**	**2,133**	**1,844,101**
Movements without impact on credit loss allowance charge for the period:								
Written off assets	-	-	-	-	-	-	-	-
Foreign exchange differences	11,734	134	-	**11,868**	190,598	1,140	-	**191,738**
Loss allowance for ECL and Gross Carrying as at 31 March 2023 (unaudited)	**96,126**	**36,766**	**2,537**	**135,429**	**14,970,057**	**1,420,184**	**14,597**	**16,404,838**

*The line “Changes in EAD and risk parameters” under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2023 and transfers of new issued loans between stages.
*The line “Changes in EAD and risk parameters” 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. 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 the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

(In millions of Uzbek Soums, unless otherwise indicated)

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 individuals between the 1 January 2023 and 31 March 2023 (unaudited):

	Credit Loss Allowance					Gross Carrying Amount			
Loans to individuals	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**		**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2023	**29,012**	**8,738**	**21,836**	**59,586**	-	**5,339,938**	**128,469**	**98,584**	**5,566,991**
Movements with impact on credit loss allowance charge for the period:									
Changes in the gross carrying amount									
- Transfer from stage 1	(487)	456	31	**-**		(89,573)	83,899	5,674	**-**
- Transfer from stage 2	1,012	(6,516)	5,504	**-**		4,024	(69,443)	65,419	**-**
- Transfer from stage 3	29	162	(191)	**-**		274	1,549	(1,823)	**-**
- Changes in EAD and risk parameters*	(2,729)	7,170	63,707	**68,148**		(177,630)	4,333	15,567	**(157,730)**
New assets issued or acquired	5,458			**5,458**		1,125,733	-	-	**1,125,733**
Matured or derecognized assets (except for write off)	(771)	(342)	(5,977)	**(7,090)**		(141,828)	(5,520)	(15,750)	**(163,098)**
Total movements with impact on credit loss allowance charge for the period	**2,512**	**930**	**63,074**	**66,516**		**721,000**	**14,818**	**69,087**	**804,905**
Movements without impact on credit loss allowance charge for the period:									
Written off assets	-	-	(15,927)	**(15,927)**		-	-	(15,927)	**(15,927)**
Foreign exchange differences	-	-	-	**-**		-	-	-	**-**
Loss allowance for ECL and Gross Carrying as at 31 March 2023 (unaudited)	**31,524**	**9,668**	**68,983**	**110,175**		**6,060,938**	**143,287**	**151,744**	**6,355,969**

*The line “Changes in EAD and risk parameters” under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2023 and transfers of new issued loans between stages.
*The line “Changes in EAD and risk parameters” 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. 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 the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Economic sector risk concentrations within the loans and advances to customer are as follows:

	31 March 2024 (unaudited)		31 December 2023	
	Amount	**%**	**Amount**	**%**
Manufacturing	23,833,781	38%	22,529,199	37%
Oil and gas & chemicals	11,246,450	18%	11,052,861	18%
Individuals	8,259,892	13%	8,021,079	13%
Trade and Services	7,333,419	12%	7,342,466	12%
Agriculture	3,582,122	6%	3,572,134	6%
Transport and communication	3,282,328	5%	3,269,401	5%
Energy	2,654,739	4%	2,982,969	5%
Construction	1,790,588	4%	1,637,666	4%
Total loans and advances to customers, gross	**61,983,319**	**100%**	**60,407,775**	**100%**
Less: Allowance for expected credit losses	(2,493,841)		(2,399,537)	
Total loans and advances to customers	**59,489,478**		**58,008,238**	

As at 31 March 2024 (unaudited), the Group granted loans to 15 (31 December 2023: 16) borrowers in the amount of UZS 20,073,436 million (31 December 2023: UZS 20,498,189 million), which individually exceeded 10% of the Group's equity.

Information about loans and advances to individuals as at 31 March 2024 (unaudited) and 31 December 2023 are as follows:

	31 March 2024 (unaudited)	31 December 2023
Mortgage	5,351,635	5,260,581
Microloan	1,963,944	1,819,198
Car Loan	667,664	661,671
Consumer Loans	276,561	279,497
Other	88	132
Total loans and advances to individuals, gross	**8,259,892**	**8,021,079**
Less: Allowance for expected credit losses	(101,724)	(107,114)
Total loans and advances to individuals	**8,158,168**	**7,913,965**

Information about collateral as at 31 March 2024 (unaudited) are as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	31 March 2024 (unaudited)
Loans guaranteed by letters of surety	2,098,039	12,769,586	1,698,734	**16,566,359**
Loans guaranteed by state guarantees	6,536,592	-	-	**6,536,592**
Not collateralised	-	994	4,044	**5,038**
Loans collateralised by:				
Real estate	512,522	11,763,232	4,922,503	**17,198,257**
Insurance policy	12,391	6,614,277	1,310,945	**7,937,613**
Equipment	474,575	5,704,339	-	**6,178,914**
Inventory and other receivables	3,158,923	2,616,964	1,038	**5,776,925**
Cash deposits	946,301	-	-	**946,301**
Vehicles	23,399	371,109	322,628	**717,136**
Equity securities	120,184	-	-	**120,184**
Total loans and advances to customers, gross	**13,882,926**	**39,840,501**	**8,259,892**	**61,983,319**
Less: Allowance for expected credit losses	(371,075)	(2,021,042)	(101,724)	**(2,493,841)**
Total loans and advances to customers	**13,511,851**	**37,819,459**	**8,158,168**	**59,489,478**

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Information about collateral as at 31 December 2023 are as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	31 December 2023
Loans guaranteed by letters of surety	2,206,185	11,975,511	1,781,668	**15,963,364**
Loans guaranteed by state guarantees	6,565,131	-	-	**6,565,131**
Not collateralised	-	989	4,567	**5,556**
Loans collateralised by:				
Real estate	588,838	11,360,294	4,806,715	**16,755,847**
Equipment	586,425	5,795,847	-	**6,382,272**
Inventory and receivables	3,426,705	2,360,679	1,062	**5,788,446**
Insurance policy	8,273	5,906,771	1,111,379	**7,026,423**
Cash deposits	1,031,961	53,748	2,161	**1,087,870**
Vehicles	30,066	360,361	313,527	**703,954**
Equity securities	128,912	-	-	**128,912**
Total loans and advances to customers, gross	**14,572,496**	**37,814,200**	**8,021,079**	**60,407,775**
Less: Allowance for expected credit losses	(116,111)	(2,176,312)	(107,114)	**(2,399,537)**
Total loans and advances to customers	**14,456,385**	**35,637,888**	**7,913,965**	**58,008,238**

Analysis by credit quality of loans and advances to customers that are collectively and individually assessed for impairment as at 31 March 2024 (unaudited) is as follows:

31 March 2024 (unaudited)	State and municipal organisations	Corporate loans	Loans to individuals	Total
Loans assessed for impairment on a collective basis (gross)				
Not past due loans	10,620,293	30,182,084	7,353,405	**48,155,782**
Past due loans	-	-	-	**-**
- less than 30 days overdue	445,073	2,527,234	579,931	**3,552,238**
- 31 to 90 days overdue	2,817,560	4,592,121	252,543	**7,662,224**
- 91 to 180 days overdue	-	558,073	46,453	**604,526**
- 181 to 360 days overdue	-	766,164	20,725	**786,889**
- over 360 days overdue	-	48,747	6,835	**55,582**
Total loans assessed for impairment on a collective basis, gross	**13,882,926**	**38,674,423**	**8,259,892**	**60,817,241**
Loans individually determined to be impaired (gross):				
Restructured loans	**-**	**1,166,078**	**-**	**1,166,078**
Not past due loans	-	-		**-**
Past due loans	-	-	-	**-**
1-30 days	-	-	-	**-**
31-90 days	-	-	-	**-**
91-180 days	-	1,162,992	-	**1,162,992**
181-360 days	-	3,086	-	**3,086**
- over 360 days overdue	-	-	-	**-**
Total loans individually determined to be impaired, gross	**-**	**1,166,078**	**-**	**1,166,078**
- ECL allowance for individually impaired loans	-	(369,426)	-	**(369,426)**
- Impairment provisions assessed on a collective basis	(371,075)	(1,651,616)	(101,724)	**(2,124,415)**
Less: Allowance for expected credit losses	**(371,075)**	**(2,021,042)**	**(101,724)**	**(2,493,841)**
Total loans and advances to customers	**13,511,851**	**37,819,459**	**8,158,168**	**59,489,478**

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Analysis by credit quality of loans and advances to customers that are collectively and individually assessed for impairment as at 31 December 2023 is as follows:

31 December 2023	**State and municipal organisations**	**Corporate loans**	**Loans to individuals**	**Total**
Loans assessed for impairment on a collective basis (gross)				
Not past due loans	14,124,030	30,307,385	7,578,543	**52,009,958**
Past due loans	-	-	-	**-**
- less than 30 days overdue	448,466	3,354,612	253,544	**4,056,622**
- 31 to 90 days overdue	-	2,219,674	143,741	**2,363,415**
- 91 to 180 days overdue	-	521,833	17,952	**539,785**
- 181 to 360 days overdue	-	788,391	26,261	**814,652**
- over 360 days overdue	-	31,799	1,038	**32,837**
Total loans assessed for impairment on a collective basis, gross	**14,572,496**	**37,223,694**	**8,021,079**	**59,817,269**
Loans individually determined to be impaired (gross):				
Restructured loans	**-**	**590,506**	**-**	**590,506**
Not past due loans	-	128,560	-	**128,560**
Past due loans				
1-30 days	-	382,439	-	**382,439**
31-90 days	-	79,507	-	**79,507**
91-180 days	-	-	-	**-**
181-360 days	-	-	-	**-**
- over 360 days overdue	-	-	-	**-**
Total loans individually determined to be impaired, gross	**-**	**590,506**	**-**	**590,506**
- ECL allowance for individually impaired loans	-	(214,646)	-	**(214,646)**
- Impairment provisions assessed on a collective basis	(116,111)	(1,961,666)	(107,114)	**(2,184,891)**
Less: Allowance for expected credit losses	**(116,111)**	**(2,176,312)**	**(107,114)**	**(2,399,537)**
Total loans and advances to customers	**14,456,385**	**35,637,888**	**7,913,965**	**58,008,238**

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The credit quality of loans to customers carried at amortised cost is as follows at 31 March 2024 (unaudited):

31 March 2024 (unaudited)	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Corporate loans				
Standard	27,138,307	1,981,780	76,066	**29,196,153**
Substandard	-	7,911,098	13,767	**7,924,865**
Unsatisfactory	-	-	1,754,855	**1,754,855**
Doubtful	-	-	914,764	**914,764**
Loss	-	-	49,864	**49,864**
Gross carrying amount	**27,138,307**	**9,892,878**	**2,809,316**	**39,840,501**
Credit loss allowance	(259,837)	(785,227)	(975,978)	(2,021,042)
Carrying amount	**26,878,470**	**9,107,651**	**1,833,338**	**37,819,459**
State and municipal organisations				
Standard	9,127,032	-	-	**9,127,032**
Substandard	-	4,755,894	-	**4,755,894**
Unsatisfactory	-	-	-	**-**
Doubtful	-	-	-	**-**
Loss	-	-	-	**-**
Gross carrying amount	**9,127,032**	**4,755,894**	**-**	**13,882,926**
Credit loss allowance	(58,835)	(312,240)	-	(371,075)
Carrying amount	**9,068,197**	**4,443,654**	**-**	**13,511,851**
Loans to individuals				
Standard	7,837,111	57,216	18,578	**7,912,905**
Substandard	-	255,996	8,352	**264,348**
Unsatisfactory	-	-	50,034	**50,034**
Doubtful	-	-	19,938	**19,938**
Loss	-	-	12,667	**12,667**
Gross carrying amount	**7,837,111**	**313,212**	**109,569**	**8,259,892**
Credit loss allowance	(42,677)	(20,980)	(38,067)	(101,724)
Carrying amount	**7,794,434**	**292,232**	**71,502**	**8,158,168**

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

31 December 2023	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Corporate loans				
Standard	26,130,681	2,440,295	823,972	**29,394,948**
Substandard	-	6,426,393	503,235	**6,929,628**
Unsatisfactory	-	-	560,899	**560,899**
Doubtful	-	-	883,814	**883,814**
Loss	-	-	44,911	**44,911**
Gross carrying amount	**26,130,681**	**8,866,688**	**2,816,831**	**37,814,200**
Credit loss allowance	(237,229)	(641,149)	(1,297,934)	(2,176,312)
Carrying amount	**25,893,452**	**8,225,539**	**1,518,897**	**35,637,888**
State and municipal organisations				
Standard	14,170,248	396,473	-	**14,566,721**
Substandard	-	5,775	-	**5,775**
Unsatisfactory	-	-	-	**-**
Doubtful	-	-	-	**-**
Loss	-	-	-	**-**
Gross carrying amount	**14,170,248**	**402,248**	**-**	**14,572,496**
Credit loss allowance	(109,738)	(6,373)	-	(116,111)
Carrying amount	**14,060,510**	**395,875**	**-**	**14,456,385**
Loans to individuals				
Standard	7,666,423	127,981	24,855	**7,819,259**
Substandard	-	139,141	15,352	**154,493**
Unsatisfactory	-	-	20,278	**20,278**
Doubtful	-	-	27,003	**27,003**
Loss	-	-	46	**46**
Gross carrying amount	**7,666,423**	**267,122**	**87,534**	**8,021,079**
Credit loss allowance	(44,997)	(20,568)	(41,549)	(107,114)
Carrying amount	**7,621,426**	**246,554**	**45,985**	**7,913,965**

(In millions of Uzbek Soums, unless otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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 on credit impaired assets at 31 March 2024 (unaudited) and 31 December 2023 are as follows.

	Over-collateralised		**Under-collateralised**	
31 March 2024 (unaudited)	Gross carrying Value of the Assets	Value of Collateral	Gross carrying Value of the Assets	Value of Collateral
Credit Impaired Assets				
Loans to Corporate and State Companies carried at AC				
Agriculture	1,045,906	2,124,598	-	-
Manufacturing	729,874	2,370,124	401,118	398,428
Trade and services	276,071	1,079,575	20,598	19,569
Construction	179,484	439,895	-	-
Transport and communication	92,670	269,102	-	-
Oil and gas & Chemicals	63,595	216,563	-	-
Loans to Individuals carried at AC				
Mortgage	67,459	118,582	4,000	3,592
Microloan	20,576	29,878	1,891	1,822
Consumer Loans	11,152	11,388	-	-
Car Loan	3,774	7,322	717	709
Other	-	-	-	-
Student Loan	-	-	-	-
Total	**2,490,561**	**6,667,027**	**428,324**	**424,120**

	Over-collateralised		**Under-collateralised**	
31 December 2023	Gross carrying Value of the Assets	Value of Collateral	Gross carrying Value of the Assets	Value of Collateral
Credit Impaired Assets				
Loans to Corporate and State Companies carried at AC				
Manufacturing	1,421,375	4,454,912	9,274	8,958
Agriculture	593,131	1,822,592	-	-
Trade and services	481,276	1,843,412	19,209	16,640
Construction	186,594	467,673	-	-
Transport and communication	98,788	213,721	-	-
Oil and gas & Chemicals	7,184	18,750	-	-
Loans to Individuals carried at AC				
Mortgage	63,017	114,649	3,533	3,109
Microloan	15,712	21,960	2,395	2,345
Car Loan	2,070	5,336	-	-
Consumer Loans	786	1,073	-	-
Other	21	38	-	-
Student Loan	-	-	-	-
Total	**2,869,954**	**8,964,116**	**34,411**	**31,052**

(In millions of Uzbek Soums, unless otherwise indicated)

10. INVESTMENT SECURITIES MEASURED AT AMORTISED COST

	Currency	Annual coupon/ interest rate %	EIR %	Maturity date month/year	31 March 2024 (unaudited)	31 December 2023
Government Bonds	UZS	0 -18	6.9 -22.9	April 2024 - Jul 2032	2,546,417	2,090,103
Corporate bonds	UZS	19 - 20	19.9 - 20	July 2026 -October 2026	13,466	12,987
Less: Allowance for expected credit losses					(10,559)	(9,675)
Total investment securities measured at amortised cost					**2,549,324**	**2,093,415**

Analysis by credit quality of investment securities measured at amortised costs at 31 March 2024 (unaudited) is as follows:

31 March 2024 (unaudited)	Government Bonds	Corporate Bonds	Total
- Rated BB-	2,546,417	10,860	**2,557,277**
- Rated B2	-	2,606	**2,606**
Less: Allowance for expected credit losses	(10,424)	(135)	**(10,559)**
Total investment securities measured at amortised cost	**2,535,993**	**13,331**	**2,549,324**

Analysis by credit quality of investment securities measured at amortised costs at and 31 December 2023 is as follows:

31 December 2023	Government Bonds	Corporate Bonds	Total
- Rated BB-	2,090,103	10,380	**2,100,483**
- Rated B2	-	2,607	**2,607**
Less: Allowance for expected credit losses	(9,544)	(131)	**(9,675)**
Total investment securities measured at amortised cost	**2,080,559**	**12,856**	**2,093,415**

At 31 March 2024 (unaudited), the Group holds government bonds of the Ministry of Finance of the Republic of Uzbekistan in the quantity of 2,534,780 (31 December 2023: 1,923,405) with nominal value of UZS 1,000,000 and coupon rate of 0-18 % p.a. (31 December 2023: 4.8-19.9 % p.a.).

At 31 March 2024 (unaudited), the subsidiary SQB Insurance LLC holds corporate bonds of JSCB "Asia Alliance Bank" in quantity 2,500 with nominal value of UZS 1,000,000 and coupon rate of CBU refinancing rate (14%) + 4% p.a. The maturity date of the bonds is July 2026.

(In millions of Uzbek Soums, unless otherwise indicated)

11. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS

As at 31 March 2024 (unaudited) and 31 December 2023, premises and equipment of the Group were not pledged.

	Buildings and Premises	**Office and computer equipment**	**Construction in progress**	**Total premises and equipment**	**Intangible assets**	**Total**
Carrying amount as at 31 December 2022	**280,567**	**206,463**	**1,520,026**	**2,007,056**	**75,448**	**2,082,504**
Additions	141,104	131,390	1,026,325	**1,298,819**	17,997	**1,316,816**
Capitalised borrowing costs	-	-	145,680	**145,680**	-	**145,680**
Disposals (net of depreciation)	(5,759)	(2,158)	(371)	**(8,288)**	(16,818)	**(25,106)**
Transfers	86,270	7,763	(94,033)	**-**	-	**-**
Depreciation/amortization charge	(13,234)	(89,615)	-	**(102,849)**	(8,682)	**(111,531)**
Carrying amount as at 31 December 2023	**488,948**	**253,843**	**2,597,627**	**3,340,418**	**67,945**	**3,408,363**
Cost as at 31 December 2023	566,958	618,478	2,597,627	**3,783,063**	92,718	**3,875,781**
Accumulated depreciation/amortisation	(78,010)	(364,635)	-	**(442,645)**	(24,773)	**(467,418)**
Carrying amount as at 31 December 2023	**488,948**	**253,843**	**2,597,627**	**3,340,418**	**67,945**	**3,408,363**
Additions	2,346	114,201	9,896	**126,443**	4,759	**131,202**
Disposals (net of depreciation)	(2)	(7,559)	(2,664)	**(10,225)**	(2,341)	**(12,566)**
Transfers	16	(16)	-	**-**	-	**-**
Depreciation/amortization charge	(5,020)	(23,488)	-	**(28,508)**	(2,733)	**(31,241)**
Carrying amount as at 31 March 2024 (unaudited)	**486,288**	**336,981**	**2,604,859**	**3,428,128**	**67,630**	**3,495,758**
Cost as at 31 March 2024 (unaudited)	569,318	725,104	2,604,859	**3,899,281**	95,136	**3,994,417**
Accumulated depreciation/amortisation	(83,030)	(388,123)	-	**(471,153)**	(27,506)	**(498,659)**
Carrying amount as at 31 March 2024 (unaudited)	**486,288**	**336,981**	**2,604,859**	**3,428,128**	**67,630**	**3,495,758**

As at 31 March 2024, in accordance with the contract, the Group invested USD 209.643 million during the 2019-2023, equivalent to UZS 2,350,828 million, for the construction of its head office in Tashkent city, all of which included in construction in progress.

12. DUE TO OTHER BANKS

	31 March 2024 (unaudited)	**31 December 2023**
Short term placements of other banks	3,393,763	2,500,576
Long term placements of other banks	1,195,812	1,778,393
Payable to the CBU under repo agreement	465,452	816,807
Correspondent accounts and overnight placements of other banks	577,125	723,175
Total due to other banks	**5,632,152**	**5,818,951**

Short term placements of other banks increased due to attracting 70 million USD (883,406 million equivalent UZS) deposit from Ipotekabank OTP group Uzbekistan.

Refer to Note 22 for the disclosure of the fair value of due to other banks. Information on related party balances is disclosed in Note 25.

(In millions of Uzbek Soums, unless otherwise indicated)

13. CUSTOMER ACCOUNTS

	31 March 2024 (unaudited)	31 December 2023
State and public organisations		
- Current/settlement accounts	2,720,138	2,006,528
- Term deposits	4,741,327	3,901,834
Other legal entities		
- Current/settlement accounts	2,634,075	2,812,289
- Term deposits	952,601	1,104,481
Individuals		
- Current/demand accounts	1,078,811	1,512,885
- Term deposits	3,114,899	2,990,665
Total customer accounts	**15,241,851**	**14,328,682**

Economic sector concentrations within customer accounts are as follows:

	31 March 2024 (unaudited)		31 December 2023	
	Amount	%	Amount	%
Public administration	4,408,867	29%	3,808,491	27%
Individuals	4,193,710	28%	4,503,550	31%
Oil and gas	2,122,348	14%	1,494,550	10%
Manufacturing	1,396,556	9%	1,599,498	11%
Trade	707,504	5%	712,118	5%
Energy	690,217	5%	705,081	5%
Services	567,122	4%	453,820	3%
Finance	351,567	2%	401,932	3%
Communication	241,259	2%	133,196	1%
Construction	200,287	1%	274,907	2%
Mining	104,705	1%	40,439	0%
Transportation	97,889	0%	92,428	1%
Agriculture	88,546	0%	25,960	0%
Engineering	47,507	0%	46,525	1%
Medicine	18,059	0%	24,519	0%
Other	5,708	0%	11,668	0%
Total customer accounts	**15,241,851**	**100%**	**14,328,682**	**100%**

As at 31 March 2024 (unaudited), the Group had two (Ministry of Finance and JSC Uzbekneftegaz) customers with a total balance UZS 5,268,858 million (31 December 2023: UZS 4,375,575 million), which individually exceeded 10% of the Group's equity.

Refer to Note 22 for the disclosure of the fair value of customer accounts. Information on related party balances is disclosed in Note 25.

(In millions of Uzbek Soums, unless otherwise indicated)

14. OTHER BORROWED FUNDS

	31 March 2024 (unaudited)	31 December 2023
International financial institutions		
China EXIMBANK	4,704,126	4,879,750
Cargill Financial Services International Inc	4,261,848	4,300,945
CREDIT Suisse	2,365,848	2,289,684
International Bank of Reconstruction and Development	2,055,270	1,930,490
Landesbank Baden-Wuerttemberg	1,948,729	1,922,190
Commerzbank AG	1,782,353	1,661,374
JPMorgan Chase	1,479,577	1,400,208
Daryo Finance B.V.	1,349,369	1,290,891
European Bank for Reconstruction and Development	1,173,069	1,208,070
Banca Popolare di Sondrio	1,103,073	897,886
ICBC Standard (London) plc	1,080,247	1,030,290
International Finance Corporation	957,868	961,178
MFT XXI LLC	811,063	878,556
Asian Development Bank	643,038	624,642
Raiffeisen Bank International AG	627,812	623,745
International Development Association of World Bank	579,388	590,901
China Development Bank	483,163	460,771
UniCredit	447,042	445,907
Citibank Europe PLC	415,738	419,179
Japan International Cooperation Agency (JICA)	405,227	395,735
Petersburg technology Center	397,234	397,457
Citibank N.A. ADGM	390,427	513,064
OPEC Fund for International Development	389,723	372,053
European Investment Bank	387,723	372,978
Commercial bank of Dubai	377,781	-
DZ BANK Hong Kong Branch	362,010	370,837
Korea EXIMBANK	279,125	279,873
Mashreqbank PSC	252,816	249,190
ODDO BHF	248,278	98,551
Kamcombank LLC	189,429	456,266
Fimbank PLC	125,835	-
Baobab Securities Limited	107,376	112,088
Turk EXIMBANK	104,680	116,746
AKA Ausfuhrkredit-Gesellschaft mbH	86,066	91,015
Agence Française de Développement	78,532	77,880
Helaba (Landesbank Hessen-Thüringen)	34,894	30,975
KfW IPEX-Bank	30,338	237,010
Gazprombank	27,839	27,524
The Export-Import Bank of the Republic of China	19,091	23,359
John Deere	4,799	6,648
International Fund for Agricultural Development	1,670	1,758
JSC "Bank Centercredit" KZ	-	18,283
Eurasian Bank	-	11,477
Financial institutions of Uzbekistan	-	
Fund for Reconstruction and Development of Uzbekistan	1,767,170	1,417,471
Agriculture Support Fund under the Ministry of Economy and Finance	1,445,631	1,583,855
Long term borrowings from Ministry of Economy and Finance	1,085,639	1,095,835
Uzbekistan Mortgage Refinancing Company (UzMRC)	682,607	653,284
Export Promotion Agency under MIFT	288,721	368,720
Long term borrowings from CBU	170,332	187,389
KDB Bank Uzbekistan	151,191	199,604
Young Entrepreneurs Support Fund under MIFT	29,925	30,455
Preference Shares	9,817	11,219
Khokimiyat of Tashkent Region	4,282	5,113
Inter-Network Energy Conservation Fund under the Ministry of Energy	3,168	3,365
Other	8	1
Total other borrowed funds	**38,208,005**	**37,633,735**

(In millions of Uzbek Soums, unless otherwise indicated)

On 04 March 2024 the Group and FIMBank has signed an Agreement on attracting the Credit line facility in the amount of USD 10 million (UZS 126,201 million). The facility is to be used to general purpose trade financing. The maturity period of the loan is 18 months with three semi-annual repayments.

On 15 March 2024, Commercial Bank of Dubai PSC has disbursed USD 30 million under the Master Trade Loan Agreement, signed on 23 February 2024. Loan has maturity of 6 months with bullet repayment of principal and interest repayments. (Data by IFI)

The maturity analysis is disclosed in Note 23. Refer to Note 21 for disclosure of the fair value of other borrowed funds and Note 24 for information on related party balances.

15. INTEREST INCOME AND EXPENSE

	Three months ended 2024 (unaudited)	Three months ended 2023 (unaudited)
Interest income calculated using the effective interest method		
Interest income on assets recorded at amortised cost comprises:		
Interest on loans and advances to customers	1,910,813	1,453,800
Interest on investment securities measured at amortised cost	106,333	83,254
Interest on balances due from other banks	83,871	92,414
Interest on balances cash and cash equivalents	8,850	1,457
Total interest income calculated using the effective interest method	**2,109,867**	**1,630,925**
Other similar income		
Finance lease receivables	11,810	6,623
Total other similar income	**11,810**	**6,623**
Interest expense		
Interest expense on liabilities recorded at amortised cost comprises:		
Interest on other borrowed funds	(635,621)	(478,928)
Interest on customer accounts	(304,273)	(294,849)
Interest on debt securities in issue	(86,033)	(51,309)
Interest on balances due to other banks	(116,484)	(51,290)
Interest on subordinated debt	(34,438)	(1,433)
Total interest expense	**(1,176,849)**	**(877,809)**
Net interest income before provision on loans and advances to customers	**944,828**	**759,739**

(In millions of Uzbek Soums, unless otherwise indicated)

16. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Three months ended 2024 (unaudited)	Three months ended 2023 (unaudited)
Staff costs	192,966	205,467
State pension and social security costs	31,006	29,285
Total staff costs	**223,972**	**234,752**
Taxes other than income tax	38,233	16,584
Depreciation and amortisation	31,241	24,547
Security services	19,162	14,443
Membership fees	11,921	13,747
Communication and software maintenance	11,703	9,444
Charity expenses	10,550	6,453
Repair and maintenance of buildings	6,012	4,850
Consultancy fee	5,015	2,268
Stationery and other low value items	4,800	5,542
Rent expenses	4,488	4,532
Travel expenses	3,914	2,906
Representation and entertainment	3,547	1,020
Utilities expenses	3,354	1,861
Advertising expenses	1,768	1,446
Fuel	1,159	1,133
Loss on Sale or Disposition of Fixed assets	227	3,046
Legal fees	153	579
Medical, Dental and Hospitalization	-	20
Other operating expenses	10,042	6,074
Total administrative and other operating expenses	**391,261**	**355,247**

Significant increase in taxes other than income tax is due to the payment of possession of incomplete building (Tashkent City, Head office) at the amount of UZS 19,200 million. Also, increase in consultancy fee is due to the development of the bank’s strategy for the years 2024-2026, at the amount of UZS 2,685 million.

Legal fees primarily consist of payments for the cadastral services provided to register defaulted loans pledged assets under the Group name.

17. INCOME TAXES

	Three months ended 31 March 2024 (unaudited)	Three months ended 31 March 2023 (unaudited)
Current income tax expense	86,388	72,382
Deferred tax (benefit)/expense:		
- Deferred tax (benefit)/expense	(29,476)	11,268
- Deferred tax expense relating to the components of other comprehensive income	916	1 083
Total income tax expense through profit or loss and other comprehensive income	**57,828**	**84,733**

Interim period income tax expense is recognized based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate applied for the three months ended 31 March 2024 (unaudited) is 20.0 % (the estimated tax rate for the three months ended 31 March 2023 (unaudited) was 20%)).

Starting on 1 January 2022, only 80% of the loan loss provisions created for statutory reporting are eligible for tax deductions. Recovery of provisions created after 1 January 2022 is also 80% taxable.

(In millions of Uzbek Soums, unless otherwise indicated)

18. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shares by the weighted average number of ordinary shares.

	Three months ended 2024 (unaudited)	**Three months ended 2023 (unaudited)**
Profit for the year attributable to ordinary shareholders	217,202	193,605
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in million of shares)	243,259	243,552
Total basic and diluted earnings per ordinary share (expressed in UZS per share)	**0.89**	**0.79**

19. COMMITMENTS AND CONTINGENCIES

***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 the Management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in this condensed consolidated interim financial information.
At 31 March 2024 (unaudited), the Group was engaged in litigation proceedings with 1 client in relation to loan agreement (3 clients at 31 December 2023). No provision has been made as the Group's management believes that it is not likely that any significant loss will eventuate.

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

(In millions of Uzbek Soums, unless otherwise indicated)

19. COMMITMENTS AND CONTINGENCIES (Continued)

The Management believes that its interpretation of the relevant legislation is appropriate and the Bank's tax, currency legislation and customs positions will be sustained. Accordingly, as at 31 March 2024 (unaudited), no provision for potential tax liabilities had been recorded (2023: Nil). The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital expenditure commitments. As at 31 March 2024 (unaudited) and 31 December 2023, the Group had contractual capital expenditure commitments for the total amount of UZS 98,503 million and UZS 160,258 million in respect of premises and equipment, respectively.

***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. 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. The credit related commitments are comprised of the following:

	31 March 2024 (unaudited)	**31 December 2023**
Guarantees issued	1,658,573	1,457,703
Letters of credit, non post-financing	1,922,429	2,065,635
Letters of credits, post-financing with commencement after reporting period end	551,456	863,518
Undrawn credit lines	1,348,325	834,515
Total gross credit related commitments	**5,480,783**	**5,221,371**
Less - Cash held as security against letters of credit and guarantees	(1,721,375)	(1,352,830)
Less – Provision for expected credit losses	(50,812)	(11,762)
Total credit related commitments	**3,708,596**	**3,856,779**

The total outstanding contractual amount of letters of credit, guarantees issued and undrawn credit lines does not necessarily represent future cash requirements as these financial instruments may expire or terminate without being funded.

The amount of UZS 1,721,375 million (2023: UZS 1,352,830 million) for these credit-related commitments is collateralized with cash deposits.

(In millions of Uzbek Soums, unless otherwise indicated)

20. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Liabilities from financing activities			**Total**
In million Uzbekistan Soums	**Other borrowed funds**	**Debt securities issue**	**Subordinated debt**	
Net debt at 1 January 2023	**32,241,760**	**3,361,256**	**330,560**	**35,933,576**
Proceeds from the issue	16,506,252	1,286,100	240,848	**18,033,200**
Redemption	(12,937,288)	-	-	**(12,937,288)**
Foreign currency translation	2,963,617	371,174	43,649	**3,378,440**
Reclassification of other borrowed funds to subordinated debt	(1,091,571)	-	1,091,571	**-**
Other non-cash movements	(49,035)	(48,164)	(9,774)	**(106,973)**
Net debt at 31 December 2023	**37,633,735**	**4,970,366**	**1,696,854**	**44,300,955**
Proceeds from the issue	3,425,220	-	-	**3,425,220**
Redemption	(3,331,994)	-	-	**(3,331,994)**
Foreign currency translation	467,290	141,195	16,030	**624,515**
Other non-cash movements	13,754	(2,590)	2,483	**13,647**
Net debt at 31 March 2024 (unaudited)	**38,208,005**	**5,108,971**	**1,715,367**	**45,032,343**

21. FAIR VALUE

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. 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).

The Management applies judgement in categorizing 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.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Management's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

(In millions of Uzbek Soums, unless otherwise indicated)

21. FAIR VALUE (Continued)

The Group considers that the accounting estimate related to the valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to changes from year to year, as it requires the Management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific features of transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on the condensed consolidated interim financial position, as well as, the related profit or loss reported on the condensed consolidated interim statement of profit or loss, could be material.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting year. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at					
Financial assets/ financial liablities	**31 March 2024 (unaudited)**	**31 December 2023**	**Fair value hierarchy**	**Valuation model(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Equity securities at FVTOCI						
- Visa Inc.	20,386	18,676	Level 1	Quoted bid prices in an active market.	N/A	N/A
- Derivative financial assets	-	51,499	Level 3	Discounted cash flows. Discount rate estimated based on constructed build up curves	Discount rate	The greater discount- the smaller fair value
- Other	104,722	100,541	Level 3	Discounted cash flows. Discount rate estimated based on WACC	Discount rate	The greater discount- the smaller fair value
- Derivative financial liabilities	31,161	-	Level 3	Discounted cash flows. Discount rate estimated based on constructed build up curves	Discount rate	The greater discount- the smaller fair value

Other financial assets are those without quoted market prices in an active market, mainly represented by investment into LLC Yashil Energiya (19.2%) valued at UZS 67 million, JSC "Mortgage Refinancing Company of Uzbekistan" (ownership 8%) valued at UZS 13.2 million and JSC "Republican Currency Exchange" (ownership 11.1%) valued at UZS 13.1 million.

The fair value of the equity instruments at fair value through other comprehensive income were 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. A significant unobservable input used in determining the fair value of equity securities at FVTOCI is the Group's WACC. The higher the WACC the lower the fair value of the equity securities at FVTOCI. 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.

(In millions of Uzbek Soums, unless otherwise indicated)

21. FAIR VALUE (Continued)

Investments to which the dividends valuation approach is not applicable, i.e. dividends were not paid during the period, Management may use the Assets based valuation approach focused on the investment company's net assets value (NAV), or fair market value of its total assets minus its total liabilities, to determine what would cost to recreate the business. The Management believes that such approach accurately reflects the fair value of these securities.

Below is presented the fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required). Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated interim information approximate their fair values.

	31 March 2024 (unaudited)		**31 December 2023**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Loans and advances to customers	59,489,478	59,577,161	58,008,238	58,050,659
Due from other banks	2,021,266	1,830,430	1,778,707	1,590,323
Debt securities in issue				
- Eurobonds	5,108,971	4,882,142	4,970,366	4,910,894
Other borrowed funds	38,208,005	32,025,291	37,633,735	32,309,689
Subordinated debt	1,715,367	1,742,707	1,696,854	1,633,337

	31 March 2024 (unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Loans and advances to customers	-	-	59,577,161	**59,577,161**
Due from other banks	-	-	1,830,430	**1,830,430**
Debt securities in issue				
- Eurobonds	3,604,574	1,277,568	-	**4,882,142**
Other borrowed funds	-	-	32,025,291	**32,025,291**
Subordinated debt	-	-	1,742,707	**1,742,707**

	31 December 2023*			
	Level 1	**Level 2**	**Level 3**	**Total**
Loans and advances to customers	-	-	58,050,659	**58,050,659**
Due from other banks	-	-	1,590,323	**1,590,323**
Debt securities in issue				
- Eurobonds	3,572,111	1,338,783	-	**4,910,894**
Other borrowed funds	-	-	32,309,689	**32,309,689**
Subordinated debt	-	-	1,633,337	**1,633,337**

*The table was revised to align with Q1 2024 presentation

(In millions of Uzbek Soums, unless otherwise indicated)

22. CAPITAL MANAGEMENT

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

Under the current capital requirements set by the CBU, banks have to maintain ratios of (actual ratios given below are unaudited):

- Ratio of regulatory capital to risk weighted assets (“Regulatory capital ratio”) above a prescribed minimum level of 13% (31 December 2023: 13%). Actual ratio as at 31 March 2024 (unaudited): 15.3% (31 December 2023: 16.1%);

- Ratio of Group’s tier 1 capital to risk weighted assets (“Capital adequacy ratio”) above a prescribed minimum level of 10% (31 December 2023: 10%). Actual ratio as at 31 March 2024 (unaudited): 11.5% (31 December 2023: 11.0%); and

- Ratio of Group’s tier 1 capital to total assets less intangibles (“Leverage ratio”) above a prescribed minimum level of 6% (31 December 2023: 6%). Actual ratio as at 31 March 2024 (unaudited): 10.5% (31 December 2023: 9.7%).

The Group and the Bank have complied with all externally imposed capital requirements throughout the reporting period and 2023.

Total capital is based on the Group’s reports prepared under CBU Instructions and related instructions and comprises:

	31 March 2024 (unaudited)	31 December 2023
Tier 1 capital	8,710,166	7,802,768
Less: Deductions from capital	(73,338)	(72,859)
Tier 1 capital adjusted	**8,636,828**	**7,729,909**
Tier 2 capital	**2,813,735**	**3,551,187**
Total regulatory Capital	**11,450,563**	**11,281,096**

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, preference shares, retained earnings excluding current year profit and less intangible assets. The other component of regulatory capital is Tier 2 capital, which includes current reporting period profit, subordinated debt adjusted to maturity and general reserves on loans.

(In millions of Uzbek Soums, unless otherwise indicated)

23. RISK MANAGEMENT POLICIES

The Group manages amongst other the following risks: credit risk, off-balance sheet risk, market risk, currency risk, interest rate risk, liquidity risk, operational risk, and compliance risk.

Risk management system is the part of the overall management system of the Group which aims to provide sustainable development of the Bank and the Group members in line with the approved Development Strategy.

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2023.

Interest risk. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate re-pricing that may be undertaken. Interest rate positions are managed by the Bank's Treasury Department, which uses investment securities, advances to the CBU and other banks, deposits from Banks and the CBU to manage the positions.

Currency risk. The Group takes on exposure to the effect of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. In respect of currency risk, the Management Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Group's Treasury Department measures its currency risk by matching financial assets and liabilities denominated in same currency and analyses effect of actual annual appreciation/depreciation of that currency against Uzbekistan Soum to the profit and loss of the Group. The table below summarizes the Group's exposure to foreign currency exchange rate risk at the end of reporting period:

31 March 2024 (unaudited)	**USD**	**EUR**	**Other currencies**	**UZS**	**Total**
Cash and cash equivalents	3,926,995	401,149	830,735	1,379,453	**6,538,332**
Due from other banks	892,824	200,528	1,399	926,515	**2,021,266**
Loans and advances to customers	25,898,522	13,952,565	-	19,638,391	**59,489,478**
Investment securities measured at amortised cost	-	-	-	2,549,324	**2,549,324**
Other financial assets	6,243	1,076	-	18,327	**25,646**
Total monetary assets	**30,724,584**	**14,555,318**	**832,134**	**24,512,010**	**70,624,046**
Due to other banks	2,160,694	826,778	1,551,309	1,093,371	**5,632,152**
Customer accounts	4,878,420	715,103	120,067	9,528,261	**15,241,851**
Debt securities in issue	5,108,971	-	-	-	**5,108,971**
Other borrowed funds	18,748,747	13,468,305	189,429	5,801,524	**38,208,005**
Other financial liabilities	138,839	20	-	92,327	**231,186**
Subordinated debt	517,612	-	-	1,197,755	**1,715,367**
Total monetary liabilities	**31,553,283**	**15,010,206**	**1,860,805**	**17,713,238**	**66,137,532**
Derivative instruments	**-**	**-**	**1,048,612**	**(1,079,773)**	**(31,161)**
Net Balance sheet position	**(828,699)**	**(454,888)**	**19,941**	**5,718,999**	**4,455,353**

The Group holds derivatives for risk management, primarily to mitigate its exposure to the Russian Ruble. During the three months of 2024, and in 2023, the Group entered into cross-currency swap agreements with ICBC Standard Ltd.

31 December 2023*	**USD**	**EUR**	**Other currencies**	**UZS**	**Total**
Cash and cash equivalents	3,951,582	1,615,364	289,333	1,109,615	**6,965,894**
Due from other banks	780,218	-	16,293	982,196	**1,778,707**
Loans and advances to customers	25,483,464	12,673,843	-	19,850,931	**58,008,238**
Investment securities measured at amortised cost	124,597	-	-	1,968,818	**2,093,415**
Other financial assets	9,831	6,330	-	11,232	**27,393**
Total monetary assets	**30,349,692**	**14,295,537**	**305,626**	**23,922,792**	**68,873,647**
Due to other banks	2,566,045	1,108,348	875,316	1,269,242	**5,818,951**
Customer accounts	4,745,697	391,558	124,177	9,067,250	**14,328,682**
Debt securities in issue	4,970,366	-	-	-	**4,970,366**
Other borrowed funds	18,102,943	13,137,941	456,266	5,936,585	**37,633,735**
Other financial liabilities	127,648	20	-	54,952	**182,620**
Subordinated debt	501,334	-	-	1,195,520	**1,696,854**
Total monetary liabilities	**31,014,033**	**14,637,867**	**1,455,759**	**17,523,549**	**64,631,208**
Derivative instruments	**-**	**-**	**1,211,810**	**(1,160,311)**	**51,499**
Net Balance sheet position	**(664,341)**	**(342,330)**	**61,677**	**5,238,932**	**4,293,938**

*The table was revised to align with Q1 2024 presentation

(In millions of Uzbek Soums, unless otherwise indicated)

23. RISK MANAGEMENT POLICIES (Continued)

Geographical risk concentration. The geographical concentration of the Group's financial assets and liabilities at 31 March 2024 (unaudited) is set out below:

31 March 2024 (unaudited)	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	3,582,077	2,955,111	386	758	**6,538,332**
Due from other banks	1,791,036	229,350	-	880	**2,021,266**
Loans and advances to customers	59,489,478	-	-	-	**59,489,478**
Investment securities measured at amortised cost	2,549,324	-	-	-	**2,549,324**
Financial assets at fair value through other comprehensive income	104,720	20,388	-	-	**125,108**
Other financial assets	19,990	1,774	3,882	-	**25,646**
Total financial assets	**67,536,625**	**3,206,623**	**4,268**	**1,638**	**70,749,154**
Liabilities					
Due to other banks	3,300,587	21,138	192,722	2,117,705	**5,632,152**
Customer accounts	15,241,851	-	-	-	**15,241,851**
Debt securities in issue	-	5,108,971	-	-	**5,108,971**
Other borrowed funds	5,638,491	23,785,662	7,358,287	1,425,565	**38,208,005**
Derivative financial liabilities	-	31,161	-	-	**31,161**
Other financial liabilities	92,398	706	138,082	-	**231,186**
Subordinated debt	1,452,974	262,393	-	-	**1,715,367**
Total financial liabilities	**25,726,301**	**29,210,031**	**7,689,091**	**3,543,270**	**66,168,693**
Net balance sheet position	**41,810,324**	**(26,003,408)**	**(7,684,823)**	**(3,541,632)**	**4,580,461**
Credit related commitments (Note 20)	**3,708,596**	**-**	**-**	**-**	**3,708,596**

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

31 December 2023*	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	4,237,428	2,568,635	57	159,774	**6,965,894**
Due from other banks	1,695,281	82,565	-	861	**1,778,707**
Loans and advances to customers	58,008,238	-	-	-	**58,008,238**
Derivative financial assets		51,499			**51,499**
Investment securities measured at amortised cost	2,093,415	-	-	-	**2,093,415**
Financial assets at fair value through other comprehensive income	100,539	18,678	-	-	**119,217**
Other financial assets	21,392	62	5,939	-	**27,393**
Total financial assets	**66,156,293**	**2,721,439**	**5,996**	**160,635**	**69,044,363**
Liabilities					
Due to other banks	2,690,933	22,705	259,640	2,845,673	**5,818,951**
Customer accounts	14,328,682	-	-	-	**14,328,682**
Debt securities in issue	-	4,970,366	-	-	**4,970,366**
Other borrowed funds	5,577,817	23,166,246	7,129,869	1,759,803	**37,633,735**
Other financial liabilities	55,009	2,584	125,027	-	**182,620**
Subordinated debt	1,447,959	248,895	-	-	**1,696,854**
Total financial liabilities	**24,100,400**	**28,410,796**	**7,514,536**	**4,605,476**	**64,631,208**
Net balance sheet position	**42,055,893**	**(25,689,357)**	**(7,508,540)**	**(4,444,841)**	**4,413,155**
Credit related commitments (Note 20)	**3,856,779**	**-**	**-**	**-**	**3,856,779**

*The table was revised to align with Q1 2024 presentation

23. RISK MANAGEMENT POLICIES (Continued)

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

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

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a monthly basis in accordance with the requirement of the CBU. 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.

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 statement of financial position date.

Restatement of prior year figures. The Bank is subject to certain financial and other restrictive covenants under the terms of its indebtedness that impose certain requirements on the Bank to comply with financial ratios and tests and certain restrictions that limit the Bank’s ability to, among others, obtain further financing and/or repay existing long-term indebtedness. In drawing up this condensed consolidated interim financial information as at 31 March 2024, the Management undertook a detailed review of the Bank's debt agreements and identified that in one case there was a clause that the Bank did not comply with as at 31 March 2024 or at 31 December 2023. The implication of this was that this debt and a number of other facilities where there are conditions in the relevant facility agreements, together, totaling UZS 32,124,944 million (31 December 2023 - UZS 30,022,608 million), should no longer be considered, for financial reporting purposes, as long term as at 31 March 2024 and 31 December 2023. There was a similar situation as at 31 December 2022 and 2021. Therefore, management took action and notified the transaction agent on 27 June 2024 to voluntarily prepay this debt and did so on 2 July 2024. Following the early repayment of the debt and having taken legal advice where it was considered appropriate and received any necessary additional loan covenant waivers, the expected maturity table below shows a positive short term liquidity gap after taking into account the early repayment of the above-mentioned debt and all other long term debt facilities being settled on their contractual settlement dates, as the Bank now has the right to defer settlement of the other respective debt liabilities to their settlement dates.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities, except for assets that are readily saleable if it should be necessary to meet cash outflows on financial liabilities. Such financial assets are included in the maturity analysis based on their expected date of disposal and financial liabilities at their expected date of settlement. Impaired loans are included at their carrying amounts net of impairment provisions and based on the expected timing of cash inflows.

(In millions of Uzbek Soums, unless otherwise indicated)

23. RISK MANAGEMENT POLICIES (Continued)

The Group monitors expected maturities which may be summarised as follows at 31 March 2024 (unaudited) is set out below.

31 March 2024 (unaudited)	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	6,538,332	-	-	-	-	-	**6,538,332**
Due from other banks	539,341	168,581	110,143	797,586	359,818	45,797	**2,021,266**
Loans and advances to customers	4,312,771	12,721,689	7,884,951	14,421,546	10,145,777	10,002,744	**59,489,478**
Investment securities measured at amortised cost	460,027	895,703	689,889	378,341	90,537	34,827	**2,549,324**
Financial assets at fair value through other comprehensive income	-	-	-	125,108	-	-	**125,108**
Other financial assets	25,646	-	-	-	-	-	**25,646**
Total financial assets	**11,876,117**	**13,785,973**	**8,684,983**	**15,722,581**	**10,596,132**	**10,083,368**	**70,749,154**
Liabilities							
Due to other banks	2,823,435	2,404,563	1,850	279,602	122,702	-	**5,632,152**
Customer accounts	6,949,188	892,893	1,533,376	3,734,131	628,441	1,503,822	**15,241,851**
Debt securities in issue	-	66,353	3,780,609	-	1,262,009	-	**5,108,971**
Other borrowed funds	1,495,985	7,653,380	5,321,812	10,685,447	6,015,290	7,036,091	**38,208,005**
Derivative financial liabilities	-	31,161	-	-	-	-	**31,161**
Other financial liabilities	231,186	-	-	-	-	-	**231,186**
Subordinated debt	7,998	6,184	-	6,452	354,249	1,340,484	**1,715,367**
Total financial liabilities	**11,507,792**	**11,054,534**	**10,637,647**	**14,705,632**	**8,382,691**	**9,880,397**	**66,168,693**
Net liquidity gap	**368,325**	**2,731,439**	**(1,952,664)**	**1,016,949**	**2,213,441**	**202,971**	**4,580,461**
Cumulative liquidity gap	**368,325**	**3,099,764**	**1,147,100**	**2,164,049**	**4,377,490**	**4,580,461**	

(In millions of Uzbek Soums, unless otherwise indicated)

23. RISK MANAGEMENT POLICIES (Continued)

The analysis of liquidity of the Group’s assets and liabilities as at 31 December 2023 is set out below.

31 December 2023*	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	6,965,894	-	-	-	-	-	**6,965,894**
Due from other banks	290,613	127,302	211,455	146,314	957,215	45,808	**1,778,707**
Loans and advances to customers	4,403,325	11,584,658	8,070,527	14,091,009	9,973,536	9,885,183	**58,008,238**
Investment securities measured at amortised cost	58,112	1,101,353	691,278	207,817	-	34,855	**2,093,415**
Financial assets at fair value through other comprehensive income	-	-	-	119,217	-	-	**119,217**
Derivative financial assets	-	51,499	-	-	-	-	**51,499**
Other financial assets	27,393	-	-	-	-	-	**27,393**
Total financial assets	**11,745,337**	**12,864,812**	**8,973,260**	**14,564,357**	**10,930,751**	**9,965,846**	**69,044,363**
Liabilities							
Due to other banks	2,597,424	2,732,125	91,495	359,007	38,900	-	**5,818,951**
Customer accounts	6,678,347	1,940,232	1,710,912	1,901,199	124,813	1,973,179	**14,328,682**
Debt securities in issue	-	42,123	3,694,366	-	1,233,877	-	**4,970,366**
Other borrowed funds	1,383,247	4,501,605	7,415,110	10,417,128	6,609,368	7,307,277	**37,633,735**
Other financial liabilities	182,620	-	-	-	-	-	**182,620**
Subordinated debt	3,080	3,949	-	6,452	346,640	1,336,733	**1,696,854**
Total financial liabilities	**10,844,718**	**9,220,034**	**12,911,883**	**12,683,786**	**8,353,598**	**10,617,189**	**64,631,208**
Net liquidity gap	**900,619**	**3,644,778**	**(3,938,623)**	**1,880,571**	**2,577,153**	**(651,343)**	**4,413,155**
Cumulative liquidity gap	**900,619**	**4,545,397**	**606,774**	**2,487,345**	**5,064,498**	**4,413,155**	

The above analysis is based on remaining contractual maturities. Although the Group does not have the right to use the mandatory deposits held in Central bank of Uzbekistan for the purposes of funding its operating activities, the Management classifies them as demand deposits in the liquidity gap analysis on the basis that their nature is inherently to fund sudden withdrawal of customer accounts.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Group. It is unusual for banks ever to be completely matched since business transactions are often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates.

The Management believes that whilst a substantial portion of customer accounts is on demand, the fact that a significant portion of these customer accounts are of large state-controlled entities which are either the Group’s shareholders or its 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.

*The table was revised to align with Q1 2024 presentation

23. RISK MANAGEMENT POLICIES (Continued)

Environmental, Social and Governance (ESG) matters. Accounting for Green Loans for classification and measurement of loans where contractual cash flows may change as a response to certain ESG metrics, such as compliance with emissions standards, energy efficiency metrics, or even a combination of different green measures. Climate change might affect a lender’s exposure to credit losses for its financial assets. Climate change might affect the assumptions that are made by lenders to estimate ECL. It could also affect the risk ratings for individual borrowers or groups of borrowers, or their probability of default (‘PD’). In some cases, it could result in moving loans between stages.

Borrowers could face a range of physical, regulatory and reputational risks that ultimately impact their credit risk and increase the likelihood that they might be unable to meet their debt obligations. Moreover, the value of assets against which loans are secured could fall in value, or even become inaccessible or uninsurable - affecting the value of collateral.

When considering the impacts on ECL Management approach is to:
Thinking separately about physical risk (for example, destruction or temporary disruption of physical assets from increased incidence of severe weather events) and transition risk (advancement or displacement as a result of moving to a ‘greener’ and more sustainable economy).

Being mindful of duration - while change is happening fast, longer term exposures are likely to be more affected than short-term ones.

Recognizing that ‘one size’ doesn’t fit all - different portfolios will have different risk exposures depending on duration, industry, geography etc and, in many cases, only top-down assessments of vulnerable geographies and industries will be possible.

Avoiding double counting risks, by considering the extent to which they might already be captured directly or indirectly through model inputs such as market credit spreads, expected default frequency and other factors.

Considering other arrangements such as insurance, guarantees, government subsidies (or other payments and policies) and other sources of recoveries, including how they are structured and how their providers are thinking about (and responding to) evolving ESG risks.

Management believes there is no ESG impact on ECL measurement of bank’s financial assets as at 31 March 2024 (unaudited).

Assessment of ESG-related risks and opportunities: During 2023 the Group has made an assessment of the ESG-related risks and opportunities in the context of the sustainable development and the plans for environmental and governance factors are detailed below:

Environmental and safety (E&S):		
	Description of the current situation	**Description of the target situation**
	E&S policy updated in January 2023 to include an exclusion list, a categorized risk list and Environmental and Social assessment reports. The exclusion List is aligned with the International Financial Institutions' (IFI) requirements;	*Increasing lending to environmentally-friendly production.* Primarily supporting entrepreneurs engaged in sustainable and renewable energy production; *Financing water-efficient agriculture projects.* Water-efficient agriculture projects aim to reduce water usage in farming while maintaining or even increasing productivity.
Governance		
	The Code of Conduct was revised in May 2023 to reflect evolving best practices and ensure alignment with our corporate values	An individual responsible for ESG is to be appointed within the underwriting department of the Bank, bolstering the department's commitment to sustainable practices; Establishment of an ESG reporting system, facilitating structured documentation and communication of ESG metrics; Development of an ESG risk management policy, ensuring systematic identification, assessment, and mitigation of ESG-related risks;

23. RISK MANAGEMENT POLICIES (Continued)

Climate-related risk. The Group and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

Management believes that it is currently not possible to explicitly incorporate climate risk factors in the Group's risk framework, including ECL measurement. Existing scenarios, forecasts, and estimates are covering only the long-term horizon well beyond the maturity of the existing portfolios. Such scenarios are also high-level, and attribution to specific borrowers without additional data would be highly arbitrary. To address the information gap for detailed, borrower-specific data, the Group is collecting information to perform a robust assessment of the risks specific of its borrowers. The Group is planning to enhance its credit risk scoring models to incorporate such information in the PD and LGD measurement in the future.

24. 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 applies a disclosure exemption regarding Government-related entities, where the same Government has control or joint control of, or significant influence over, both the Group and the other entities, disclosed as "entities under common control".

- "Significant shareholders" –legal entities-shareholders which have a significant influence to the Group through Government;
- "Key management personnel" – members of the Management Board and the Council of the Bank;
- "Entities under common control" – entities that are controlled, jointly controlled or significantly influenced by the Government.

The Government of the Republic of Uzbekistan, acting through the Funds for Reconstruction and Development and the Ministry of Economy and Finance of the Republic of Uzbekistan, directly and indirectly controls the Group. There are no individually significant transactions with the government related entities and the terms, conditions, and amounts of these related party transactions are usually same as those between unrelated parties. The Group enters into banking transactions with Government-related entities including but not limited to lending, deposit taking, cash settlements, obtaining borrowings etc., Transactions with related parties are settled on an arm's-length basis and recognized in the financial statements according to the same accounting policy as for similar transactions with unrelated parties.

(In millions of Uzbek Soums, unless otherwise indicated)

24. RELATED PARTY TRANSACTIONS (Continued)

Details of transactions between the Group and related parties are disclosed below:

	31 March 2024 (unaudited)		31 December 2023 (revised)*	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Cash and cash equivalents				
- entities under common control (contractual interest rate: 0% –0%)	374,697	6%	285,995	4%
Due from other banks				
- entities under common control (contractual interest rate: 0% – 14%)	1,303,772	65%	1,334,385	87%
Loans and advances to customers				
- key management personnel (contractual interest rate: 16% – 27%)	332	0%	368	0%
- entities under common control (contractual interest rate: 2% – 26%)	13,882,926	23%	14,572,496	24%
Credit loss allowance				
- key management personnel	(1)	0%	(2)	0%
- entities under common control	(371,075)	15%	(116,111)	5%
Investment securities measured at amortised cost				
- significant shareholders (contractual interest rate: 4% – 23%)	2,546,416	99%	2,090,103	99%
Other Assets				
- key management personnel	19	0%	12	0%
- significant shareholders	3,487	3%	2,089	1%
- entities under common control	21,124	17%	22,913	15%
Due to other banks				
- entities under common control (contractual interest rate: 0% – 21%)	1,187,788	21%	964,575	16%
Customer accounts				
- key management personnel (contractual interest rate: 0% – 22%)	432	0%	2,089	0%
- significant shareholders (contractual interest rate: 0% – 24 %)	3 797 923	25%	3,732,455	26%
- entities under common control (contractual interest rate: 0% – 17 %)	3 663 542	24%	2,175,907	15%
Other borrowed funds				
- significant shareholders (contractual interest rate: 0% – 18 %)	2,852,809	7%	2,513,306	7%
- entities under common control (contractual interest rate: 8% – 10 %)	1,445,631	4%	1,588,968	4%
Other liabilities				
- significant shareholders	45	0%	45	0%
- entities under common control	25,336	8%	529	0%
Subordinated debt				
- entities under common control (contractual interest rate: 5% – 9%)	1,452,974	85%	1,447,959	85%

*The table was revised to align with Q1 2024 presentation

(In millions of Uzbek Soums, unless otherwise indicated)

24. RELATED PARTY TRANSACTIONS (Continued)

	Three months ended 31 March 2024 (unaudited)		Three months ended 31 March 2023 (unaudited)	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Interest income				
- key management personnel	13	0%	8	0%
- significant shareholders	105,698	5%	64,874	4%
- entities under common control	338,278	16%	255,977	16%
Interest expense				
- key management personnel	(1)	0%	(1)	0%
- significant shareholders	(306,481)	26%	(223,379)	25%
- entities under common control	(47,240)	4%	(65,110)	7%
(Provision for)/recovery of credit losses on loans and advances to customers				
- key management personnel	(1)	0%	(1)	0%
- entities under common control	(252,526)	64%	268,472	0%
Fee and commission income				
- significant shareholders	3	0%	16	0%
- entities under common control	11,266	10%	12,606	11%
Net gain from trading in foreign currencies				
- entities under common control	53,432	38%	30,421	23%
Administrative and other operating expenses				
- key management personnel	(3,405)	1%	(2,919)	1%

Key management compensation is presented below:

	Three months ended 31 March 2024 (unaudited)	**Three months ended 31 March 2023 (unaudited)**
Salaries and other benefits	2,061	1,765
Bonuses	970	830
State pension and social security costs	374	324
Total	**3,405**	**2,919**

25. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group attracted additional credit line from JP Morgan Chase on 3 May 2024 on the amount of EUR 31.5 million (UZS 427,164 million) for financing small business and enterprises.

The Group has signed the long term loan agreement on the amount of EUR 165 million (UZS 2,262,165 million UZS) on May 13, 2024 for the period of 18 months, with Deutsche Bank AG. The agreement annual interest rate is EURIBOR + 4%.

The decision of transferring the Group associate company held by SQB Capital ("Kattakurgan Business Service" LLC) and subsidiary companies held by SQB Construction ("Penoplast Surkhon and Capital", "Parizod Mehr and Capital", and "Malik Muxammad Ali Fayz and Capital") to the State Asset Management Agency of the Republic of Uzbekistan was approved by the Group Management Board, the approval ref #287 dated from 24 May 2024 to comply with the President of Uzbekistan Decree #162 dated from 19 April 2024 "On additional measures on reduction of State participation in the economy". On the basis of the same Decree it was approved to transfer the Group investment in JSC "Uzbekiston Pochtasi" to State Asset Management Agency. All the transfers are expected to further realization on the market price and repayment of cash proceeds to the Group.

On 2 July 2024, the Group fully repaid the outstanding loan from the Credit Suisse AG (now UBS AG) loan facility agreement dated 29 June 2021.

JOINT STOCK COMMERCIAL BANK
"UZBEK INDUSTRIAL AND CONSTRUCTION BANK" AND ITS SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023, 2022 AND 2021

Management of Joint Stock Commercial Bank "Uzbek Industrial and Construction Bank" ("the Bank") and its subsidiaries ("the Group") is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group as at 31 December 2023, 31 December 2022, 31 December 2021, and the related consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and of significant accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with IFRS Accounting Standards.

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 IFRS Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated 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 financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS Accounting Standards;
- Maintaining accounting records in compliance with legislation of the Republic of Uzbekistan;
- 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 of the Group for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 were approved by the Management on 22 May 2024.

On behalf of the Management Board:

Akbarjonov Aziz
Chairman of the Management Board

22 May 2024
Tashkent, Uzbekistan

Khujamuratov Abbos
Acting Chief Accountant

22 May 2024
Tashkent, Uzbekistan

Independent Auditor's Report

To the Shareholders and Supervisory Board of JSCB "Uzbek Industrial and Construction Bank":

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 JSCB "Uzbek Industrial and Construction Bank" (the "Bank") and its subsidiaries (together – the "Group") as at 31 December 2023, 31 December 2022, and 31 December 2021 and Group's consolidated financial performance and consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statements of financial position as at 31 December 2023, 31 December 2022 and 31 December 2021;
- the consolidated statements of profit or loss and other comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years 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

Otabek Abdukodirov
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: UZS 53,554 million, which represents 5% of profit before tax.

- 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.

- Estimating the 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 53,554 million.
How we determined it	We determined overall materiality as being 5% of the profit before tax.
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 5% threshold as in our professional experience this is a widely accepted quantitative measure for this benchmark.

Suhrab Azimov
General Director

Otabek Abdukodirov
Certified Auditor

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
Estimating the expected credit losses (ECL) allowance for loans and advances to customers in accordance with IFRS 9, Financial Instruments We considered estimating the ECL allowance for loans and advances to customers as a key audit matter due to the significance of loans and advances to customers balance and a complexity of IFRS 9 ECL model, which requires significant judgment to determine the ECL allowance and is characterized by high estimation uncertainty . 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; • Estimated future cashflows for loans that were assessed on an individual basis. Note 3 "Material Accounting Policy Information", Note 4 "Critical Accounting Judgements and Key Sources of Estimation Uncertainty", Note 9 "Loans and Advances to Customers" and Note 35 "Risk Management Policies" to the consolidated financial statements provide detailed information on the expected credit loss allowance.	Given the significance to the Group of the loans advanced by the Bank, the following relates to our procedures on the Bank. In assessing the ECL allowance we have performed, among others, the following audit procedures: • We assessed the methodology and models for ECL provision assessment developed by the Bank in order to evaluate its compliance with IFRS 9 requirements. We focused our procedures on: default definition, factors for determining a "significant increase in credit risk", classification of the loans and advances to customers to stages, and estimation of key risk parameters. • On a sample basis we evaluated and tested the design and operational effectiveness of the controls on the processes that identify overdue loans. • On a sample basis we analysed the significant loans and advances to corporate clients, including state and municipal organisations, 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. • On a sample basis we tested segmentation and allocation to stages of corporate loans and loans to individuals. • We involved auditor's expert to review Group's ECL methodology and models and assumptions used in ECL calculation. On a sample basis we tested the assumptions, inputs and formulas used in ECL models for collective provision assessment. This included assessing the appropriateness of model design and formulas used, and recalculating the probability of default and loss given default.

Suhrab Azimov
General Director

Otabek Abdukodirov
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, for example, loan portfolios, loan agreements, and collateral agreements • We performed detailed analytical procedures over the ECL calculation disaggregated by stages, segments, currency and years to maturity. • For loans assessed on an individual basis, on a sample basis, we assessed estimated by the Bank expected 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 the cash flows. • We critically assessed the appropriateness of incorporation of forward-looking information in the ECL by comparing forecasted macro-economic variables to the external sources. • We assessed the accuracy and completeness of the 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 and 11 subsidiaries and accounting records are maintained by a centralized accounting team for the entire Group. Our audit procedures included full scope audit of the Bank. The Bank represents more than 99% of the Group's total assets and the Group's total comprehensive income for the years ended at 31 December 2023, 31 December 2022 and 31 December 2021. In respect of subsidiaries, we focused our audit work on the balances and transactions of each subsidiary 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

Otabek Abdukodirov
Certified Auditor

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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

Otabek Abdukodirov
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 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 31 December 2023 were within the limits established by the Central Bank of the Republic of Uzbekistan.

Suhrab Azimov
General Director

Otabek Abdukodirov
Certified Auditor

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, 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;
- 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;
- 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

Otabek Abdukodirov
Certified Auditor

Suhrab Azimov
General Director
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

Otabek Abdukodirov
Certified Auditor
Certificate of auditor No. 05496
dated 28 July 2017 issued by the
Ministry of Finance of Uzbekistan

Certificate of auditor No. 29
dated 25 August 2023 issued by
the Central Bank of Uzbekistan

Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC

Tashkent, Uzbekistan

22 May 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023, 2022 AND 2021

(in millions of Uzbek Soums)

	Notes	31 December 2023	31 December 2022 (restated)*	31 December 2021 (restated)*
ASSETS				
Cash and cash equivalents	7	6,965,894	7,119,489	8,196,652
Due from other banks	8	1,778,707	1,843,415	1,956,303
Investment securities measured at amortised cost	10	2,093,415	2,678,571	1,067,512
Financial assets at fair value through other comprehensive income	11	119,217	42,007	48,136
Loans and advances to customers	9	58,008,238	48,420,489	42,537,051
Investment in associates	12	77,814	35,834	29,726
Derivative financial assets	32	51,499	-	-
Reinsurance contract assets	26	20,334	17,671	7,546
Current income tax prepayment		238,871	251,647	45,778
Other assets	14	147,845	279,366	310,704
Deferred tax asset	28	203,571	194,962	202,125
Premises and equipment	13	3,340,418	2,007,056	1,211,359
Intangible assets	13	67,945	75,448	65,004
Non-current assets held for sale	15	179,555	223,345	48,602
TOTAL ASSETS		**73,293,323**	**63,189,300**	**55,726,498**
LIABILITIES				
Due to other banks	16	5,818,951	3,895,719	1,392,977
Customer accounts	17	14,328,682	15,328,819	13,561,540
Debt securities in issue	18	4,970,366	3,361,256	3,317,817
Other borrowed funds	19	37,633,735	32,241,760	30,130,776
Derivative financial liabilities	32	-	115,533	-
Insurance contract liabilities	26	157,745	94,171	71,989
Other liabilities	20	247,059	240,326	197,421
Subordinated debt	21	1,696,854	330,560	101,771
TOTAL LIABILITIES		**64,853,392**	**55,608,144**	**48,774,291**
EQUITY				
Share capital	22	4,634,438	4,640,011	4,640,011
Retained earnings		3,781,693	2,925,522	2,291,864
Revaluation reserve of financial assets at fair value through other comprehensive income		23,688	14,490	14,132
Net assets attributable to the Bank's owners		8,439,819	7,580,023	6,946,007
Non-controlling interest		112	1,133	6,200
TOTAL EQUITY		**8,439,931**	**7,581,156**	**6,952,207**
TOTAL LIABILITIES AND EQUITY		**73,293,323**	**63,189,300**	**55,726,498**

* Comparative information has been restated as described further in Note 3.

Approved for issue and signed on behalf of the Management Board on 22 May 2024.

Akbarjonov Aziz
Chairman of the Management Board

Khujamuratov Abbos
Acting Chief Accountant

JOINT STOCK COMMERCIAL BANK
"UZBEK INDUSTRIAL AND CONSTRUCTION BANK" AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021
(in millions of Uzbek Soums, except for earnings per share which are in Uzbek Soums)

	Notes	2023	2022 (restated*)	2021
Interest income calculated using the effective interest method	24	7,185,285	5,025,358	4,155,398
Other similar income	24	36,176	29,198	32,024
Interest expense	24	(4,080,099)	(2,626,371)	(2,067,905)
Net margin on interest and similar income		3,141,362	2,428,185	2,119,517
Provision for credit losses on loans and advances to customers	9	(1,133,383)	(925,158)	(420,937)
Net margin on interest and similar income after credit loss allowance on loans and advances to customers		**2,007,979**	**1,503,027**	**1,698,580**
Fee and commission income	25	515,905	443,690	386,074
Fee and commission expense	25	(132,060)	(126,413)	(110,483)
(Loss)/gain on initial recognition on interest bearing assets		(8,063)	(12,182)	8,119
Net losses from modification of financial assets measured at amortised cost, that did not lead to derecognition		-	-	(52,339)
Net gain (loss) on foreign exchange translation		98,311	185,776	(4,262)
Net gain from trading in foreign currencies		462,964	337,768	170,935
Gains less losses from financial derivatives		(233,476)	(100,848)	-
Insurance revenue (excluding reinsurance business)	26	90,867	68,459	80,881
Insurance service expenses (excluding reinsurance business)	26	(79,049)	(52,208)	(68,566)
Reinsurance business	26	(12,959)	1,150	-
Finance income (expenses) from insurance contracts (net)	26	(16,044)	(10,570)	-
Dividend income		11,251	4,741	4,920
Other operating income		27,371	11,180	40,866
Recovery of / (provision for) credit losses on other assets		14,879	8,521	(34,145)
Impairment of assets held for sale		(6,402)	(46,267)	(5,586)
Administrative and other operating expenses	27	(1,670,778)	(1,369,498)	(1,044,146)
Share of result from associates		381	703	722
Profit before tax		**1,071,077**	**847,029**	**1,071,570**
Income tax expense	28	(214,923)	(213,374)	(214,582)
PROFIT FOR THE PERIOD		**856,154**	**633,655**	**856,988**
Other comprehensive income:				
Items that will not be subsequently reclassified to profit or loss:				
Fair value gain on equity securities at fair value through other comprehensive income		11,497	448	935
Tax effect		(2,299)	(90)	(187)
Other comprehensive income		**9,198**	**358**	**748**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**865,352**	**634,013**	**857,736**
Profit/(loss) is attributable to:				
- Owners of the Bank		856,171	633,658	856,989
- Non-controlling interest		(17)	(3)	(1)
PROFIT FOR THE PERIOD		**856,154**	**633,655**	**856,988**
Total comprehensive income /(loss) is attributable to:				
- Owners of the Bank		865,369	634,016	857,737
- Non-controlling interest		(17)	(3)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**865,352**	**634,013**	**857,736**
Total basic and diluted EPS per ordinary share attributable to the owners of the Bank (expressed in UZS per share)	30	**3.52**	**2.60**	**3.52**

* Comparative information has been restated as described further in Note 3.

Approved for issue and signed on behalf of the Management Board on 22 May 2024.

Akbarjonov Aziz
Chairman of the Management Board

Khujamuratov Abbos
Acting Chief Accountant

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021
(in millions of Uzbek Soums)

	Attributable to owners of the Bank				Non-controlling interest	Total equity
	Share capital	Revaluation reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total		
31 December 2020	**4,640,011**	**13,384**	**1,427,469**	**6,080,864**	-	**6,080,864**
Effects of adoption of new or revised standards (Note 3)	-	-	-	-	-	-
1 January 2021	**4,640,011**	**13,384**	**1,427,469**	**6,080,864**	**-**	**6,080,864**
Profit for the period	-	-	856,989	856,989	(1)	856,988
Other comprehensive income for the period	-	748	-	748	-	748
Total comprehensive income for the period	-	748	856,989	857,737	-	857,736
Non-controlling interest arising on acquisition of subsidiary		-	-	-	6201	6,201
31 December 2021	**4,640,011**	**14,132**	**2,284,458**	**6,938,601**	**6,200**	**6,944,801**
Effects of adoption of new or revised standards (Note 3)	-	-	7,406	7,406	-	7,406
1 January 2022 (restated*)	**4,640,011**	**14,132**	**2,291,864**	**6,946,007**	**6,200**	**6,952,207**
Profit for the period	-	-	633,658	633,658	(3)	633,655
Other comprehensive income for the period	-	358	-	358	-	358
Total comprehensive income for the period	-	358	633,658	634,016	(3)	**634,013**
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	(5,064)	(5,064)
1 January 2023 (restated*)	**4,640,011**	**14,490**	**2,925,522**	**7,580,023**	**1,133**	**7,581,156**
Profit for the period	-	-	856,171	856,171	(17)	856,154
Other comprehensive income for the period	-	9,198	-	9,198	-	9,198
Total comprehensive income for the period	-	9,198	856,171	865,369	(17)	865,352
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	(1,004)	(1,004)
Acquisition of own shares (Note 22)	(5,573)	-	-	(5,573)	-	(5,573)
31 December 2023	**4,634,438**	**23,688**	**3,781,693**	**8,439,819**	**112**	**8,439,931**

* Comparative information has been restated as described further in Note 3

Approved for issue and signed on behalf of the Management Board on 22 May 2024.

Akbarjonov Aziz
Chairman of the Management Board

Khujamuratov Abbos
Acting Chief Accountant

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021
(in millions of Uzbek Soums)

	Notes	2023	2022 (restated)*	2021 (restated)*
Cash flows from operating activities				
Interest received		6,210,125	4,702,503	3,763,742
Interest paid		(4,476,779)	(3,091,478)	(2,015,843)
Fee and commission received		515,205	443,690	387,712
Fee and commission paid		(132,060)	(126,413)	(110,483)
Financial derivatives		(93,568)	68,139	-
Proceeds from customers from insurance activities		88,204	86,724	80,881
Payments made on insurance activities		(44,478)	(49,065)	(36,331)
Net gain from trading in foreign currencies		462,964	337,768	170,935
Other operating income received		17,021	10,756	47,066
Staff costs paid		(1,047,222)	(758,767)	(642,027)
Administrative and other operating expenses paid		(499,117)	(441,911)	(331,545)
Income tax paid		(213,055)	(410,229)	(236,674)
Cash flows from operating activities before changes in operating assets and liabilities		**787,240**	**771,717**	**1,077,433**
Net (increase)/decrease in:				
- due from other banks		(176,850)	(25,843)	(93,429)
- loans and advances to customers		(5,574,362)	(5,921,762)	(3,185,279)
- investment securities measured at amortised cost		633,368	(1,601,126)	(538,528)
- other assets		68,404	(17,990)	(13,302)
- non-current assets held for sale		37,388	11,178	(25,972)
Net increase/(decrease) in:				
- due to other banks		1,504,240	2,473,159	(127,211)
- customer accounts		(1,507,992)	1,780,630	1,731,312
- other liabilities		(36,897)	(14,207)	12,229
Net cash used in operating activities		**(4,265,461)**	**(2,544,244)**	**(1,162,747)**
Cash flows from investing activities				
Acquisition of financial assets at fair value through other comprehensive income		(67,067)	(1,077)	(7,593)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	7,654	341
Acquisition of premises, equipment and intangible assets		(1,169,084)	(931,467)	(536,628)
Proceeds from disposal of premises, equipment and intangible assets		43,644	67,566	4,205
Acquisition of investment in associates		(41,599)	(5,405)	(28,011)
Dividend income received		9,269	4,741	4,920
Net cash used in investing activities		**(1,224,837)**	**(857,988)**	**(562,766)**
Cash flows from financing activities				
Proceeds from other borrowed funds		16,506,252	11,148,736	11,826,214
Repayment of other borrowed funds		(12,937,288)	(9,334,820)	(8,391,815)
Proceeds from debt securities in issue		1,286,100	-	10,000
Repayment of debt securities in issue		-	(82,690)	(81,310)
Proceeds from other subordinated debt		240,848	235,851	100,000
Dividends paid		(1,525)	(1,146)	-
Net cash from financing activities		**5,094,387**	**1,965,931**	**3,463,089**
Effect of exchange rate changes on cash and cash equivalents		242,316	359,138	857,890
Net increase/(decrease) in cash and cash equivalents		**(153,595)**	**(1,077,163)**	**2,595,466**
Cash and cash equivalents at the beginning of the period	7	7,119,489	8,196,652	5,601,186
Cash and cash equivalents at the end of the period	7	**6,965,894**	**7,119,489**	**8,196,652**

* Comparative information has been restated as described further in Note 3.

Approved for issue and signed on behalf of the Management Board on 22 May 2024.

Akbarjonov Aziz	**Khujamuratov Abbos**
Chairman of the Management Board	**Acting Chief Accountant**

The notes set out on pages 6 to 100 form an integral part of these consolidated financial statements

(in millions of Uzbek Soums, unless otherwise indicated)

1. INTRODUCTION

JSCB "Uzbek Industrial and Construction Bank" ("the Bank") was incorporated in 1991 and is domiciled in the Republic of Uzbekistan. It is registered in Uzbekistan to carry out banking and foreign exchange activities and has operated under the banking license #17 issued by the Central bank of Uzbekistan ("the CBU") on 21 December 2021 (succeeded the licenses #17 issued on 25 January 2003 and #25 issued on 29 January 2005 by the CBU for banking operations and general license for foreign currency operations, respectively).

Principal activity. The Bank's principal activity is commercial banking, retail banking, operations with securities, foreign currencies and origination of loans and guarantees. The Bank accepts deposits from legal entities and individuals, extended loans, and transfer payments. The Bank conducts its banking operations from its head office in Tashkent and 90 banking service centers within Uzbekistan as of 31 December 2023 (2022 and 2021: 87 and 44 banking service centers respectively).

The Bank participates in the state deposit insurance scheme, which was introduced by the Uzbek Law #360-II "Insurance of Individual Bank Deposit" on 5 April 2002. On 28 November 2008, the President of Uzbekistan issued the Decree #PD-4057 stating that in case of the withdrawal of a license of a bank, the State Deposit Insurance Fund guarantees repayment of 100% of individual deposits regardless of the deposit amount.

As at 31 December 2023, the number of Bank's employees was 4,057 (2022 and 2021: 3,759 and 3,841 employees respectively).

Registered address and place of business. 3, Shakhrisabz street, Tashkent, 100000, Uzbekistan

At 31 December, the Bank consolidated the following companies in these consolidated financial statements ("The Group"):

Name Bank's direct interest in subsidiaries:	**Country of incorporation**	**31 December 2023** %	**31 December 2022** %	**31 December 2021** %	**Type of operation**
SQB Capital, LLC	Uzbekistan	100	100	100	Asset management
SQB Insurance, LLC	Uzbekistan	100	100	100	Insurance
Bank's indirect interest in subsidiaries via SQB Capital, LLC					
SQB Securities, LLC	Uzbekistan	100	100	100	Asset management
SQB Construction, LLC	Uzbekistan	100	100	100	Construction
SQB Consulting, LLC	Uzbekistan	100	100	100	Consulting
"New Zomin Plaza" LLC	Uzbekistan	100	100	-	Hoteling
Bank's indirect interest in subsidiaries via SQB Construction, LLC					
"Radius Serebro and Capital LLC	Uzbekistan	99.76	99.76	99	Construction materials
"Big Peak 777 and Capital, LLC	Uzbekistan	100	100	99	Construction materials
Malik Muxammad Ali Fayz and Capital, LLC	Uzbekistan	100	100	99	Construction materials
Parizod Mexr and Capital, LLC	Uzbekistan	100	100	99	Construction materials
Penoplast Surkhon and Capital LLC	Uzbekistan	100	100	80	Construction materials
Yuksalish Fayz Farovon and Capital LLC	Uzbekistan	-	100	99	Construction materials
Go'zal Madina Omad LLC	Uzbekistan	-	99	-	Construction materials

During 2023, two subsidiaries have been disposed of by the Group, impact of discontinued operations is immaterial.

(in millions of Uzbek Soums, unless otherwise indicated)

Shareholders	31 December 2023	31 December 2022	31 December 2021
The Fund of Reconstruction and Development of the Republic of Uzbekistan	82.19%	82.09%	82.09%
Ministry of Economy and Finance of the Republic of Uzbekistan	13.48%	13.06%	13.06%
Other legal entities and individuals (individually hold less than 5%)	4.33%	4.85%	4.85%
Total	**100%**	**100%**	**100%**

Ultimate controlling party at the reporting date (and in the last two years) is the Government of Uzbekistan, represented by the Fund of Reconstruction and Development and the Ministry of Economy and Finance of the Republic of Uzbekistan (the Fund of Reconstruction and Development of the Republic of Uzbekistan and the Ministry of Finance of the Republic of Uzbekistan in previous year).

2. OPERATING ENVIRONMENT OF THE GROUP

Operating Environment. The Uzbekistan economy displays characteristics of an emerging market, including but not limited to, 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 the 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.

Uzbekistan experienced the following key economic indicators in 2023:

- Inflation: 8.8% (2022 and 2021 years 12.2% and 10.7% respectively)
- GDP growth 6% (2022: 5.4% and 2021 year 7.4%).
- Official exchange rates: 31 December 2023: USD 1 = UZS 12,338.77 (31 December 2022 and 2021: USD 1 = UZS 11,225.46 and 10,837.66 respectively)
- Central Bank refinancing rate: 14% (2022 and 2021 15% and 14% respectively)

In December 2023 Standard & Poor's international rating agency affirmed the Republic of Uzbekistan's long-term and short-term sovereign credit rating for foreign and local currency liabilities at the BB- level. The outlook was Stable.

The regulator pursues the inflation targeting policy aimed to reaching 5% by the end of 2025 and averaging around that level for an extended period. This is expected to be achieved in large part by imposing tighter requirements on liquidity, which should narrow down monetary base and loan portfolios of banks.

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, however, this volatility stabilized by the end of 2022 and remained consistent throughout 2023.

In order to reduce the impact of the external environment on the economy of the Republic of Uzbekistan, on 17 March 2022, the Board of the Central Bank of the Republic of Uzbekistan increased the CBU refinancing rate from 14% to 17%. In June 2022 and then in July 2022, after some decrease in the degree of influence of the external environment on the economy, the Board of the Central Bank of Uzbekistan decreased the CBU refinancing rate to 15% respectively. On 17 March 2023, the Board of the Central Bank of the Republic of Uzbekistan decreased the CBU refinancing rate from 15% to 14%.

For the purpose of managing the country risk, the Bank controls transactions with counterparties within the limits set by the Bank's collegial body, which are reviewed regularly. 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 POLICY INFORMATION

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards") under the historical cost convention except for certain financial instruments. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The Group is required to maintain its records and prepare its financial statements for regulatory purposes in accordance with Uzbekistan Accounting Legislation and related instructions ("UAL") which are in the process of harmonisation to reflect IFRS Accounting Standards. These consolidated financial statements are based on the Group's UAL books and records, adjusted and reclassified in order to fully comply with IFRS Accounting Standards.

These consolidated financial statements are presented in millions of Uzbek Soums ("UZS"), unless otherwise indicated.

Basis of consolidation. Subsidiary is the investee, that the Group controls because the Group (i) has power to direct relevant activities of the investee that significantly affect its returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. Subsidiary is consolidated from the date on which control is transferred to the Group and is deconsolidated from the date on which control ceases.

Profit or loss and each component of OCI are attributed to the owners of the Bank and to the non-controlling interests (NCI). Total comprehensive income of the subsidiaries is attributed to the owners of the Bank and to the NCI even if this results in the NCI having a deficit balance.

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. The price within the bid-ask spread that is most representative of fair value in the circumstances was used to measure fair value, which management considers is the last trading price on the reporting date. The quoted market price used to value financial assets is the current bid price; the quoted market price for financial liabilities is the current asking 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 32.

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 ("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. Please refer to Note 4.

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.

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. 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 part of other liabilities 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 4 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 further.

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.

An ECL measurement is based on four components used by the Group:

- Exposure at Default (EAD) - an estimate of exposure at a future default date, taking into account expected changes in exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.
- Probability of Default (PD) - an estimate of the likelihood of default to occur over a given time period.
- Loss Given Default (LGD) - an estimate of a loss arising on default. It is based on the difference between contractual cash flows due and those that the lender would expect to receive, including from any collateral. It usually expressed as a percentage of EAD.
- Discount Rate - a tool to discount an expected loss from the present value at the reporting date. The discount rate represents the effective interest rate (EIR) for the financial instrument or an approximation thereof.

Calculation of financial assets impairment was made taking into account the following factors:

- In order to calculate the expected credit losses, the Group performs loan assessment on an individual basis and on a collective basis depending on general credit risk features.
- Expected credit losses represent estimates of expected credit losses weighted at probability of a default and calculated as present value of all expected losses in amounts due. Calculations are based on justified and verified information, which may be received without any significant costs or efforts. Calculation of the present value of the expected future cash flows of the secured financial asset reflects the cash flow that may result from foreclosure, less the cost of obtaining and selling collateral, regardless of whether the recovery is probable or not. The allowance is based on the Group's own experience in assessing losses and the Management assumptions about the level of losses likely to be recognised on assets in each category of a credit risk, based on debt servicing capabilities and borrower's credit track record.

- Impairment for treasury operations (investments in debt securities, reverse repurchase transactions, interbank loans and deposits, correspondent account transactions, accounts receivable under treasury transactions) is calculated taking into account the counterparty's rating, probability of default, duration of a transaction and the extent of loss in case of a default.
- Assets classified at fair value through profit or loss are not subject to impairment under IFRS 9.

The estimated credit losses for treasury operations are estimated on an individual basis (except for individual claims in the form of receivables)).

ECL for collective assessment of credit losses

For collective assessment of credit losses, loans and advances to customers are segmented by dividing the portfolio of assets into segments based on their credit risk characteristics and are classified by criteria for determining the transition between Stages 1,, 2 and 3. As of each reporting date, the Group assesses the significance of changes in credit risk for financial instruments from the moment of initial recognition and classifies them into the appropriate Stages depending on the level of credit risk.

a) Stage 1 classifies financial instruments that, in accordance with with IFRS 9 (clause 5.5.10) upon initial recognition had no signs of impairment and the risk of which has not increased significantly since the date of acquisition.
b) For financial instruments classified in Stage 1, expected losses are defined as the 12-month expected credit losses following the recognition date,or reporting date, in the absence of a significant increase in credit risk financial instrument from the moment of its initial recognition.
c) Stage 2 classifies financial instruments for which there has been a significant increase in credit risk since initial recognition. The increase in credit risk is determined for each financial instrument individually according to the transition criteria, but not limited to them.
d) Stage 3 classifies financial instruments for which one or more impairment events, that had a negative impact on the estimated future cash flows of such financial instrument, took place. In addition, acquired or originated credit-impaired loans are classified in stage 3 without the possibility of their reclassification into other Stages.

To achieve a greater level of detail in assessing credit risk, the Group uses a larger number of categories – 5 Buckets. In this case, 1 and 2 Buckets correspond Stages 1, 3 and 4 Buckets correspond to Stage 2, and 5 Bucket corresponds to Stage 3. Below is a list of criteria for determining classification and transition between Buckets. The presence of at least one criterion is sufficient to change the classification to reflect an increase in credit risk.

a) Bucket 1: loans for which there is no SICR
- All loans are classified into Bucket 1 upon initial recognition and remain in Bucket 1 unless a significant increase in the level of credit risk has been identified or until factors indicating a significant increase are identified, except for acquired or originated credit-impaired loans.

b) Bucket 2: loans for which there is no SICR
- Loans for which no significant increase in the level of credit risk has been identified, for which the maximum number of days overdue on the principal debt or by interest is from 16 days to 30 days, inclusive.

c) Bucket 3: loans for which SICR occurred
- Loans for which the maximum number of days of delay on the principal or interest is from 31 days to 60 days, inclusive;
- Loans in the "substandard" category according to the Regulations on the CBU classification procedure;
- Loans for which there were signs of loan loss as of the end the previous quarter due to the presence of one or more criteria moving to Bucket 3 or Bucket 4, and which as of the end of the current quarters (the "recovery" period is one quarter before the reporting quarter) do not have signs of credit quality deterioration.

d) Bucket 4: loans for which SICR occurred
- Loans for which the maximum number of days overdue on the principal debt or by interest is from 61 days to 90 days, inclusive.

e) Bucket 5: Credit impaired loans
- Loans for which the maximum number of days overdue on the principal debt or interest is more than 90 days;
- Loans in the categories of "unsatisfactory", "doubtful" and "hopeless" according to the Regulations on the classification procedure of the Central Bank of Uzbekistan;
- If the Bucket 5 sign appears for other financial assets of a borrower;

ECL for individually significant borrowers

An asset is assessed for impairment on an individual basis if the total debt of the borrower at the reporting date exceeds the materiality level. The level of materiality is determined as 1% of arithmetic average of the Group's total regulatory capital per National accounting standards for the last two years. The materiality level is analyzed at least once a year to assess its adequacy, as well as applicability, and based on the results of such analysis, the materiality level may be revised. At each reporting date, Risk Management Department determines a list of individually significant borrowers. For the purposes of determining this list, all debt owed by the borrower is considered in aggregate, that is, if the borrower has obligations under several loan agreements that were issued for different purposes, then the debt is defined as the sum of obligations under all of its agreements.

Risk Management Department (RMD), together with the relevant credit departments and the Loan Portfolio Monitoring Department, assesses whether there are signs of a significant increase in credit risk and impairment for each individually significant asset. Based on the results of the assessment at each reporting date, the RMD fills out a questionnaire for each individually significant borrower with the necessary explanations and comments to identify signs of a significant increase in credit risk. The questionnaire is being filled out based on the loan portfolio and information contained in monitoring reports and other information in the loan folder.

After determining whether there are signs of a significant increase in credit risk, as well as impairment, depending on the results of such analysis, the Group classifies the asset in question into one of the following stages:

Stage 1: "Loans with low credit risk"

- All loans are classified as Stage 1 upon initial recognition and remain in Stage 1, if no significant increase in the level of credit risk has been identified.

Stage 2: "Loans for which there has been an increase in credit risk":

- if the borrower has an external credit rating, actual or expected (based on reasonable and verifiable information) reduction in external the borrower's credit rating by 2 or more notches;
- violations of the terms of the contract, such as late payment from 31 to 90 calendar days
  days as of the reporting date;
- loans in the "substandard" category according to the Regulations on the classification procedure CBU;
- according to the latest monitoring report, for a significant loan there is a significant (by more than 50% of the amount of collateral at the date of initial recognition) decrease in the value of collateral for the loan, not related to commercial reasons;
- prolongation or restructuring of the loan more than once (except for cases when restructuring occurs within the repayment schedule) since the origination of the loan and last restructuring was observed during last six months;
- availability of information from the Bank about overdue debts in other credit organizations (if the Bank has information) on the principal debt and/or accrued interest of borrower from 31 to 90 calendar days;
- if auditor's report on the borrower's financial statements includes paragraph on material uncertainty related to going concern;
- involvement in legal proceedings of the borrower (co-borrower), which may worsen his financial condition.

Stage 3: "Credit-Impaired Loans":

- violation of the terms of the contract, such as default or late payment by 90 calendar days or more;
- availability of information from the Bank about overdue debts in other credit organizations (if the Bank has information) on the principal debt and/or accrued interest for 90 calendar days or more;
- event of default (i.e., cross default) on another financial asset of this borrower;
- loans in the categories of "unsatisfactory", "doubtful" and "hopeless" according to the Regulations on the classification procedure of the Central Bank of Uzbekistan;
- if there is an external credit rating, the borrower's rating is reduced to the rating "CC" and below, assigned by rating agencies;
- write-off of part and/or the entire amount of debt of the borrower's principal debt during previous 2 years;
- presence of significant financial difficulties of the borrower. Examples include actual significant decrease in revenue (more than 60%) or margin (more than 40%);
- loans that have been restructured since initial recognition (more than 1 time), while the net present value of future cash flows according to the new terms, discounted using the original effective interest rate (EIR), differs by more than 10% compared to present value of future cash flows before restructuring (except the cases, where the financial condition of the borrower is stable and allows the borrower to repay the debt to the Bank, or when restructuring occurs by decision of higher authorities) until recovery lasting 6 months;
- lack of communication with the borrower, as well as lack of information allowing to determine the financial condition of the borrower over the past 12 months;
- availability of information about the death of an individual borrower;
- the borrower applies to the court to declare him bankrupt or files a claim

- when a borrower is declared bankrupt according to Uzbekistan's laws or when there are loans with court decisions or ongoing legal proceedings (loans with court decision dates in the loan portfolio) by a third party;
- revocation of a license or other title document for the conducting activities;
- signs of impairment were present within the last six months (previous and reporting quarter).

The amount of expected credit losses for loans that are classified in Stage 1 and in Stage 2 is determined on a collective basis.
For each individually significant borrower in Stage 3, one of the following repayment strategies is determined:

- "Restructuring" strategy: restructuring the loan, revising credit conditions and developing an action plan that can allow the borrower to repay the loan;
- Strategy "Realization of collateral": liquidation of a loan by selling collateral.

The choice of the most appropriate strategy is determined based on the individual situation of the borrower, its availability and consent to cooperation, the availability of opportunities to restore activity, production or the possibility of eliminating the causes that caused losses and the inability to service the debt, the availability of funds from other business lines of the borrower, value, condition of pledges regarding debt and other factors.

In the event that the borrower incurs losses and the Group has no evidence of other sources of income and funds to service the debt, the strategy for selling collateral for the borrower is chosen.

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 may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Collateral. The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customer liabilities.

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. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. 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 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 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.

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.

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. 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.

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

Construction in progress is carried at cost, less any recognised impairment loss. Such construction in progress is classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation. Depreciation of premises and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Building and leasehold improvements	Lower of primary lease period and 33
Office and computer equipment	5-10

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

Intangible assets. Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Group's intangible assets primarily comprise capitalised computer software. Acquired computer software licenses 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.

Finance lease receivables. Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments
The difference between the gross receivable and the present value represents unearned finance income.

Credit loss allowance is recognised in accordance with the general ECL model, the same way as for loans and advances measured at AC.

Non-current assets held for sale. Non – current assets held for sale assets are mainly represented by repossessed collateral which represent financial and non-financial assets acquired by the Group in settlement of overdue loans, in the ordinary operating course of the Group business

Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the end of the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Due to other banks. Due to banks are initially recognised at fair value. Subsequently, amounts due are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of profit or loss over the period of the borrowings, using the effective interest method as interest expense.

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

Debt securities in issue. Debt securities in issue include bonds and certificates of deposit issued by the Group. Debt securities are stated at amortised cost.

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

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 amortised cost.

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

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.

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 4 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.

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 amortised cost 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, etc. 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 fees for arranging a sale or purchase of foreign currencies on behalf of a customer, fees for processing payment transactions, fees for cash settlements, collection or cash disbursements, as well as, commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses. 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.

Insurance activity. Insurance business is not material for the Group. Major insurance products are related to property insurance, transport insurance and credit insurance.

Non-life insurance operations. The Group considers the contract as the minimum unit of account, encompassing all insurance components, except in cases where the Group has made a reasonable decision to use a different level of detail as the minimum unit of account.

Insurance revenue. Total insurance revenue over the group of insurance contracts lifetime represents compensation for services rendered under the contract. It's the amount of premiums paid to the organization, adjusted for the effect of financing, and excluding all investment components. The amount of insurance revenue is recognized in a period to depict the transfer of promised services at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

Insurance service expenses are the costs incurred in fulfilling service obligations as per the contract in current and previous periods. These expenses may also include expected claims and their subsequent recoveries. Insurance service expenses encompass incurred insurance claims, other expenses related to insurance services (included in the liability for incurred insurance claims or paid upon occurrence) as a separate item in the income statement, reflecting the outcome of providing insurance services. Additionally, insurance service expenses include all other changes in the liability for incurred insurance claims, unless related to investment components or financial risk, including discounting, amounts recognized on initial recognition and subsequent changes to the loss component of the remaining coverage obligation, and expenses reflecting the amortization of acquisition cash flows.

aThe Group conducts the following types of analysis to fulfill the required expense allocation:

- Direct expense analysis within the insurance subsidiary's database to identify expense items partially or entirely related to the execution of insurance contracts.
- Regular analysis of departmental functions within the insurance subsidiary to allocate expenses according to following types:
  - acquisition cash flows;
  - expenses for policy administration and servicing;
  - expenses for settling insurance claims.

The liability for insurance contracts (or a positive value: asset for insurance contracts) consists of the following components: the liability for the remaining coverage (including the loss component recognized using General Measurement Model-GMM), and the liability for incurred insurance claims. If the sum of these components results in a negative value at the level of the group of insurance contracts, it represents an asset for insurance contracts, which must be presented separately from the liability for insurance contracts.

Liability for incurred claims (LIC) – An entity's obligation related to past service allocated to the group of insurance contracts being recognized at the reporting date as a sum of:

(a) best estimate of present value future cash flows

risk adjustment to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk;

Liability for remaining coverage (LRC) - An entity's obligation related to future service allocated to the group of insurance contracts being recognized at the reporting date as a sum of:

(a) best estimate of present value future cash flows;
(b) risk adjustment to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk;

contractual service margin that represents the unearned profit the entity will recognize as it provides insurance contract services in the future;

Onerous contracts. An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow.

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.

Staff costs and related contributions. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. 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. Operating 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.

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 35 for analysis of financial instruments by their maturity. The following table provides information on amounts expected to be recovered or settled before and after twelve months of last two years and current year 's after the reporting period for items that are not analyzed in Note 35.

(in millions of Uzbek Soums, unless otherwise indicated)

	31 December 2023 Amounts expected to be recovered or settled			31 December 2022 Amounts expected to be recovered or settled			31 December 2021 Amounts expected to be recovered or settled		
31 December 2023	**Within 12 months after the reporting period**	**After 12 months after the reporting period**	**Total**	**Within 12 months after the reporting period**	**After 12 months after the reporting period**	**Total**	**Within 12 months after the reporting period**	**After 12 months after the reporting period**	**Total**
Assets									
Investment in associates	-	77,814	**77,814**	-	35,834	**35,834**	-	29,726	**29,726**
Premises and equipment	-	3,340,418	**3,340,418**	-	2,007,056	**2,007,056**	-	1,211,359	**1,211,359**
Intangible assets	-	67,945	**67,945**	-	75,448	**75,448**	-	65,004	**65,004**
Deferred tax asset	-	203,571	**203,571**	-	194,962	**194,962**	-	202,125	**202,125**
Reinsurance contract assets	-	20,334	**20,334**	-	17,671	**17,671**	-	7,546	**7,546**
Other assets	-	147,845	**147,845**	-	279,366	**279,366**	-	310,704	**310,704**
Non-current assets held for sale	179,555	-	**179,555**	223,345	-	**223,345**	48,602	-	**48,602**
Liabilities									
Insurance liabilities	-	157,745	**157,745**	-	94,171	**94,171**	-	71,989	**71,989**
Other liabilities	-	247,059	**247,059**	-	240,326	**240,326**	-	197,421	**197,421**

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

Monetary assets and liabilities are translated into Group's functional currency at the official exchange rate of the CBU at the end of respective reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into Group's functional currency at year-end official exchange rates of the CBU are recognised in profit or loss. 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.

As at 31 December 2023, the rate of exchange used for translating foreign currency balances was USD 1 =12,338.77 (2022: USD 1 = UZS 11,225.46) (2021: USD 1 =10,837.66) and EUR 1 = UZS 13,731.82 (2022: EUR 1 = UZS 11,961.85) (2021: EUR 1 = UZS 12,224.88).

Adoption of new or revised standards. The consolidated statement of financial position as at 31 December 2022 and 2021 and the corresponding consolidated statement of profit or loss for the year ended 31 December 2022 have been amended due to the application of IFRS 17 (see Note 3 for details on related accounting policies). The Group adopted a modified retrospective approach in the application of IFRS 17 and the transition resulted in cumulative increases to common shareholders' equity as of 1 January 2022 and 31 December 2022 for UZS 7,406 million and UZS 20,512 million respectively.

Changes in presentation. During the year, the Group reclassified "Proceeds from borrowings due to other banks" and "Repayment of borrowings due to other banks" from the financing activities to the operating activities section of the consolidated statement of cash flows, under the net change – "due to other banks" line. In addition, Group reclassified "Proceeds from disposal of repossessed assets" from "Cash flows from investing activities" to the operating activities section of the consolidated statement of cash flows, under the net change – " non-current assets held for sale" line. Management believes these classifications align with current market practice and provides more reliable and relevant information. These changes, made retrospectively in accordance with IAS 8, have resulted in reclassification of comparative figures for 31 December 2022 and 31 December 2021.

Restatements of prior year figures. In preparing the consolidated financial statements for the year ended 31 December 2023, the Group discovered the following errors which resulted in restatement of the prior year financial statements:

a) In 2022, the Group has incorrectly presented interest income and "Gains less losses from modification of financial assets measured at amortised cost that did not lead to derecognition" line for the amount UZS 44,035 million that led to a restatement.

b) In 2022, the Group has incorrectly classified other operating expenses which represented loss on disposal of non-current assets as "(Loss)/gain on initial recognition on interest bearing assets" totaling UZS 29,332 million that led to a restatement.

c) In 2022, UZS 124,078 million was incorrectly presented in the cash flow statement as repossessed assets disposed of related to defaulted loans. The Group has restated the cash flow statement by reclassifying it to the cash flows from operating activities, presenting those amounts as part of net change in loans and advances to customers balances for the amount of UZS 135,256 million and the remaining UZS 11,178 million representing net change in repossessed assets balances to ensure consistency with the IFRS Accounting Standards.

The effect of the changes on the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 is as follows:

In millions of Uzbekistan Soums		**As originally presented**	**Effects of adoption of new or revised standards**	**Effects of error correction**	**As restated for the year ended 31 December 2022**
Consolidated statement of financial position					
Reinsurance contract assets		20,336	(2,665)	-	17,671
Insurance contract liabilities		117,348	(23,177)	-	94,171
Retained earnings		2,905,010	20,512	-	2,925,522
Consolidated statement of profit or loss and other comprehensive income					
Interest income calculated using the effective interest method	*a*	5,069,393	-	(44,035)	5,025,358
Gains less losses from modification of financial assets measured at amortised cost, that did not lead to derecognition	*a*	(44,035)	-	44,035	-
(Loss)/gain on initial recognition on interest bearing assets	*b*	(41,514)	-	29,332	(12,182)
Insurance revenue (excluding reinsurance business)		86,724	(18,265)	-	68,459
Insurance service expenses (excluding reinsurance bussines)		(49,065)	(3,143)	-	(52,208)
Reinsurance business		-	1,150	-	1,150
Finance income (expenses) from insurance contracts (net)		-	(10,570)	-	(10,570)
Change in insurance reserves, net		(25,163)	25,163	-	-
Other operating income		16,482	(5,302)		11,180
Administrative and other operating expenses	*b*	(1,366,177)	26,011	(29,332)	(1,369,498)
Profit before tax		**831,985**	**15,044**	-	**847,029**
Income tax expense		(211,433)	(1,941)	-	(213,374)
Profit for the period		**620,552**	**13,103**	-	**633,655**

The effect of changes on the consolidated statement of cash flow for the year ended 31 December 2022 is as follows:

In millions of Uzbek Soums	*Ref*	**As originally presented**	**Reclassifica-tions**	**Effect of error correction**	**As restated for the year ended 31 December 2022**
Consolidated statements of cash flows					
Cash flows from operating activities:					
Net (increase)/decrease in					
- loans and advances to customers	*c*	(5,786,506)	-	(135,256)	(5,921,762)
-non-current assets held for sale	*c*	-	-	11,178	11,178
Net increase/(decrease) in:					
- due to other banks		359,978	2,113,181		2,473,159
Net cash used in operating activities		**(4,533,347)**	**2,113,181**	**(124,078)**	**(2,544,244)**
Cash flows from investing activities:					
Proceeds from disposal of repossessed assets	*c*	(124,078)	-	124,078	-
Net cash used in investing activities		**(982,066)**	-	**124,078**	**(857,988)**
Cash flows from financing activities					
Proceeds from borrowings due to other banks		2,447,336	(2,447,336)	-	-
Repayment of borrowings due to other banks		(334,155)	334,155	-	-
Net cash from financing activities		**4,079,112**	**(2,113,181)**	-	**1,965,931**

The effect of the changes due to adoption of new standard on the consolidated statement of financial position for the year ended 31 December 2021 is as follows:

In millions of Uzbekistan Soums	**As originally presented**	**Effects of adoption of new or revised standards**	**As restated for the year ended 31 December 2021**
Consolidated statement of financial position			
Reinsurance contract assets	12,964	(5,418)	7,546
Insurance contract liabilities	84,813	(12,824)	71,989
Deferred tax asset	202,125	-	202,125
Retained earnings	2,284,458	7,406	2,291,864

The effect of changes on the consolidated statement of cash flow for the year ended 31 December 2021 is as follows:

In millions of Uzbekistan Soums	*Ref*	**As originally presented**	**Reclassifica-tions**	**As restated for the year ended 31 December 2021**
Consolidated statements of cash flows				
Cash flows from operating activities:				
Net (increase)/decrease in				
-non-current assets held for sale		-	(25,972)	(25,972)
Net increase/(decrease) in:				
- due to other banks		(156,390)	29,179	(127,211)
- other liabilities		11,955	274	12,229
Net cash used in operating activities		**(1,166,228)**	**3,481**	**(1,162,747)**
Cash flows from investing activities:				
Proceeds from disposal of repossessed assets		(25,972)	25,972	-
Net cash used in investing activities		**(588,738)**	**25,972**	**(562,766)**
Cash flows from financing activities				
Proceeds from borrowings due to other banks		411,116	(411,116)	-
Repayment of borrowings due to other banks		(381,937)	381,937	-
Dividends paid		274	(274)	-
Net cash from financing activities		**3,492,542**	**(29,453)**	**3,463,089**

The amount of the effect of adoption of new standard for basic and diluted earnings per share for the period ended 2022 was an increase of UZS 0.06 per ordinary share (no change in 2021).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated financial statements requires the Management to make estimates and judgments that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting year. The Management evaluates its estimates and judgements on an ongoing basis. The Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. 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. Details of ECL measurement methodology are disclosed in Note 3. 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.

For the purpose of measurement of ECL the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. The Group incorporates forward-looking information into a measurement of ECL when there is a statistically proven correlation between the macro-economic variables and defaults. As at the reporting date the Group has obtained quarterly values for macroeconomic variables: GDP growth rate , inflation, unemployment rates, aligned them with quarterly default rates across all loan portfolios and performed statistical tests for correlation considering different time lags. The Management analyzed forward-looking information and assessed that effect of macro was not significant as at 31 December 2023, 2022 and 2021. The Management updates its statistical tests for correlation as at each reporting date.

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, and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level.

As explained in Note 3, ECL is measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.
For treasury operations, the Group calculates ECL on a financial asset based not only on the current estimates of the credit quality of the counterparty/issuer at the reporting date, but also taking into account possible deterioration of the financial condition due to the adverse macroeconomic factors of the counterparty's/issuer's environment in the future. In particular, the level of ECL for treasury operations is affected by the rating outlook (positive, stable, negative) assigned by international rating agencies, which affects the probability of default ("PD").

For loans to customers, the calculation of ECL takes into account the possible estimated effects of changes in macroeconomic parameters on forecasted cash flows, migration of collective loans and collateral coverage. 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 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.

A 10% increase or decrease in PD estimates would result in an increase or decrease in total expected credit loss allowances of UZS 142,514 million at 31 December 2023 (31 December 2022: increase or decrease of UZS 519,821 million, 31 December 2021: increase or decrease of UZS 83,157 million). A 10% increase or decrease in LGD estimates would result in an increase or decrease in total expected credit loss allowances of UZS 232,814 million at 31 December 2023 (31 December 2022: increase or decrease of UZS 639,319 million, 31 December 2021 increase or decrease of UZS 179,347 million).

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. The Management has considered whether gains or losses should arise on initial recognition of these instruments and its judgment is that these funds are at the market rates and no initial recognition gains or losses should arise. In making this judgment the Management also considered that these instruments are a separate market sector.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following amendments became effective from 1 January 2023:

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). The adoption of the standard had a immaterial impact on these consolidated financial statements. The Group has adopted IFRS 17 by applying the modified retrospective approach to all its portfolio of insurance contracts.

Insurance operations. The Group has determined that transactional level data and annual actuarial assumptions are available as far as three years prior to the IFRS 17 transition date. The Group has used that threshold to apply the modified retrospective approach to all groups of contracts in force as at transition and originated within five to three years prior to the transition date, where the full retrospective approach has not been applied as it was impracticable, but the closest possible outcome could have been achieved using reasonable and supportable information. The modified retrospective approach was applied as follows:

(in millions of Uzbek Soums, unless otherwise indicated)

Aggregation of contracts	A group of insurance contracts (GIC) is defined as a single contract. For each GIC it was determined whether it is onerous (IFRS17.16a) or non-onerous (IFRS17.16.c)). at the initial recognition. Since GIC is defined at the level of individual contracts, their further division into cohorts (grouping contracts according to the date of commencement of coverage) does not apply.
Risk adjustment for non-financial risk	Similar to the cash flow simplification above, the risk adjustment for non-financial risk was estimated at the transition date by adjusting the risk adjustment for non-financial risk at the transition date by the expected release of risk before the transition date. In estimating the release of risk, reference was made to the release of risk for similar insurance contracts that were issued at the transition date. The non-financial risk adjustment for GIC determines the compensation size that the Group would require for assuming uncertainties regarding the amount and timing of cash flows arising from non-financial risk. The following risks are considered in the non-financial risk adjustment: insurance risk, termination risk, and risk of increased claims settlement expenses. For calculating the non-financial risk adjustment, the Group applies a confidence level-based method. Chosen confidence level is equal to 75%.
Discount rates	The Group applied the modification for discount rates determination. The Group estimated the discount rates by determining an average spread between an observable yield curve and the yield curve estimated applying IFRS 17 requirements, and applied that spread to an observable yield curve. That spread is an average over at least three years immediately before the transition date. The yield curves that were used to discount the estimates of future cash flows that do not vary, are based on the returns of the underlying items. For insurance contracts without direct participation conditions discounts rates for UZB are as follows: -13% - 14% for January 1, 2022 - 13% - 15% for December 31, 2022 - 14% - 16 % for December 31, 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 application of the above amendments had no significant impact on the Group's consolidated financial statements except for IFRS 17 Insurance Contracts.

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

(in millions of Uzbek Soums, unless otherwise indicated)

Finance Arrangements (Issued on 25 May 2023).

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

6. SEGMENT REPORTING

Operating segments are components of the Group that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision makers (CODM) and for which discrete financial information is available. The CODM of the group is the Management Board. The Management Board regularly uses financial information based on IFRS for operational decision-making and resource allocation.

The main measure of the profit or loss of a segment corresponds to the IFRS based financial information, adjusted for any relevant items that are specifically identified with the segment and are included in the measurement of profit or loss in accordance with IFRS.

The Group operates solely in Uzbekistan and its consolidated revenue comprises interest income, fee and commission income and other operating income which are concentrated on the domestic market, as such, does not have separate geographical segments.

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

The Group is organized on the basis of two main business segments – corporate banking which represents direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products and retail banking which represents private banking services, private customer current accounts, savings, deposits and debit cards, consumer loans. The Group does not have a single customer which Group earns over 10% its income.

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

Segment information for the reportable segments for the period ended 31 December 2023 is set out below:

	31 December 2023		
	Corporate	**Individuals**	**Total**
Assets			
Cash and cash equivalents	6,811,546	154,348	6,965,894
Loans and advances to customers	50,094,273	7,913,965	58,008,238
Due from other banks	1,778,707	-	1,778,707
Investment securities measured at amortised cost	2,093,415	-	2,093,415
Total reportable segment assets	**60,777,941**	**8,068,313**	**68,846,254**
Liabilities			
Due to other banks	5,818,951	-	5,818,951
Customer accounts	9,825,132	4,503,550	14,328,682
Other borrowed funds	37,628,622	5,113	37,633,735
Debt securities in issue	4,970,366	-	4,970,366
Total reportable segment liabilities	**58,243,071**	**4,508,663**	**62,751,734**

(in millions of Uzbek Soums, unless otherwise indicated)

Segment information for the reportable segments for the year ended 31 December 2022 is set out below:

	31 December 2022		
	Corporate	**Individuals**	**Total**
Assets			
Cash and cash equivalents	7,004,220	115,269	7,119,489
Loans and advances to customers	42,913,084	5,507,405	48,420,489
Due from other banks	1,843,415	-	1,843,415
Investment securities measured at amortised cost	2,678,571	-	2,678,571
Total reportable segment assets	**54,439,290**	**5,622,674**	**60,061,964**
Liabilities			
Due to other banks	3,895,719	-	3,895,719
Customer accounts	11,097,447	4,231,372	15,328,819
Other borrowed funds	32,232,397	9,363	32,241,760
Debt securities in issue	3,361,256	-	3,361,256
Total reportable segment liabilities	**50,586,819**	**4,240,735**	**54,827,554**

Segment information for the reportable segments for the year ended 31 December 2021 is set out below:

	31 December 2021		
	Corporate	**Individuals**	**Total**
Assets			
Cash and cash equivalents	8,138,305	58,347	8,196,652
Loans and advances to customers	38,370,977	4,166,074	42,537,051
Due from other banks	1,956,303	-	1,956,303
Investment securities measured at amortised cost	1,067,512	-	1,067,512
Total reportable segment assets	**49,533,097**	**4,224,421**	**53,757,518**
Liabilities			
Due to other banks	1,392,977	-	1,392,977
Customer accounts	10,257,754	3,303,786	13,561,540
Other borrowed funds	30,120,024	10,752	30,130,776
Debt securities in issue	3,317,817	-	3,317,817
Total reportable segment liabilities	**45,088,572**	**3,314,538**	**48,403,110**

The cash management is performed by Treasury Department to support liquidity of the Bank as a whole.

	31 December 2023		
	Corporate	**Individuals**	**Total**
Interest income			
Interest on Loans and advances to customers	5,192,646	1,249,917	6,442,563
Interest on balances Due from other banks	375,019	-	375,019
Interest on balances Cash and cash equivalents	11,417	-	11,417
Interest on investment securities measured at amortised cost	392,462	-	392,462
Interest expense			
Interest on balances Due to other banks	(396,344)	-	(396,344)
Interest on Customer accounts	(501,170)	(641,281)	(1,142,451)
Interest on Other borrowed funds	(2,232,828)	-	(2,232,828)
Interest on Debt securities in issue	(259,206)	-	(259,206)
Interest on subordinated debt	(49,270)	-	(49,270)
Segment results	**2,532,726**	**608,636**	**3,141,362**

(in millions of Uzbek Soums, unless otherwise indicated)

	31 December 2022		
	Corporate	Individuals	Total
Interest income			
Interest on Loans and advances to customers	3,830,323	670,526	4,500,849
Interest on balances Due from other banks	274,806	-	274,806
Interest on balances Cash and cash equivalents	4,115	-	4,115
Interest on investment securities measured at amortised cost	274,786	-	274,786
Interest expense			
Interest on balances Due to other banks	(71,274)	-	(71,274)
Interest on Customer accounts	(373,743)	(414,107)	(787,850)
Interest on Other borrowed funds	(1,532,566)	-	(1,532,566)
Interest on Debt securities in issue	(218,324)	-	(218,324)
Interest on subordinated debt	(16,357)	-	(16,357)
Segment results	**2,171,766**	**256,419**	**2,428,185**

	31 December 2021		
	Corporate	Individuals	Total
Interest income			
Interest on Loans and advances to customers	3,311,860	578,566	3,890,426
Interest on balances Due from other banks	140,444	-	140,444
Interest on balances Cash and cash equivalents	2,326	-	2,326
Interest on investment securities measured at amortised cost	154,226	-	154,226
Interest expense			
Interest on balances Due to other banks	(70,794)	-	(70,794)
Interest on Customer accounts	(252,500)	(317,863)	(570,363)
Interest on Other borrowed funds	(1,219,611)	-	(1,219,611)
Interest on Debt securities in issue	(201,107)	-	(201,107)
Interest on subordinated debt	(6,030)	-	(6,030)
Segment results	**1,858,814**	**260,703**	**2,119,517**

(c) Reconciliation of income and expenses, assets, and liabilities for reportable segments:

	31 December 2023	31 December 2022 (restated)*	31 December 2021 (restated)*
Total reportable segment assets	**68,846,254**	**60,061,964**	**53,757,518**
Financial assets at fair value through other comprehensive income	119,217	42,007	48,136
Investment in associates	77,814	35,834	29,726
Premises and equipment	3,340,418	2,007,056	1,211,359
Intangible assets	67,945	75,448	65,004
Current income tax prepayment	238,871	251,647	45,778
Derivative financial assets	51,499	-	-
Deferred tax asset	203,571	194,962	202,125
Reinsurance contract assets	20,334	17,671	7,546
Other assets	147,845	279,366	310,704
Non-current assets held for sale	179,555	223,345	48,602
Total assets	**73,293,323**	**63,189,300**	**55,726,498**
Total reportable segment liabilities	**62,751,734**	**54,827,554**	**48,403,110**
Deferred tax liability	-	-	-
Derivative financial liabilities	-	115,533	-
Insurance liabilities	157,745	94,171	71,989
Other liabilities	247,059	240,326	197,421
Subordinated debt	1,696,854	330,560	101,771
Total liabilities	**64,853,392**	**55,608,144**	**48,774,291**

(in millions of Uzbek Soums, unless otherwise indicated)

	2023	2022	2021
Segment results	**3,141,362**	**2,428,185**	**2,119,517**
Provision for credit losses on loans and advances to customers	(1,133,383)	(925,158)	(420,937)
Gain / (loss) on initial recognition on interest bearing assets	(8,063)	(12,182)	8,119
Net losses from modification of financial assets measured at amortised cost, that did not lead to derecognition	-	-	(52,339)
Fee and commission income	515,905	443,690	386,074
Fee and commission expense	(132,060)	(126,413)	(110,483)
Gains less losses from financial derivatives	(233,476)	(100,848)	-
Net (loss) gain on foreign exchange translation	98,311	185,776	(4,262)
Net gain from trading in foreign currencies	462,964	337,768	170,935
Insurance revenue (excluding reinsurance business)	90,867	68,459	80,881
Insurance service expenses (excluding reinsurance business)	(79,049)	(52,208)	(68,566)
Reinsurance business	(12,959)	1,150	-
Finance income (expenses) from insurance contracts (net)	(16,044)	(10,570)	-
Dividend income	11,251	4,741	4,920
Other operating income	27,371	11,180	40,866
Recovery of / (provision for) credit losses on other assets	14,879	8,521	(34,145)
Impairment of assets held for sale	(6,402)	(46,267)	(5,586)
Administrative and other operating expenses	(1,670,778)	(1,369,498)	(1,044,146)
Share of result from associates	381	703	722
Profit before tax	**1,071,077**	**847,029**	**1,071,570**
Income tax expense	(214,923)	(213,374)	(214,582)
PROFIT FOR THE PERIOD	**856,154**	**633,655**	**856,988**

7. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022	31 December 2021
Correspondent accounts and placements with other banks with original maturities of less than three months	3,057,468	4,280,246	5,154,254
Cash balances with the CBU (other than mandatory reserve deposits)	2,413,511	1,318,006	2,181,792
Cash on hand	1,495,017	1,522,206	861,313
Less: Allowance for expected credit losses	(102)	(969)	(707)
Total cash and cash equivalents	**6,965,894**	**7,119,489**	**8,196,652**

As at 31 December 2023, the Group had two correspondent accounts with aggregate loan amounts which exceeded 10% of the Group's equity (31 December 2022 and 2021: two banks).
Cash balances with the CBU are maintained at a level to ensure compliance with the CBU liquidity ratio. The credit quality of cash and cash equivalents at 31 December 2023 is as follows:

	Cash balances with the CBU (other than mandatory reserve deposits)	Correspondent accounts and placements with other banks with original maturities of less than three months	Total
- Central Bank of Uzbekistan	2,413,511	-	**2,413,511**
- Rated Aa1 to Aa3	-	1,234,500	**1,234,500**
- Rated A1 to A3	-	1,331,758	**1,331,758**
- Rated Baa1 to Baa3	-	2,475	**2,475**
- Rated Ba1 to Ba3	-	488,727	**488,727**
- Rated B1 to B3	-	3	**3**
- Unrated	-	5	**5**
Less: Allowance for expected credit losses	(53)	(49)	**(102)**
Total cash and cash equivalents, excluding cash on hand	**2,413,458**	**3,057,419**	**5,470,877**

As at 31 December 2023 cash and cash equivalents balances with Russian banks are classified as "Unrated", under the category Correspondent accounts and placements with other banks with original maturities of less than three months, since their rating was withdrawn by all rating agencies. As at 31 December 2023 for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. Refer to Note 29 for the ECL movement. The credit rating is based on the rating agency Moody's (if available) or the rating agencies Standard & Poor's and Fitch, which are converted to the nearest equivalent value on the Moody's rating scale.

(in millions of Uzbek Soums, unless otherwise indicated)

The credit quality of cash and cash equivalents at 31 December 2022 is as follows:

	Cash balances with the CBU (other than mandatory reserve deposits)	Correspondent accounts and placements with other banks with original maturities of less than three months	Total
- Central Bank of Uzbekistan	1,318,006	-	**1,318,006**
- Rated Aa1 to Aa3	-	2,410,338	**2,410,338**
- Rated A1 to A3	-	1,679,585	**1,679,585**
- Rated Baa1 to Baa3		37,064	**37,064**
- Rated Ba1 to Ba3	-	70,656	**70,656**
- Rated B1 to B3	-	-	**-**
- Unrated	-	82,603	**82,603**
Less: Allowance for expected credit losses	(28)	(941)	**(969)**
Total cash and cash equivalents, excluding cash on hand	**1,317,978**	**4,279,305**	**5,597,283**

The credit quality of cash and cash equivalents at 31 December 2021 is as follows:

	Cash balances with the CBU (other than mandatory reserve deposits)	Correspondent accounts and placements with other banks with original maturities of less than three months	Total
- Central bank of Uzbekistan	2,181,792	-	**2,181,792**
- Rated AA to A-	-	4,022,030	**4,022,030**
- Rated Baa	-	56,186	**56,186**
- Rated Ba	-	1,076,038	**1,076,038**
Less: Allowance for expected credit losses	(50)	(657)	**(707)**
Total cash and cash equivalents, excluding cash on hand	**2,181,742**	**5,153,597**	**7,335,339**

The credit rating is based on the rating agency Moody's (if available) or the rating agencies Standard & Poor's and Fitch, which are converted to the nearest equivalent value on the Moody's rating scale.
As at 31 December 2023, 2022 and 2021, for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. Interest rate analysis of cash and cash equivalents is disclosed in Note 35. Information on related party balances is disclosed in Note 36.

8. DUE FROM OTHER BANKS

	31 December 2023	31 December 2022	31 December 2021
Placements with other banks with original maturities of more than three months	1,557,826	1,659,444	1,688,653
Mandatory cash balances with CBU	173,697	192,572	184,209
Restricted cash	83,479	25,597	118,888
Less: Allowance for expected credit losses	(36,295)	(34,198)	(35,447)
Total due from other banks	**1,778,707**	**1,843,415**	**1,956,303**

Mandatory deposits with the CBU include non-interest-bearing reserves against client deposits. The Group does not have the right to use these deposits for the purposes of funding its own activities.

(in millions of Uzbek Soums, unless otherwise indicated)

Restricted cash represents balances on correspondent accounts with foreign banks placed by the Group on behalf of its customers. The Group does not have the right to use these funds for the purpose of funding its own activities. Analysis by credit quality of due from other banks outstanding at 31 December 2023 is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restricted cash	Total
- Central Bank of Uzbekistan	173,697	-	-	**173,697**
- Rated A1 to A3	-	-	82,568	**82,568**
- Rated Ba3	-	1,275,355	50	**1,275,405**
- Rated B1	-	82,690	-	**82,690**
- Rated B2	-	162,081	-	**162,081**
- Rated B3	-	398	-	**398**
- Unrated	-	37,302	861	**38,163**
Less: Allowance for expected credit losses	(116)	(36,177)	(2)	**(36,295)**
Total due from other banks	**173,581**	**1,521,649**	**83,477**	**1,778,707**

At 31 December 2023 the Group had balances with ten counterparty banks (31 December 2022: ten counterparty banks, 31 December 2021: twelve banks) with aggregated amounts above UZS 20,000 million. The total aggregate amount of these deposits was UZS 1,523,310 million (31 December 2022: UZS 1,614,152 million, 31 December 2021: UZS 1,771,978 million) or 84% of the total amount due from other banks (31 December 2022: 86%, 31 December 2021: 89%). Analysis by credit quality of due from other banks outstanding at 31 December 2022 is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restricted cash	Total
- Central Bank of Uzbekistan	192,572	-	-	192,572
- Rated Aa1 to Aa3	-	1,566	-	1,566
- Rated Baa1	-	-	25,597	25,597
- Rated Ba3	-	1,114,311	-	1,114,311
- Rated B1	-	450,109	-	450,109
- Rated B2	-	48,033	-	48,033
- Rated B3	-	11,407	-	11,407
- Unrated	-	34,018	-	34,018
Less: Allowance for expected credit losses	(125)	(34,052)	(21)	(34,198)
Total due from other banks	**192,447**	**1,625,392**	**25,576**	**1,843,415**

Analysis by credit quality of due from other banks outstanding at 31 December 2021 is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restricted cash	Total
- Central Bank of Uzbekistan	184,209	-	-	184,209
- Rated BBB+	-	-	117,257	117,257
- Rated BB-	-	1,119,053	-	1,119,053
- Rated B1	-	101,141	-	101,141
- Rated B2	-	2,641	-	2,641
- Rated B3	-	2,662	-	2,662
- Rated B	-	418,386	-	418,386
- Rated B-	-	36,419	-	36,419
- Rated C	-	8,351	1,631	9,982
Less: Allowance for expected credit losses	-	(35,406)	(41)	(35,447)
Total due from other banks	**184,209**	**1,653,247**	**118,847**	**1,956,303**

(in millions of Uzbek Soums, unless otherwise indicated)

As at 31 December 2023, 2022 and 2021 for the purpose of ECL measurement, due from other bank balances are included in Stage 1 apart from Turkiston bank and Hi-Tech Bank balances which were classified under Stage 3 as Unrated (31 December 2021 – all stage 1), since both banks went bankrupt in 2023.
The credit rating is based on the rating agency Moody's (if available) or the rating agencies Standard & Poor's and Fitch, which are converted to the nearest equivalent value on the Moody's rating scale.
Refer to Note 33 for the disclosure of the fair value of due from banks and interest rate analysis is disclosed in Note 35. Information on related party balances is disclosed in Note 36. Refer to Note 29 for the ECL movement.

9. LOANS AND ADVANCES TO CUSTOMERS

The Bank uses the following classification of loans:

- Loans to state and municipal organisations - loans issued to clients wholly owned by the Government of the Republic of Uzbekistan and budget organisations;
- Corporate loans - loans issued to clients other than government entities and private entrepreneurs;
- Loans to individuals - loans issued to individuals for consumption purposes, for the purchase of residential houses and flats and loans issued to private entrepreneurs without forming legal entity.

Loans and advances to customers comprise:

	31 December 2023	31 December 2022	31 December 2021
Corporate loans	37,814,200	31,362,398	25,902,022
State and municipal organisations	14,572,496	14,368,999	14,278,451
Loans to individuals	8,021,079	5,566,991	4,349,321
Total loans and advances to customers, gross	**60,407,775**	**51,298,388**	**44,529,794**
Less: Allowance for expected credit losses	(2,399,537)	(2,877,899)	(1,992,743)
Total loans and advances to customers	**58,008,238**	**48,420,489**	**42,537,051**

As at 31 December 2023, the Group had 16 borrowers (31 December 2022 and 2021: 14 and 13 respectively) with aggregate loan amounts which exceeded 10% of the Group's equity. The total aggregate amount of these loans was UZS 20,498,189 million (31 December 2022: UZS 17,320,728 million, 31 December 2021: UZS 15,577,715 million).

The table below represents loans and advances to customer's classification by stages:

	31 December 2023	31 December 2022	31 December 2021
Originated loans to customers	60,275,550	51,117,332	44,273,101
Overdrafts	132,225	181,056	256,693
Total loans and advances to customers, gross	**60,407,775**	**51,298,388**	**44,529,794**
Stage 1	47,967,352	39,971,908	32,680,532
Stage 2	9,536,058	7,542,437	9,071,322
Stage 3	2,904,365	3,784,043	2,777,940
Total loans and advances to customers, gross	**60,407,775**	**51,298,388**	**44,529,794**
Less: Allowance for expected credit losses	(2,399,537)	(2,877,899)	(1,992,743)
Total loans and advances to customers	**58,008,238**	**48,420,489**	**42,537,051**

(in millions of Uzbek Soums, unless otherwise indicated)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for loans and advances presented by classifications between the beginning and the end of the reporting period:

	Credit Loss Allowance				Gross Carrying Amount			
Corporate loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2023	**312,367**	**273,865**	**1,840,048**	**2,426,280**	**22,016,654**	**5,672,749**	**3,672,995**	**31,362,398**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(69,422)	55,893	13,529	-	(4,229,054)	3,485,974	743,080	-
- Transfer from stage 2	51,411	(84,616)	33,205	-	873,121	(1,454,794)	581,673	-
- Transfer from stage 3	97,266	141,001	(238,267)	-	198,302	305,326	(503,628)	-
- Changes in EAD and risk parameters*	(334,130)	302,357	1,374,894	**1,343,121**	(3,928,860)	1,662,449	(14,391)	**(2,280,802)**
New assets issued or acquired	254,566	-	-	**254,566**	15,788,726	-	-	**15,788,726**
Matured or derecognized assets (except for write off)	(82,940)	(54,462)	(104,857)	**(242,259)**	(6,519,422)	(1,302,607)	(316,682)	**(8,138,711)**
Total movements with impact on credit loss allowance charge for the period	**(83,249)**	**360,173**	**1,078,504**	**1,355,428**	**2,182,813**	**2,696,348**	**490,052**	**5,369,213**
Movements without impact on credit loss allowance charge for the period:								
Written off assets	-	-	(1,668,397)	**(1,668,397)**	-	-	(1,668,397)	**(1,668,397)**
Foreign exchange differences	8,111	7,111	47,779	**63,001**	1,931,214	497,591	322,181	**2,750,986**
Loss allowance for ECL and Gross Carrying as at 31 December 2023	**237,229**	**641,149**	**1,297,934**	**2,176,312**	**26,130,681**	**8,866,688**	**2,816,831**	**37,814,200**

*The line "Changes in EAD and risk parameters" under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2023 and transfers of new issued loans between stages.

*The line "Changes in EAD and risk parameters" 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. 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 the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit Loss Allowance				Gross Carrying Amount			
State and municipal organisations	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2023	**108,869**	**273,773**	**9,391**	**392,033**	**12,615,316**	**1,741,219**	**12,464**	**14,368,999**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(1,020)	1,020	-	-	(214,886)	214,886	-	-
- Transfer from stage 2	269,768	(269,768)	-	-	1,655,737	(1,655,737)	-	-
- Transfer from stage 3	-	9,391	(9,391)	-	-	12,464	(12,464)	-
- Changes in EAD and risk parameters*	(271,926)	(4,168)	14,659	**(261,435)**	(2,481,412)	44,566	13,835	**(2,423,011)**
New assets issued or acquired	23,630			**23,630**	4,795,577			**4,795,577**
Matured or derecognized assets (except for write off)	(19,635)	(4,005)	-	**(23,640)**	(3,038,109)	(70,818)	-	**(3,108,927)**
Total movements with impact on credit loss allowance charge for the period	**817**	**(267,530)**	**5,268**	**(261,445)**	**716,907**	**(1,454,639)**	**1,371**	**(736,361)**
Movements without impact on credit loss allowance charge for the period:								
Written off assets			(14,663)	**(14,663)**			(14,663)	**(14,663)**
Foreign exchange differences	52	130	4	**186**	838,025	115,668	828	**954,521**
Loss allowance for ECL and Gross Carrying as at 31 December 2023	**109,738**	**6,373**	**-**	**116,111**	**14,170,248**	**402,248**	**-**	**14,572,496**

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit Loss Allowance					Gross Carrying Amount			
Loans to individuals	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**		**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2023	**29,012**	**8,738**	**21,836**	**59,586**	-	**5,339,938**	**128,469**	**98,584**	**5,566,991**
Movements with impact on credit loss allowance charge for the period:									
Changes in the gross carrying amount									
- Transfer from stage 1	(1,043)	861	182	-		(191,869)	158,379	33,490	-
- Transfer from stage 2	4,374	(5,788)	1,414	-		67,031	(83,098)	16,067	-
- Transfer from stage 3	5,257	4,152	(9,409)	-		33,611	19,838	(53,449)	-
- Changes in EAD and risk parameters*	(26,237)	13,469	27,536	**14,768**		(657,205)	55,457	(1,540)	**(603,288)**
New assets issued or acquired	37,346			**37,346**		3,757,917			**3,757,917**
Matured or derecognized assets (except for write off)	(3,712)	(864)	(8,138)	**(12,714)**		(683,000)	(11,923)	(13,746)	**(708,669)**
Total movements with impact on credit loss allowance charge for the period	**15,985**	**11,830**	**11,585**	**39,400**		**2,326,485**	**138,653**	**(19,178)**	**2,445,960**
Movements without impact on credit loss allowance charge for the period:									
Written off assets	-	-	-	-		-		-	-
Foreign exchange differences	-	-	8,128	**8,128**		-	-	8,128	**8,128**
Loss allowance for ECL and Gross Carrying as at 31 December 2023	**44,997**	**20,568**	**41,549**	**107,114**		**7,666,423**	**267,122**	**87,534**	**8,021,079**

(in millions of Uzbek Soums, unless otherwise indicated)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to customers between the 1 January 2022 and 31 December 2022:

	Credit Loss Allowance				Gross Carrying Amount			
Corporate loans*	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2022	**193,862**	**481,544**	**1,017,625**	**1,693,031**	**14,556,470**	**8,884,835**	**2,460,717**	**25,902,022**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(28,739)	13,434	15,305	-	(2,131,550)	995,508	1,136,042	-
- Transfer from stage 2	185,461	(283,968)	98,507	-	3,460,426	(4,828,537)	1,368,111	-
- Transfer from stage 3	103,450	197,158	(300,608)	-	275,721	610,152	(885,873)	-
- Changes in EAD and risk parameters*	(369,766)	(46,402)	1,441,444	**1,025,276**	(1,785,497)	1,928,731	269,946	**413,180**
New assets issued or acquired	259,646			**259,646**	12,022,158			**12,022,158**
Matured or derecognized assets (except for write off)	(61,493)	(96,278)	(360,987)	**(518,758)**	(4,688,413)	(1,997,998)	(630,241)	**(7,316,652)**
Total movements with impact on credit loss allowance charge for the period	**88,559**	**(216,056)**	**893,661**	**766,164**	**7,152,845**	**(3,292,144)**	**1,257,985**	**5,118,686**
Movements without impact on credit loss allowance charge for the period:								
Written off assets	-	-	(92,136)	**(92,136)**	-	-	(92,136)	**(92,136)**
Foreign exchange differences	29,946	8,377	20,898	**59,221**	307,339	80,058	46,429	**433,826**
Loss allowance for ECL and Gross Carrying as at 31 December 2022	**312,367**	**273,865**	**1,840,048**	**2,426,280**	**22,016,654**	**5,672,749**	**3,672,995**	**31,362,398**

*The line "Changes in EAD and risk parameters" under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2022 and transfers of new issued loans between stages.
*The line "Changes in EAD and risk parameters" 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. 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 the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.
*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit Loss Allowance				Gross Carrying Amount			
State and municipal organisations	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2022	**111,428**	**-**	**5,037**	**116,465**	**14,246,280**	**-**	**32,171**	**14,278,451**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(13,250)	13,250	-	-	(1,843,922)	1,843,922	-	-
- Transfer from stage 2	-	-	-	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-
- Changes in EAD and risk parameters*	(4,656)	259,008	7,372	**261,724**	(1,779,502)	(148,981)	(2,562)	**(1,931,045)**
New assets issued or acquired	33,900			**33,900**	4,363,517			**4,363,517**
Matured or derecognized assets (except for write off)	(25,878)	-	(3,018)	**(28,896)**	(2,641,140)	-	(17,145)	**(2,658,285)**
Total movements with impact on credit loss allowance charge for the period	**(9,884)**	**272,258**	**4,354**	**266,728**	**(1,901,047)**	**1,694,941**	**(19,707)**	**(225,813)**
Movements without impact on credit loss allowance charge for the period:								
Written off assets	-	-	-	-	-	-	-	-
Foreign exchange differences	7,325	1,515	-	**8,840**	270,083	46,278	-	**316,361**
Loss allowance for ECL and Gross Carrying as at 31 December 2022	**108,869**	**273,773**	**9,391**	**392,033**	**12,615,316**	**1,741,219**	**12,464**	**14,368,999**

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit Loss Allowance				Gross Carrying Amount			
Loans to individuals*	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2022	**34,193**	**10,554**	**138,500**	**183,247**	**3,877,782**	**186,487**	**285,052**	**4,349,321**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(1,013)	629	384	-	(114,848)	71,340	43,508	-
- Transfer from stage 2	6,766	(8,061)	1,295	-	114,386	(137,357)	22,971	-
- Transfer from stage 3	39,595	20,221	(59,816)	-	92,739	36,548	(129,287)	-
- Changes in EAD and risk parameters*	(58,171)	(13,278)	14,856	**(56,593)**	(291,744)	(128,016)	(87,083)	**(506,843)**
New assets issued or acquired	12,419			**12,419**	2,203,335	128,469	98,584	**2,430,388**
Matured or derecognized assets (except for write off)	(4,777)	(1,327)	(57,456)	**(63,560)**	(541,712)	(29,002)	(119,234)	**(689,948)**
Total movements with impact on credit loss allowance charge for the period	**(5,181)**	**(1,816)**	**(100,737)**	**(107,734)**	**1,462,156**	**(58,018)**	**(170,541)**	**1,233,597**
Movements without impact on credit loss allowance charge for the period:								
Written off assets	-	-	(15,927)	**(15,927)**	-	-	(15,927)	**(15,927)**
Foreign exchange differences	-	-	-	-	-	-	-	-
Loss allowance for ECL and Gross Carrying as at 31 December 2022	**29,012**	**8,738**	**21,836**	**59,586**	**5,339,938**	**128,469**	**98,584**	**5,566,991**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to corporate customers between the 1 January 2021 and 31 December 2021:

	Credit Loss Allowance				**Gross Carrying Amount**			
Corporate loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2021	**113,170**	**134,583**	**1,302,461**	**1,550,214**	**14,751,901**	**4,950,505**	**2,235,765**	**21,938,171**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(29,292)	20,152	9,140	-	(3,863,755)	2,686,846	1,176,909	-
- Transfer from stage 2	31,101	(59,515)	28,414	-	934,919	(1,699,391)	764,472	-
- Transfer from stage 3	75,976	761,008	(836,984)	-	112,400	1,230,420	(1,342,820)	-
- Changes in EAD and risk parameters*	(252,694)	(377,789)	1,082,857	**452,374**	(4,168,431)	2,608,458	538,287	**(1,021,686)**
New assets issued or acquired	273,146	-	-	**273,146**	9,933,457	-	-	**9,933,457**
Matured or derecognized assets (except for write off)	(21,367)	(11,064)	(263,708)	**(296,139)**	(3,218,934)	(915,822)	(577,873)	**(4,712,629)**
Total movements with impact on credit loss allowance charge for the period	**76,870**	**332,792**	**19,719**	**429,381**	**(270,344)**	**3,910,511**	**558,975**	**4,199,142**
Movements without impact on credit loss allowance charge for the period:								
Written off assets	-	-	(340,403)	**(340,403)**	-	-	(340,403)	**(340,403)**
Foreign exchange differences	3,822	14,169	35,848	**53,839**	74,913	23,819	6,380	**105,112**
Loss allowance for ECL and Gross Carrying as at 31 December 2021	**193,862**	**481,544**	**1,017,625**	**1,693,031**	**14,556,470**	**8,884,835**	**2,460,717**	**25,902,022**

*The line "Changes in EAD and risk parameters" under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2022 and transfers of new issued loans between stages.
*The line "Changes in EAD and risk parameters" 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. 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 the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.
*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit Loss Allowance				Gross Carrying Amount			
State and municipal organisations	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2021	**57,409**	**61,835**	**9,713**	**128,957**	**7,866,977**	**6,658,143**	**37,412**	**14,562,532**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(19)	-	19	-	(25,941)	-	25,941	-
- Transfer from stage 2	51,435	(51,435)	-	-	5,327,666	(5,327,666)	-	-
- Transfer from stage 3	1,309	-	(1,309)	-	1,674	-	(1,674)	-
- Changes in EAD and risk parameters *	(22,458)	(1,260)	4,413	**(19,305)**	(1,104,933)	(73,172)	(14,545)	**(1,192,650)**
New assets issued or acquired	27,164	-	-	**27,164**	3,258,046	-	-	**3,258,046**
Matured or derecognized assets (except for write off)	(4,990)	(10,400)	(7,799)	**(23,189)**	(1,307,340)	(1,330,477)	(34,563)	**(2,672,380)**
Total movements with impact on credit loss allowance charge for the period	**52,441**	**(63,095)**	**(4,676)**	**(15,330)**	**6,149,172**	**(6,731,315)**	**(24,841)**	**(606,984)**
Movements without impact on credit loss allowance charge for the period:								
Modification of contractual cash flows	(382)	-	-	**(382)**	(52,339)	-	-	**(52,339)**
Written off assets	-	-	-	**-**	-	-	-	**-**
Foreign exchange differences	1,960	1,260	-	**3,220**	282,470	73,172	19,600	**375,242**
Loss allowance for ECL and Gross Carrying as at 31 December 2021	**111,428**	**-**	**5,037**	**116,465**	**14,246,280**	**-**	**32,171**	**14,278,451**

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit Loss Allowance				Gross Carrying Amount			
Loans to individuals*	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
As at 1 January 2021	**21,179**	**19,047**	**183,318**	**223,544**	**3,582,749**	**361,561**	**417,660**	**4,361,970**
Movements with impact on credit loss allowance charge for the period:								
Changes in the gross carrying amount								
- Transfer from stage 1	(1,278)	616	662	-	(215,002)	103,543	111,459	-
- Transfer from stage 2	11,377	(15,290)	3,913	-	217,446	(285,998)	68,552	-
- Transfer from stage 3	53,719	19,413	(73,132)	-	124,708	45,260	(169,968)	-
- Changes in EAD and risk parameters*	(70,210)	(12,026)	138,413	**56,177**	(374,211)	(8,641)	58,303	**(324,549)**
New assets issued or acquired	23,930	-	-	**23,930**	1,303,052	-	-	**1,303,052**
Matured or derecognized assets (except for write off)	(4,524)	(1,206)	(67,491)	**(73,221)**	(760,960)	(29,238)	(153,771)	**(943,969)**
Total movements with impact on credit loss allowance charge for the period	**13,014**	**(8,493)**	**2,365**	**6,886**	**295,033**	**(175,074)**	**(85,425)**	**34,534**
Movements without impact on credit loss allowance charge for the period:								
Written off assets	-	-	(47,183)	**(47,183)**	-	-	(47,183)	**(47,183)**
Foreign exchange differences	-	-	-	**-**	-	-	-	**-**
Loss allowance for ECL and Gross Carrying as at 31 December 2021	**34,193**	**10,554**	**138,500**	**183,247**	**3,877,782**	**186,487**	**285,052**	**4,349,321**

*The table was revised to align with 2023 presentation

The written off balance represents the loan balances transferred to off balance, since no recovery was expected by the Group. According to Local legislation all the written off balances are legally enforceable and only can be eliminated on the basis of Shareholders approval if there were no off-balance repayment for more than 5 years period.

(in millions of Uzbek Soums, unless otherwise indicated)

Economic sector risk concentrations within the loans and advances to customer are as follows:

	31 December 2023		31 December 2022		31 December 2021	
	Amount	%	Amount	%	Amount	%
Manufacturing	22,529,199	37%	18,207,559	36%	15,849,755	36%
Oil and gas & chemicals	11,052,861	18%	10,885,326	21%	10,704,331	24%
Individuals	8,021,079	13%	5,566,991	11%	4,349,321	10%
Trade and Services	7,342,466	12%	5,554,150	11%	4,441,329	10%
Agriculture	3,572,134	6%	3,460,679	7%	3,745,481	8%
Transport and communication	3,269,401	5%	2,883,334	6%	2,367,542	5%
Energy	2,982,969	5%	3,114,928	6%	2,176,801	5%
Construction	1,637,666	3%	1,625,421	3%	895,234	2%
Total loans and advances to customers, gross	**60,407,775**	**100%**	**51,298,388**	**100%**	**44,529,794**	**100%**
Less: Allowance for expected credit losses	(2,399,537)		(2,877,899)		(1,992,743)	
Total loans and advances to customers	**58,008,238**		**48,420,489**		**42,537,051**	

Information about loans and advances to individuals as at year end are as follows:

	31 December 2023	31 December 2022	31 December 2021
Mortgage	5,260,581	3,685,578	3,314,059
Microloan	1,819,198	744,719	464,727
Car Loan	661,671	982,316	448,949
Consumer Loans	279,497	73,449	110,161
Other	132	80,929	11,425
Total loans and advances to individuals, gross	**8,021,079**	**5,566,991**	**4,349,321**
Less: Allowance for expected credit losses	(107,114)	(59,586)	(183,247)
Total loans and advances to individuals	**7,913,965**	**5,507,405**	**4,166,074**

Information about collateral as at 31 December 2023 are as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	31 December 2023
Loans with other credit enhancement:				
Letter of surety	2,206,185	11,975,511	1,781,668	**15,963,364**
State guarantee	6,565,131	-	-	**6,565,131**
Loans collateralised by:				
Real estate	588,838	11,360,294	4,806,715	**16,755,847**
Insurance policy	8,273	5,906,771	1,111,379	**7,026,423**
Equipment	586,425	5,795,847	-	**6,382,272**
Inventory and other receivables	3,426,705	2,360,679	1,062	**5,788,446**
Cash deposits	1,031,961	53,748	2,161	**1,087,870**
Vehicles	30,066	360,361	313,527	**703,954**
Equity securities	128,912	-	-	**128,912**
Not collateralised	-	989	4,567	**5,556**
Total loans and advances to customers, gross	**14,572,496**	**37,814,200**	**8,021,079**	**60,407,775**
Less: Allowance for expected credit losses	(116,111)	(2,176,312)	(107,114)	**(2,399,537)**
Total loans and advances to customers	**14,456,385**	**35,637,888**	**7,913,965**	**58,008,238**

(in millions of Uzbek Soums, unless otherwise indicated)

Information about collateral as at 31 December 2022 are as follows:

31 December 2022	**State and municipal organisations**	**Corporate loans**	**Loans to individuals**	**31 December 2022**
Loans with other credit enhancement:				
Letter of surety	2,458,999	12,094,239	1,351,316	**15,904,554**
State guarantee	6,840,288	-	-	**6,840,288**
Loans collateralised by:				
Real estate	134,311	8,750,980	3,227,074	**12,112,365**
Equipment	700,259	5,169,125	1,049	**5,870,433**
Inventory and receivables	2,662,393	1,558,028	-	**4,220,421**
Insurance policy	9,271	3,254,185	632,134	**3,895,590**
Cash deposits	1,092,147	454	-	**1,092,601**
Vehicles	49,579	387,457	173,130	**610,166**
Equity securities	136,818	147,925	-	**284,743**
Not collateralised	284,934	5	182,288	**467,227**
Total loans and advances to customers, gross	**14,368,999**	**31,362,398**	**5,566,901**	**51,298,388**
Less: Allowance for expected credit losses	(392,033)	(2,426,280)	(59,586)	**(2,877,899)**
Total loans and advances to customers	**13,976,966**	**28,936,118**	**5,507,405**	**48,420,489**

Information about collateral as at 31 December 2021 are as follows:

31 December 2021	**State and municipal organisations**	**Corporate loans**	**Loans to individuals**	**31 December 2021**
Loans with other credit enhancement:				
Letter of surety	2,504,049	8,983,059	599,578	**12,086,686**
State guarantee	7,314,269	-	-	**7,314,269**
Loans collateralised by				
Real estate	136,130	7,334,729	2,844,909	**10,315,768**
Equipment	679,990	4,459,284	-	**5,139,274**
Inventory and receivables	2,213,930	1,657,871	181,650	**4,053,451**
Insurance policy	11,817	3,040,375	263,635	**3,315,827**
Cash deposits	993,410	22,440	3,246	**1,019,096**
Vehicles	88,134	404,264	135,967	**628,365**
Equity securities	150,973	-	-	**150,973**
Not collateralised	185,749	-	320,336	**506,085**
Total loans and advances to customers, gross	**14,278,451**	**25,902,022**	**4,349,321**	**44,529,794**
Less: Allowance for expected credit losses	(116,465)	(1,693,031)	(183,247)	**(1,992,743)**
Total loans and advances to customers	**14,161,986**	**24,208,991**	**4,166,074**	**42,537,051**

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"). As at 31 December 2023, (2022 and 2021), the Group did not have loans, for which the Group did not recognise any expected credit loss allowance because of significant excess of collateral value over the gross carrying value of these loans.

(in millions of Uzbek Soums, unless otherwise indicated)

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

31 December 2023	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Corporate loans				
Standard	26,130,681	2,440,295	823,972	**29,394,948**
Substandard	-	6,426,393	503,235	**6,929,628**
Unsatisfactory	-	-	560,899	**560,899**
Doubtful	-	-	883,814	**883,814**
Loss	-	-	44,911	**44,911**
Gross carrying amount	**26,130,681**	**8,866,688**	**2,816,831**	**37,814,200**
Credit loss allowance	(237,229)	(641,149)	(1,297,934)	(2,176,312)
Carrying amount	**25,893,452**	**8,225,539**	**1,518,897**	**35,637,888**
State and municipal organisations				
Standard	14,170,248	396,473	-	**14,566,721**
Substandard	-	5,775	-	**5,775**
Unsatisfactory	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Gross carrying amount	**14,170,248**	**402,248**	-	**14,572,496**
Credit loss allowance	(109,738)	(6,373)	-	(116,111)
Carrying amount	**14,060,510**	**395,875**	-	**14,456,385**
Loans to individuals				
Standard	7,666,423	127,981	24,855	**7,819,259**
Substandard	-	139,141	15,352	**154,493**
Unsatisfactory	-	-	20,278	**20,278**
Doubtful	-	-	27,003	**27,003**
Loss	-	-	46	**46**
Gross carrying amount	**7,666,423**	**267,122**	**87,534**	**8,021,079**
Credit loss allowance	(44,997)	(20,568)	(41,549)	(107,114)
Carrying amount	**7,621,426**	**246,554**	**45,985**	**7,913,965**

(in millions of Uzbek Soums, unless otherwise indicated)

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

31 December 2022	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Corporate loans				
Standard	22,016,653	4,294,785	222,219	**26,533,657**
Substandard	-	1,377,965	818,208	**2,196,173**
Unsatisfactory	-	-	464,900	**464,900**
Doubtful	-	-	969,171	**969,171**
Loss	-	-	1,198,497	**1,198,497**
Gross carrying amount	**22,016,653**	**5,672,750**	**3,672,995**	**31,362,398**
Credit loss allowance	(312,366)	(273,866)	(1,840,048)	**(2,426,280)**
Carrying amount	**21,704,287**	**5,398,884**	**1,832,947**	**28,936,118**
State and municipal organisations				
Standard	12,615,317	1,369,382	-	**13,984,699**
Substandard	-	371,837	12,463	**384,300**
Unsatisfactory	-	-	-	**-**
Doubtful	-	-	-	**-**
Loss	-	-	-	**-**
Gross carrying amount	**12,615,317**	**1,741,219**	**12,463**	**14,368,999**
Credit loss allowance	(108,870)	(273,773)	(9,390)	**(392,033)**
Carrying amount	**12,506,447**	**1,467,446**	**3,073**	**13,976,966**
Loans to individuals				
Standard	5,339,939	68,124	16,071	**5,424,134**
Substandard	-	60,345	29,409	**89,754**
Unsatisfactory	-	-	25,563	**25,563**
Doubtful	-	-	19,748	**19,748**
Loss	-	-	7,792	**7,792**
Gross carrying amount	**5,339,939**	**128,469**	**98,583**	**5,566,991**
Credit loss allowance	(29,013)	(8,738)	(21,835)	**(59,586)**
Carrying amount	**5,310,926**	**119,731**	**76,748**	**5,507,405**

(in millions of Uzbek Soums, unless otherwise indicated)

The credit quality of loans to customers carried at amortized cost is as follows at 31 December 2021:

31 December 2021	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Corporate loans				
Standard	14,556,470	6,984,900	138,149	**21,679,519**
Substandard	-	1,899,935	741,772	**2,641,707**
Unsatisfactory	-	-	890,792	**890,792**
Doubtful	-	-	187,119	**187,119**
Loss	-	-	502,885	**502,885**
Gross carrying amount	**14,556,470**	**8,884,835**	**2,460,717**	**25,902,022**
Credit loss allowance	(193,862)	(481,544)	(1,017,625)	(1,693,031)
Carrying amount	**14,362,608**	**8,403,291**	**1,443,092**	**24,208,991**
State and municipal organisations				
Standard	14,246,280	-	4,414	**14,250,694**
Substandard	-	-	-	**-**
Unsatisfactory	-	-	22,256	**22,256**
Doubtful	-	-	4,136	**4,136**
Loss	-	-	1,365	**1,365**
Gross carrying amount	**14,246,280**	**-**	**32,171**	**14,278,451**
Credit loss allowance	(111,428)	-	(5,037)	(116,465)
Carrying amount	**14,134,852**	**-**	**27,134**	**14,161,986**
Loans to individuals				
Standard	3,877,782	106,616	49,809	**4,034,207**
Substandard	-	79,871	55,966	**135,837**
Unsatisfactory	-	-	40,105	**40,105**
Doubtful	-	-	34,015	**34,015**
Loss	-	-	105,157	**105,157**
Gross carrying amount	**3,877,782**	**186,487**	**285,052**	**4,349,321**
Credit loss allowance	(34,193)	(10,554)	(138,500)	(183,247)
Carrying amount	**3,843,589**	**175,933**	**146,552**	**4,166,074**

The effect of collateral on credit impaired assets at 31 December 2023, 31 December 2022 and 31 December 2021 are as follows.

	Over-collateralised		**Under-collateralised**	
31 December 2023	Carrying Value of the Assets	Value of Collateral	Carrying Value of the Assets	Value of Collateral
Credit Impared Assets				
Loans to Corporate and State Companies carried at AC				
Manufacturing	1,421,375	4,454,912	9,274	8,958
Agriculture	593,131	1,822,592	-	-
Trade and services	481,276	1,843,412	19,209	16,640
Construction	186,594	467,673	-	-
Transport and communication	98,788	213,721	-	-
Oil and gas & Chemicals	7,184	18,750	-	-
Loans to Individuals carried at AC				
Mortgage	63,017	114,649	3,533	3,109
Microloan	15,712	21,960	2,395	2,345
Car Loan	2,070	5,336	-	-
Consumer Loans	786	1,073	-	-
Other	21	38	-	-
Student Loan	-	-	-	-
Total	**2,869,954**	**8,964,116**	**34,411**	**31,052**

(in millions of Uzbek Soums, unless otherwise indicated)

	Over-collateralised		Under-collateralised	
31 December 2022	Carrying Value of the Assets	Value of Collateral	Carrying Value of the Assets	Value of Collateral
Credit Impaired Assets				
Loans to Corporate and State Companies carried at AC				
Trade and services	251,869	775,301	400,798	2,316
Agriculture	170,326	571,935	275,837	3,056
Manufacturing	757,899	1,787,140	413,792	2,855
Construction	79,906	193,305	136,579	14,393
Transport and communication	37,049	82,936	49,562	-
Oil and gas & Chemicals	8,193	36,424	1,103,649	-
Loans to Individuals carried at AC				
Mortgage	64,479	96,001	22,584	4,548
Car Loan	-	-	3,665	-
Microloan	-	-	4,137	-
Consumer Loans	428	1,044	2,171	-
Other	-	-	998	-
Student Loan	50	329	72	-
Total	**1,370,199**	**3,544,415**	**2,413,844**	**27,168**

	Over-collateralised		Under-collateralised	
31 December 2021	Carrying Value of the Assets	Value of Collateral	Carrying Value of the Assets	Value of Collateral
Credit Impared Assets				
Loans to Corporate and State Companies carried at AC				
Manufacturing	-	-	1,180,611	625,964
Agriculture	-	-	472,300	210,571
Trade	-	-	278,063	187,710
Services	-	-	229,670	81,102
Oil and gas & Chemicals	-	-	142,065	120,948
Construction	-	-	129,769	68,944
Transport and communication	-	-	60,411	44,826
Loans to Individuals carried at AC				
Mortgage	-	-	212,408	165,451
Microloan	-	-	28,729	2
Consumer Loans	-	-	26,616	2,917
Car Loan	-	-	16,346	6,768
Other	-	-	953	348
Total	**-**	**-**	**2,777,941**	**1,515,551**

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 UZS 922,910 million (31 December 2022 UZS 300,907 million and 31 December 2021 8,507 million).

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.

As of 31 December 2021, the Group had loans with amortised cost including lifetime ECL equaled to UZS 1,721,797 million immediately before contractual modification that was not a derecognition event and the Group recognised losses in the consolidated statement of profit or loss on modifications of loans with lifetime ECL that did not lead to derecognition that amounted to UZS 52,339 million. (2023 and 2022: nil).

(in millions of Uzbek Soums, unless otherwise indicated)

The components of net investment in finance lease as at 31 December 2023, 2022 and 2021 years are as follows:

	31 December 2023	**31 December 2022**	**31 December 2021**
Not later than one year	64,291	111,869	165,948
From one year to five years	230,782	267,085	351,752
More than five years	229,227	-	-
Minimum lease payments	**524,300**	**378,954**	**517,700**
Less: unearned finance income	(121,092)	(40,019)	(67,402)
	403,208	**338,935**	**450,298**
Less: Allowance for expected credit losses	(26,756)	(5,769)	(8,002)
Net investment in finance lease	**376,452**	**333,166**	**442,296**
Current portion	14,219	87,809	125,532
Long-term portion	362,233	245,357	316,764
Net investment in finance lease	**376,452**	**333,166**	**442,296**

As at 31 December 2023, finance lease receivables include two lease agreements for the total amount of UZS 403,208 million (31 December 2022: UZS 353,622 million, 31 December 2022: UZS 527,297 million) with one-year grace period for repayment of principal amounts. Credit quality of those finance lease were stage 2 and stage 1 in 31 December 2023 included in corporate loans (2022 stage 1, 2021 stage 1).The finance lease receivables were presented under the Corporate Loans classification for the purpose of disclosure.

Refer to Note 33 for the disclosure of the fair value of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 35. Information on related party balances is disclosed in Note 36.

(in millions of Uzbek Soums, unless otherwise indicated)

10. INVESTMENT SECURITIES MEASURED AT AMORTISED COST

	Currency	Annual coupon/ interest rate %	EIR %	Maturity date month/year	31 December 2023	31 December 2022	31 December 2021
Government Bonds	USD/UZS	4,8-18	4,8-18	Dec 2023 - Jul 2032	2,090,103	2,069,871	289,361
CBU Bonds	UZS	16-17	17-18	Jan 2023 – Feb 2023	-	610,315	771,384
Corporate bonds	UZS	20 - 22	20 - 22	October -July 2026	12,987	8,435	8,400
Less: Allowance for expected credit losses					(9,675)	(10,050)	(1,633)
Total investment securities measured at amortised cost					**2,093,415**	**2,678,571**	**1,067,512**

At 31 December 2023, the Group holds government bonds of the Ministry of Finance of the Republic of Uzbekistan in the quantity of 1,923,405 (31 December 2022: 2,015,770, 31 December 2021: 288,970) with nominal value of UZS 1,000,000 and in the quantity of 50 with nominal value of USD 200,000 and coupon rate of 4.8-19.9 % p.a. (31 December 2022: 5-18 %, 31 December 2021: 14-16% p.a). At 31 December 2023, the subsidiary PSB Insurance LLC holds corporate bonds of JSCB "Asia Alliance Bank" in quantity 2,500 with nominal value of UZS 1,000,000 and coupon rate of CBU refinancing rate (14%) + 4% p.a. The maturity date of the bonds is July 2026.

31 December 2023	**CBU Bonds**	**Government Bonds**	**Corporate Bonds**	**Total**
- Rated BB-	-	2,090,103	10,380	**2,100,483**
- Rated B2	-	-	2,607	**2,607**
Less: Allowance for expected credit losses	-	(9,544)	(131)	**(9,675)**
Total investment securities measured at amortised cost	**-**	**2,080,559**	**12,856**	**2,093,415**

31 December 2022	**CBU Bonds**	**Government Bonds**	**Corporate Bonds**	**Total**
- Rated BB-	610,315	2,069,871	-	**2,680,186**
- Rated B2	-	-	2,610	**2,610**
- Unrated	-	-	5,825	**5,825**
Less: Allowance for expected credit losses	(570)	(9,394)	(86)	**(10,050)**
Total investment securities measured at amortised cost	**609,745**	**2,060,477**	**8,349**	**2,678,571**

31 December 2021	**CBU Bonds**	**Government Bonds**	**Corporate Bonds**	**Total**
- Rated BB-	289,361	771,384	5,789	**1,066,534**
- Rated B2	-	-	2,611	**2,611**
- Unrated	-	-	-	**-**
Less: Allowance for expected credit losses	(1,071)	(453)	(109)	**(1,633)**
Total investment securities measured at amortised cost	**288,290**	**770,931**	**8,291**	**1,067,512**

(in millions of Uzbek Soums, unless otherwise indicated)

The credit rating is based on the rating agency Moody's (if available) or the rating agencies Standard & Poor's and Fitch, which are converted to the nearest equivalent value on the Moody's rating scale. As at 31 December 2023, 31 December 2022 and 31 December 2021 for the purpose of ECL measurement investment in debt securities measured at amortised cost balances are included in Stage 1. There were no transitions between stages in 2023, 2022 and 2021. Refer to Note 29 for the ECL measurement approach.Refer to Note 33 for the disclosure of the fair value of investment securities measured at amortised cost. Interest rate analysis of investment securities measured at amortised cost is disclosed in Note 35. Information on related party balances is disclosed in Note 36.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Ownership	31 December 2023	Ownership	31 December 2022	Ownership	31 December 2021
LLC Yashil Energiya	19.2%	67,067	-	-	-	-
Visa Inc.	0.0%	18,676	0.0%	13,460	0.0%	13,613
JSC "Mortgage Refinancing Company of Uzbekistan"	8.0%	13,263	8.0%	8,788	8.0%	8,000
JSC "Republican Currency Exchange"	11.1%	10,018	11.1%	7,375	11.1%	6,109
JSC "O'zbekiston pochtasi"	4.4%	5,791	4.4%	5,648	4.4%	7,500
JSC "Qurilishmashlizing"	6.5%	2,880	6.5%	4,493	6.5%	5,842
LLC "Credit Information Analytical Cen	3.2%	1,447	3.2%	2,120	3.2%	1,695
Other	8.3%	75	3.0%	123	3.0%	265
LLC "Yagona Umumrespublika Protsessing Markazi"	0.0%	-	-	-	5.9%	2,530
LLC "Credit information Service CRIF"	0.0%	-	-	-	8.7%	2,081
JSC "Tashkent" Stock Exchange	0.0%	-	-	-	6.7%	501
Total financial assets at FVTOCI		**119,217**		**42,007**		**48,136**

Financial assets at FVTOCI as at December 2023, other than Visa Inc., include equity securities registered in Uzbekistan and not actively traded. The Group elects at initial recognition to irrevocably designate the above disclosed equity investments at FVTOCI which is in line with the Group accounting policy. As at 31 December 2023, 2022 and 2021, Visa Inc. is measured using level 1 hierarchy and investment securities other than Visa Inc. are measured using level 3 hierarchy of fair value measurement. Starting from 1 January 2018, the fair value of the financial assets at fair value through other comprehensive income 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 using the average rate of return on investments. The Management believes that this approach accurately reflects the fair value of these securities. A significant unobservable input used in determining the fair value of financial assets at FVTOCI is WACC. The higher the WACC the lower the fair Value of the financial assets at FVTOCI. Investments to which the dividends valuation approach is not appliable, i.e. dividends were not paid during the period, management may use the Assets based valuation approach focused on the investment company's net assets value (NAV), or fair market value of its total assets minus its total liabilities, to determine what would cost to recreate the business. The Management believes that such approach accurately reflects the fair value of these securities.

According to Presidential decree "On measures to improve the effectiveness of reforms aimed at the transition of the Republic of Uzbekistan to a "green" economy until 2030" the Group has made an investment in the amount of UZS 67,066 millions to LLC "Yashil Energiya". As at 31 December 2023, 2022 and 2021, none of the financial assets at FVTOCI were pledged.

The table below represents the movement of financial instruments at FVTOCI for the year ended 31 December 2023, 2022 and 2021:

	31 December 2022	Additions	Disposal	FV Adjustments	31 December 2023
Financial assets at FVTOCI	**42,007**	69,049	-	8,161	**119,217**
	31 December 2021	**Additions**	**Disposal**	**FV Adjustments**	**31 December 2022**
Financial assets at FVTOCI	**48,136**	1,077	(7,654)	448	**42,007**
	31 December 2020	**Additions**	**Disposal**	**FV Adjustments**	**31 December 2021**
Financial assets at FVTOCI	**38,024**	7,593	(341)	2,860	**48,136**

(in millions of Uzbek Soums, unless otherwise indicated)

12. INVESTMENT IN ASSOCIATES

Name	Principal activity	Country	31 December 2023		31 December 2022		31 December 2021	
LLC "Zomin Miracle Mountains"	Catering	Uzbekistan	34%	39,868	-	-	-	-
LLC "Khorezm Invest Project"	Asset management	Uzbekistan	34%	37,731	34%	35,534	34%	29,726
LLC "Kattaqurgon Business Services"	Asset management	Uzbekistan	33%	215	33%	300	-	-
Total investment in associates				**77,814**		**35,834**		**29,726**

31 December 2023	LLC "Khorezm Invest Project"	LLC "Kattaqurgon Business Services"	LLC "Zomin miracle mountains"	Total associates
Current assets	20,096	1,182	118,951	**140,229**
Non-current assets	91,995	9,375	2,199	**103,569**
Current liabilities	(1,052)	(9,896)	(2,142)	**(13,090)**
Non-current liabilities	-	-	-	**-**
Revenue	14,889	39	-	**14,928**
Net (loss)/ profit for the year	10,421	(239)	(391)	**9,791**
Total comprehensive (loss)/ income for the year	10,421	(239)	(391)	**9,791**
Dividends received from the associate during the year	1,050	-	-	**1,050**
Net assets of the associate	111,039	661	119,008	**230,708**
Proportion of the Group's ownership interest	34%	33%	34%	
Carrying amount of the Group's Interest in Associate	**37,731**	**215**	**39,868**	**77,814**

(in millions of Uzbek Soums, unless otherwise indicated)

During the first half of 2023 the Group invested to "Zomin Miracle Mountains" LLC in partnership with "TURON PLAZA HOTEL" LLC" and "Asaka Capital Invest" LLC for developing business environment in Jizzakh region in accordance with the government instruction No 91-8 from March 6, 2023.

31 December 2022	**"Khorezm Invest Project" LLC**	**"Kattaqurgon Business Services" LLC**	**Total associates**
Current assets	13,341	4,908	**18,249**
Non-current assets	91,544	238	**91,782**
Current liabilities	(371)	(4,246)	**(4,617)**
Revenue	11,190	-	**11,190**
Net (loss)/ profit for the year	2,151	(89)	**2,062**
Total comprehensive (loss)/ income for the year	2,151	(89)	**2,062**
Net assets of the associate	104,514	900	**105,414**
Proportion of the Group's ownership interest	34%	33%	
Carrying amount of the Group's Interest in Associate	**35,534**	**300**	**35,834**

31 December 2021	**"Khorezm Invest Project" LLC**
Current assets	34,635
Non-current assets	53,041
Current liabilities	(245)
Revenue	(3,961)
Net (loss)/ profit for the year	2,140
Total comprehensive (loss)/ income for the year	2,140
Net assets of the associate	87,431
Proportion of the Group's ownership interest	34%
Carrying amount of the Group's Interest in Associate	**29,726**

(in millions of Uzbek Soums, unless otherwise indicated)

13. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS

	Buildings and Premises	Office and computer equipment	Construction in progress	Total premises and equipment	Intangible assets	Total
Carrying amount as at 31 December 2020	**200,008**	**254,211**	**265,766**	**719,985**	**27,247**	**747,232**
Additions	-	115,163	451,076	**566,239**	39,757	**605,996**
Disposals (net of depreciation)	(29)	(1,555)	(2,023)	**(3,607)**	(598)	**(4,205)**
Transfers	84,334	(64,914)	(19,420)	**-**	-	**-**
Depreciation/amortization charge	(9,915)	(61,343)	-	**(71,258)**	(1,402)	**(72,660)**
Carrying amount as at 31 December 2021	**274,398**	**241,562**	**695,399**	**1,211,359**	**65,004**	**1,276,363**
Cost as at 31 December 2021	327,798	442,618	695,399	**1,465,815**	76,284	**1,542,099**
Accumulated depreciation/amortisation	(53,400)	(201,056)	-	**(254,456)**	(11,280)	**(265,736)**
Carrying amount as at 31 December 2021	**274,398**	**241,562**	**695,399**	**1,211,359**	**65,004**	**1,276,363**
Additions	14,853	41,409	853,221	**909,483**	16,035	**925,518**
Capitalised borrowing costs	-	-	38,340	**38,340**	-	**38,340**
Disposals (net of depreciation)	(1,306)	(4,152)	(61,328)	**(66,786)**	(780)	**(67,566)**
Transfers	3,998	1,608	(5,606)	**-**		**-**
Depreciation/amortization charge	(11,376)	(73,964)	-	**(85,340)**	(4,811)	**(90,151)**
Carrying amount as at 31 December 2022	**280,567**	**206,463**	**1,520,026**	**2,007,056**	**75,448**	**2,082,504**
Cost as at 31 December 2022	345,343	481,483	1,520,026	**2,346,852**	91,539	**2,438,391**
Accumulated depreciation/amortisation	(64,776)	(275,020)	-	**(339,796)**	(16,091)	**(355,887)**
Carrying amount as at 31 December 2022	**280,567**	**206,463**	**1,520,026**	**2,007,056**	**75,448**	**2,082,504**
Additions	141,104	131,390	1,026,325	**1,298,819**	17,997	**1,316,816**
Capitalised borrowing costs	-	-	145,680	**145,680**	-	**145,680**
Disposals (net of depreciation)	(5,759)	(2,158)	(371)	**(8,288)**	(16,818)	**(25,106)**
Transfers	86,270	7,763	(94,033)	**-**	-	**-**
Depreciation/amortization charge	(13,234)	(89,615)	-	**(102,849)**	(8,682)	**(111,531)**
Carrying amount as at 31 December 2023	**488,948**	**253,843**	**2,597,627**	**3,340,418**	**67,945**	**3,408,363**
Cost as at 31 December 2023	566,958	618,478	2,597,627	**3,783,063**	92,718	**3,875,781**
Accumulated depreciation/amortisation	(78,010)	(364,635)	-	**(442,645)**	(24,773)	**(467,418)**
Carrying amount as at 31 December 2023	**488,948**	**253,843**	**2,597,627**	**3,340,418**	**67,945**	**3,408,363**

The increase in PPE was mainly driven by increase in construction in progress. In 2019, the Group has arranged a contract with construction company Shanghai Construction Group Co. Ltd on design and construction of the Headquarters for Group in the amount of USD 136.5 million. In July 2023, the Group has signed additional agreement with construction company Shanghai Construction Group Co. Ltd on design and construction of the Headquarters for Group as a result of which, the initial construction agreement amount was increased to 217.6 million USD (2,367,817 million UZS, including VAT).

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As at 31 December 2022, in accordance with the contract, the Group invested USD 126.391 million, equivalent to UZS 1,549,652 million, (2021: UZS 63.414 million, equivalent to UZS 703,091 million) of which UZS 1,354,601 million (2021: UZS 589,849 million) was recorded in construction in progress.
In 2023, the Group capitalized the borrowing cost related to the commission and interest expense on loan borrowed from Credit Suisse for Tashkent city office construction funding in the amount of UZS 145,680 million (2022: UZS 38,340 million, 2021: UZS 5,165 million).

As at 31 December 2023, 2022 and 2021, premises and equipment of the Group were not pledged.

14. OTHER ASSETS

	31 December 2023	31 December 2022	31 December 2021
Other financial assets			
Commission income receivable	18,886	18,186	9,386
Security deposit on money transfer systems	6,051	5,403	10,017
Other receivables	2,827	1,612	1,057
Less: Allowance for expected credit losses	(371)	(453)	(211)
Total other financial assets	**27,393**	**24,748**	**20,249**
Other non-financial assets			
Prepaid expenses and advances	63,815	82,532	95,299
Prepayment for construction of building	16,464	126,664	171,256
Tax settlements, other than income tax	27,494	13,221	4,116
Inventory	8,317	11,130	7,108
Prepayments for equipment and property	4,001	19,506	7,305
Repossessed collateral	-	617	770
Other	361	948	4,601
Total other non-financial assets	**120,452**	**254,618**	**290,455**
Total other assets	**147,845**	**279,366**	**310,704**

As at 31 December 2023, the prepayment for construction of building comprises prepayment to Shanghai Construction company in the amount of UZS 16,424 million (equivalent USD 6.428 million) (31 December 2022: UZS 35,255 million (equivalent USD 3.701 million) (31 December 2021: UZS 107,131 million) (equivalent USD 9.88 million) for construction of Head office in Tashkent city in accordance with the Decree of Cabinet of Ministers #961 dated 27 November 2018. The construction works have started on 20 June 2019.

15. NON-CURRENT ASSETS HELD FOR SALE

	31 December 2023	31 December 2022	31 December 2021
Repossessed assets:			
- Buildings held for sale	134,930	177,688	48,602
- Equipment held for sale	44,625	45,657	-
Total repossessed assets	**179,555**	**223,345**	**48,602**
Total non-current assets (or disposal groups) held for sale	**179,555**	**223,345**	**48,602**

As of 31 December 2023, buildings held for sale include the repossessed property of six clients on the amount of UZS 102,208 million (nine clients repossessed property on the amount of UZS 178,234 million in 2022), at 31 December 2021, buildings held for sale include the repossessed property of "Namanganulgurjisavdoinvest" LLC (UZS 25,303 million) and "Beltepa Master Story" LLC (UZS 18,944 million). The assets received were measured at the lower of their carrying amount and fair value less costs to sell.

(in millions of Uzbek Soums, unless otherwise indicated)

16. DUE TO OTHER BANKS

	31 December 2023	31 December 2022	31 December 2021
Short term placements of other banks	2,500,576	1,750,362	613,405
Long term placements of other banks	1,778,393	1,617,476	492,583
Payable to the CBU under repo agreement	816,807	-	-
Correspondent accounts and overnight placements of other banks	723,175	527,881	286,989
Total due to other banks	**5,818,951**	**3,895,719**	**1,392,977**

Refer to Note 33 for the disclosure of the fair value of due to other banks. Interest rate analysis of due to other banks is disclosed in Note 35. Information on related party balances is disclosed in Note 36.

17. CUSTOMER ACCOUNTS

	31 December 2023	31 December 2022	31 December 2021
State and public organisations			
- Current/settlement accounts	2,006,528	3,844,463	4,148,013
- Term deposits	3,901,834	3,614,656	3,019,115
Other legal entities			
- Current/settlement accounts	2,812,289	2,814,593	2,378,852
- Term deposits	1,104,481	823,735	711,774
Individuals			
- Current/demand accounts	1,512,885	1,305,546	949,191
- Term deposits	2,990,665	2,925,826	2,354,595
Total customer accounts	**14,328,682**	**15,328,819**	**13,561,540**

Economic sector concentrations within customer accounts are as follows:

	31 December 2023		31 December 2022		31 December 2021	
	Amount	%	Amount	%	Amount	%
Individuals	4,503,550	31%	4,231,372	28%	3,303,786	24%
Public administration	3,808,491	27%	3,503,390	23%	3,120,451	23%
Manufacturing	1,599,498	11%	2,051,712	13%	1,592,246	12%
Oil and gas	1,494,550	10%	2,393,554	16%	2,615,793	19%
Trade	712,118	5%	976,760	6%	291,532	2%
Energy	705,081	5%	1,097,149	7%	768,794	6%
Services	453,820	3%	276,907	2%	336,840	2%
Finance	401,932	3%	314,223	2%	631,942	5%
Construction	274,907	2%	198,880	1%	299,667	2%
Communication	133,196	1%	28,527	0%	261,931	2%
Transportation	92,428	1%	76,367	1%	52,233	1%
Engineering	46,525	1%	93,099	1%	135,083	1%
Mining	40,439	0%	29,234	0%	48,056	0%
Agriculture	25,960	0%	21,842	0%	79,929	1%
Medicine	24,519	0%	26,524	0%	17,679	0%
Other	11,668	0%	9,279	0%	5,578	0%
Total customer accounts	**14,328,682**	**100%**	**15,328,819**	**100%**	**13,561,540**	**100%**

As at 31 December 2023, the Group had two (31 December 2022 and 2021: two) customers with a total balance UZS 4,375,575 million UZS (31 December 2022 and 2021: 4,965,415 million and 4,208,043 million respectively), which individually exceeded 10% of the Group's equity.

Information on related party balances is disclosed in Note 36.

(in millions of Uzbek Soums, unless otherwise indicated)

18. DEBT SECURITIES IN ISSUE

	31 December 2023			31 December 2022			31 December 2021		
	Amount	Nominal interest, %	Maturity, year	Amount	Nominal interest, %	Maturity, year	Amount	Nominal interest, %	Maturity, year
Eurobonds (LSE public)	3,706,295	5.75	2019-2024	3,361,256	5.75	2019-2024	3,235,127	5.75	2019-2024
Eurobonds (LSE private)	1,264,071	9.43	2023-2028	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	58,749	14-16	2021-2024
Bonds	-	-	-	-	-	-	23,941	14-16	2020-2022
Total debt securities issued	**4,970,366**			**3,361,256**			**3,317,817**		

In December 2019, the Group has issued Eurobonds in London Stock Exchange with nominal value of USD 300,000 thousand with a discount of USD 3,198 thousand and five years maturity which is to be paid in 2024.

In August 2023, the Group has issued Eurobonds (LSE private) in London Stock Exchange with nominal value of USD 100,000 thousand with five years maturity. The present value calculation includes all costs directly associated with the issuance and form an integral part of the effective interest rate.

The debt securities issued do not stipulate financial covenants except for Eurobonds, which stipulate the Group is required to comply with certain financial covenants, non-compliance of which may give the lender a right to demand repayment.

As of 31 December 2023, 31 December 2022 and 31 December 2021 the Group was in compliance with all Eurobond covenants.

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19. OTHER BORROWED FUNDS

	31 December 2023	31 December 2022	31 December 2021
International financial institutions			
China EXIMBANK	4,879,750	4,921,786	5,102,508
Cargill Financial Services International Inc	4,300,945	1,213,728	-
CREDIT Suisse	2,289,684	3,521,090	2,912,645
Landesbank Baden-Wuerttemberg	1,922,190	1,716,009	833,390
International Bank of Reconstruction and Development	1,930,490	2,099,169	1,430,444
Commerzbank AG	1,661,374	1,476,741	1,480,096
JPMorgan Chase	1,400,208	89,495	67,802
Daryo Finance B.V.	1,290,891	965,102	965,082
European Bank for Reconstruction and Development	1,208,070	1,099,941	1,112,670
ICBC (London) plc	1,030,290	663,986	1,482,801
International Finance Corporation	961,178	848,223	1,603
MFT XXI LLC	878,556	903,254	-
Banca Popolare di Sondrio	897,886	409,978	-
Citibank N.A. ADGM	513,064	114,146	442,321
Asian Development Bank	624,642	622,999	631,199
Raiffeisen Bank International AG	623,745	614,692	495,013
International Development Association of World Bank	590,901	580,063	592,900
China Development Bank	460,771	559,158	715,507
UniCredit	445,907	446,184	216,711
Kamcombank LLC	456,266	-	-
Citibank Europe PLC	419,179	525,606	-
Petersburg technology Center	397,457	-	-
Japan International Cooperation Agency (JICA)	395,735	359,992	347,869
European Investment Bank	372,978	334,728	-
DZ BANK HONG KONG BRANCH	370,837	-	-
OPEC Fund for International Development	372,053	382,293	131,115
Korea EXIMBANK	279,873	54,837	94,936
Mashreqbank PSC	249,190	-	-
KfW IPEX-Bank	237,010	36,973	48,516
Turk EXIMBANK	116,746	157,741	218,224
Baobab Securities Limited	112,088	112,088	166,135
AKA Ausfuhrkredit-Gesellschaft mbH	91,015	50,721	195,044
Agence Frangaise de Développement	77,880	-	-
ODDO BHF	98,551	40,179	28,247
Helaba (Landesbank Hessen-ThQringen)	30,975	-	-
Gazprombank	27,524	33,249	255,774
The Export-Import Bank of the Republic of China	23,359	29,321	35,699
JSC "BANK CENTERCREDIT" KZ	18,283	-	-
EURASIAN BANK	11,477	-	-
John Deere	6,648	17,286	29,389
International Fund for Agricultural Development	1,758	1,934	2,138
AK Bars Bank	-	869,491	291,701
Promsvyazbank PJSC	-	350,846	1,122,664
Halyk Savings Bank of Kazakhstan JSC	-	219,417	74,637
Jusan Bank	-	68,280	-
JSC Bereke bank	-	62,308	7,183
Vitabank PJSC	-	50,907	-
Russia EXIMBANK	-	-	986,473
VTB BANK EUROPE	-	-	990,079
Credit Bank of Moscow	-	-	472,254
Sberbank Europe AG	-	-	108,598
OJSB Transcapitalbank	-	-	108,402
PJSC Sovcombank	-	-	44,692
European Merchant Bank UAB	-	-	25,066
Financial institutions of Uzbekistan	-	-	-
Agriculture Support Fund under the Ministry of Economy and Finance	1,583,855	1,555,746	1,032,944
Fund for Reconstruction and Development of Uzbekistan	1,417,471	1,289,092	1,778,851
Long term borrowings from Ministry of Economy and Finane	1,095,835	1,969,094	2,465,758

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Uzbekistan Mortgage Refinancing Company (UzMRC)	653,284	416,619	225,058
Export Promotion Agency under MIFT	368,720	233,949	174,623
KDB Bank Uzbekistan	199,604	103,780	93,197
Long term borrowings from CBU	187,389	-	63,314
Young Entrepreneurs Support Fund under MIFT	30,455	28,003	7,538
Preference Shares	11,219	9,363	10,752
Khokimiyat of Tashkent Region	5,113	6,471	5,793
Inter-Network Energy Conservation Fund under the Ministry of Energy	3,365	-	-
Other	1	5,702	5,421
Total other borrowed funds	**37,633,735**	**32,241,760**	**30,130,776**

On 20 July 2023, the Group executed a Loan Agreement for EUR 64 million with Cargill Financial Services International Inc. The further agreement was signed on 21 December 2023, in the amount of EUR 95 million. In accordance with the terms of this Agreements, the Group assumes sole responsibility for directing the Loans exclusively towards financing the export and/or import of various commodities.

On 1 June 2023, the Fund for Reconstruction and Development of Uzbekistan and the Group entered into an agreement for the financing of textile export projects. The agreement stipulated the attraction of funds starting from August 2023.

On 7 July 2023, Raiffeisen Bank International AG and the Group entered into a Loan Agreement for a total amount of EUR 15 million. The agreement includes a 100% Export Credit Agency (ECA) Guarantee Charge of EUR 527 thousands.

On 5 July 2023, the Group and the Central Bank of Uzbekistan (CBU) signed an agreement to finance the Green Efficiency Project.

On 31 August 2023, KDB Bank Uzbekistan and the Group entered into an Agreement to jointly finance the new Uzbekneftgaz project for a total sum of USD 10 million.

On 11 October 2023, the Group and the Fund for Reconstruction and Development of Uzbekistan entered into Agreement which provides financing for a project in the Republic of Karakalpakistan on a total amount of USD 33,3 million.

As of 31 December 2023, 2022 and 2021 and throughout the years then ended, the Group was in compliance with all covenants on the above loan facilities.

The maturity analysis is disclosed in Note 33 Refer for disclosure of the fair value of other borrowed funds and Note 36 for information on related party balances.

20. OTHER LIABILITIES

	31 December 2023	31 December 2022	31 December 2021
Other financial liabilities			
Trade payables	140,638	118,611	102,958
Provision for Bank's guarantees, letters of credit and undrawn credit lines	11,762	27,040	43,203
Payable to other creditors	29,859	21,998	6,562
Dividends payable	361	1,886	3,032
Total other financial liabilities	**182,620**	**169,535**	**155,755**
Other non-financial liabilities			
Payable to employees	10,240	2,306	1,070
Taxes payable other than income tax	41,902	64,769	25,408
Unearned income	9,899	707	1,366
Other	2,398	3,009	13,822
Total other non-financial liabilities	**64,439**	**70,791**	**41,666**
Total other liabilities	**247,059**	**240,326**	**197,421**

As at 31 December 2023, trade payables constitute of UZS 125,027 million (2022: UZS 41,653 million, 2021: UZS 61,906 million) to Shanghai Construction Group, building the Tashkent City office for the Group.

The Group pays income tax on a consolidated basis as a single tax payer at a single rate of 20%. Thus, income tax payable and prepayment for income tax are presented on a net basis as at 31 December 2023.

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21. SUBORDINATED DEBT

	Currency	Maturity date	Nominal interest rate %	Effective interest rate %	31 December 2023	31 December 2022	31 December 2021
Subordinated debt of Fund for Reconstruction and Development of Uzbekistan	UZS	2041	9%	9.4%	100,626	101,989	101,771
	USD	2028	5%	5.7%	252,439	228,571	-
Subordinated debt of Ministry of Economy and Finance	UZS	2042	5%	5.0%	1,094,894	-	-
Subordinated debt of IFC	USD	2029	12%	11.2%	248,895	-	-
Total subordinated debt					**1,696,854**	**330,560**	**101,771**

The first Subordinated debt issued by the Fund for Reconstruction and Development of Uzbekistan of UZS 100,000 million on 9 April 2021 carries an interest rate of 10,3 % and matures on 15 April 2041.
The second Subordinated debt issued by the Fund for Reconstruction and Development of Uzbekistan of USD 20,381 million on 18 August 2021 carries an interest rate of 5,7 % and matures on 16 July 2027.

The third Subordinated debt issued by the IFC of USD 40 million on 18 October 2023 carries an interest rate of 6M SOFR +6.4 % and matures on 15 September 2029. All Subordinated debts rank after all other creditors' claims are fully settled in the case of liquidation.

Refer to Note 33 for the disclosure of the fair value of subordinated debt and Note 36 for information on related party balances.

22. SHARE CAPITAL

	Number of outstanding shares	Ordinary shares	Total
1 January 2021	**243,552**	**4,640,011**	**4,640,011**
31 December 2021	**243,552**	**4,640,011**	**4,640,011**
31 December 2022	**243,552**	**4,640,011**	**4,640,011**
1 January 2023	**243,552**	**4,640,011**	**4,640,011**
Acquisition of own shares	(293)	(5,573)	**(5,573)**
31 December 2023	**243,259**	**4,634,438**	**4,634,438**

As at 31 December 2023, the total authorised number of ordinary shares is 243,259 million (2022 and 2021: 243,552 million) with a par value of UZS 19 per share. Each share carries one vote. Dividends on preference shares will not be less than dividends on ordinary shares. The authorised number of shares decreased by 293 million shares due to cancellation of treasury shares during 2023.

In 2023, 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 6,25% and 6% investments in equity instruments in JSC "Tashkent" Stock Exchange and LLC "Yagona Umumrespublika Protsessing Markazi" (also known as "Uzcard") respectively for the total amount of UZS 5,573 million. The fair value the instruments approximates the nominal amount of these shares acquired by the Bank.

The number of ordinary shares issued but not fully paid in 2023 was nil (31 December 2022 and 2021: nil).

(in millions of Uzbek Soums, unless otherwise indicated)

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

In million Uzbekistan Soums	Liabilities from financing activities			Total*
	Other borrowed funds	Debt securities issue	Subordinated debt	
Net debt at 1 January 2021	**25,683,457**	**3,273,048**	**-**	**28,956,505**
Proceeds from the issue	11,826,214	10,000	100,000	**11,936,214**
Redemption	(8,391,815)	(81,310)	-	**(8,473,125)**
Foreign currency translation	992,957	126,637	-	**1,119,594**
Other non-cash movements	19,963	(10,558)	1,771	**11,176**
Net debt at 31 December 2021	**30,130,776**	**3,317,817**	**101,771**	**33,550,364**
Proceeds from the issue	11,148,736	-	235,851	**11,384,587**
Redemption	(9,334,820)	(82,690)	-	**(9,417,510)**
Foreign currency translation	334,227	117,466	-	**451,693**
Other non-cash movements	(37,159)	8,663	(7,062)	**(35,558)**
Net debt at 31 December 2022	**32,241,760**	**3,361,256**	**330,560**	**35,933,576**
Proceeds from the issue	16,506,252	1,286,100	240,848	**18,033,200**
Redemption	(12,937,288)	-	-	**(12,937,288)**
Reclassification of other borrowed funds to subordinated debt	2,963,617	371,174	43,649	**3,378,440**
Foreign currency translation	(1,091,571)	-	1,091,571	**-**
Other non-cash movements	(49,035)	(48,164)	(9,774)	**(106,973)**
Net debt at 31 December 2023	**37,633,735**	**4,970,366**	**1,696,854**	**44,300,955**

* Comparative information has been restated in accordance with Note 3.

24. INTEREST INCOME AND EXPENSE

	2023	2022 (restated)	2021
Interest income calculated using the effective interest method			
Interest income on assets recorded at amortised cost comprises:			
Interest on loans and advances to customers	6,406,387	4,471,651	3,858,402
Interest on investment securities measured at amortised cost	392,462	274,786	154,226
Interest on balances due from other banks	375,019	274,806	140,444
Interest on balances cash and cash equivalents	11,417	4,115	2,326
Total interest income calculated using the effective interest method	**7,185,285**	**5,025,358**	**4,155,398**
Other similar income			
Finance lease receivables	36,176	29,198	32,024
Total other similar income	**36,176**	**29,198**	**32,024**
Interest expense			
Interest expense on liabilities recorded at amortised cost comprises:			
Interest on other borrowed funds	(2,232,828)	(1,532,566)	(1,219,611)
Interest on customer accounts	(1,142,451)	(787,850)	(570,363)
Interest on debt securities in issue	(259,206)	(218,324)	(201,107)
Interest on balances due to other banks	(396,344)	(71,274)	(70,794)
Interest on subordinated debt	(49,270)	(16,357)	(6,030)
Total interest expense	**(4,080,099)**	**(2,626,371)**	**(2,067,905)**
Net interest income before provision on loans and advances to customers	**3,141,362**	**2,428,185**	**2,119,517**

(in millions of Uzbek Soums, unless otherwise indicated)

25. FEE AND COMMISSION INCOME AND EXPENSE

	2023	2022	2021
Fee and commission income			
Settlement transactions	337,118	286,724	220,904
International money transfers	88,626	118,598	56,071
Guarantees issued	50,187	30,371	30,058
Consulting services	28,213	42	3,727
Foreign currency exchange	7,002	2,730	64,946
Letters of credit	4,759	5,225	10,368
Other	-	-	-
Total fee and commission income	**515,905**	**443,690**	**386,074**
Fee and commission expense			
Settlement transactions	(58,698)	(52,737)	(60,567)
Transactions with plastic cards	(52,086)	(29,260)	(31,877)
Foreign currency exchange	(14,420)	(36,117)	(13,217)
Cash collection	(5,922)	(4,985)	(2,760)
Other	(934)	(3,314)	(2,062)
Total fee and commission expense	**(132,060)**	**(126,413)**	**(110,483)**
Net fee and commission income	**383,845**	**317,277**	**275,591**

26. INSURANCE OPERATIONS

The following disclosures provide an analysis of the insurance service results and reconciliations from opening to closing balances for insurance contract balances measured under IFRS 17 for period ended 31 December 2023:

	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
Opening assets	15,782	-	1,889	17,671
Opening liabilities	84,045	-	10,126	94,171
Net opening balance	**(68,263)**	-	**(8,237)**	**(76,500)**
Total changes in the statement of profit or loss	(791)	-	(16,394)	**(17,185)**
Total cash flows	56,744	-	(13,018)	**43,726**
Net closing balane	**(125,798)**	-	**(11,613)**	**(137,411)**
Closing assets	17,652	-	2,682	20,334
Closing liabilities	143,450	-	14,295	157,745

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Liability for incurred claims	Total
			Contracts under modified retrospective approach		
Opening assets	11,092	2,350	2,340	1,889	17,671
Opening liabilities	22,139	6,274	55,632	10,126	94,171
Net opening balance	**(11,047)**	**(3,924)**	**(53,292)**	**(8,237)**	**(76,500)**
Total changes in the statement of profit or loss	11,726	4,165	(16,682)	(16,394)	(17,185)
Total cash flows	46,136	10,608	-	(13,018)	43,726
Net closing balance	**(45,457)**	**(10,367)**	**(69,974)**	**(11,613)**	**(137,411)**
Closing assets	7,152	1,882	8,618	2,682	20,334
Closing liabilities	52,609	12,249	78,592	14,295	157,745

(in millions of Uzbek Soums, unless otherwise indicated)

The following disclosures provide an analysis of the insurance service results and reconciliations from opening to closing balances for insurance contract balances measured under IFRS 17 for period ended 31 December 2022:

	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
Opening assets	4,953	-	2,593	7,546
Opening liabilities	64,371	-	7,618	71,989
Net opening balance	**(59,418)**	**-**	**(5,025)**	**(64,443)**
Total changes in the statement of profit or loss	18,269	-	(11,438)	**6,831**
Total cash flows	27,114	-	(8,226)	**18,888**
Net closing balane	**(68,263)**	**-**	**(8,237)**	**(76,500)**
Closing assets	15,782	-	1,889	17,671
Closing liabilities	84,045	-	10,126	94,171

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Liability for incurred claims	Total
			Contracts under modified retrospective approach		
Opening assets	801	721	3,431	2,593	7,546
Opening liabilities	15,596	4,635	44,140	7,618	71,989
Net opening balance	**(14,795)**	**(3,914)**	**(40,709)**	**(5,025)**	**(64,443)**
Total changes in the statement of profit or loss	24,398	6,454	(12,583)	(11,438)	6,831
Total cash flows	20,650	6,464	-	(8,226)	18,888
Net closing balance	**(11,047)**	**(3,924)**	**(53,292)**	**(8,237)**	**(76,500)**
Closing assets	11,092	2,350	2,340	1,889	17,671
Closing liabilities	22,139	6,274	55,632	10,126	94,171

27. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	2023	2022	2021
Staff costs	909,825	710,573	607,612
Social security costs	145,331	115,563	68,335
Total staff costs	**1,055,156**	**826,136**	**675,947**
Depreciation and amortisation	111,531	90,151	72,660
Taxes other than income tax	103,486	52,074	30,029
Communication and software maintenance	71,559	25,796	11,243
Security services	66,485	53,625	41,210
Membership fees	57,496	44,105	26,390
Charity expenses	55,539	74,503	56,517
Stationery and other low value items	25,236	22,129	28,167
Repair and maintenance of buildings	24,857	20,405	11,021
Rent expenses	16,576	11,167	9,971
Travel expenses	14,523	9,814	7,040
Consultancy fee	10,769	8,311	7,785
Legal and audit fees	10,419	11,837	8,394
Representation and entertainment	7,263	4,907	2,617
Advertising expenses	7,016	8,713	9,286
Utilities expenses	6,440	5,599	5,844
Fuel	3,872	3,306	2,230
Loss on sale or disposition of fixed assets	219	85,110	210
Medicall, Dental and Hospitalization	164	236	1,079
Other operating expenses	22,172	11,574	36,506
Total administrative and other operating expenses	**1,670,778**	**1,369,498**	**1,044,146**

(in millions of Uzbek Soums, unless otherwise indicated)

Social security costs include state pension contributions amounting UZS 105,202 million, UZS 82,959 million and UZS 58,696 million for the periods ended 31 December 2023, 2022 and 2021, respectively. The substantial rise in staff costs is primarily attributed to a change in the calculation approach. The Group introduced Key Performance Indicators (KPIs) and eliminated the bonus system, which previously assessed branch performance rather than individual employee contributions based on assigned tasks. This increase in staff costs is predominantly associated with Group regional branches. Besides, the significant increase in communication and software maintenance is due to the program support of current software. The fee for the non-audit services provided by the auditor's of the Group's for 2023 is UZS 966 million, net of VAT (2022: UZS 121,9 million; 2021: UZS 348,9 million). The legal and audit fees in the table above include expenses for audit services in the amount of UZS 2,751 million (2022: UZS 2,576 million; 2021: UZS 2,560 million), including the audits and reviews of the Group's consolidated financial statements.

28. INCOME TAXES

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

	2023	2022 (restated)	2021
Current income tax expense	224,786	206,300	249,660
Deferred tax (benefit)/expense:			
- Deferred tax (benefit)/expense	(9,863)	7,074	(35,078)
- Deferred tax expense relating to the components of other comprehensive income	1,254	90	572
Total income tax expense through profit or loss and other comprehensive income	**216,177**	**213,464**	**215,154**

	2023	2022 (restated)	2021
IFRS profit before tax	**1,071,077**	**847,029**	**1,071,570**
Theoretical tax charge at the applicable statutory rate - 20% (2022 and 2021: 20%)	214,215	169,406	214,314
- Non deductible expenses (employee compensation, representation and other non-deductible expenses)	122,201	115,077	21,865
- Tax exempt income	(125,480)	(58,902)	(28,251)
- Other	3,987	(12,207)	6,654
Income tax expense	**214,923**	**213,374**	**214,582**
Net income tax expense relating to the components of other comprehensive income	1,254	90	572
Income tax expense through profit or loss and other comprehensive income	**216,177**	**213,464**	**215,154**

Non-deductible expenses in the table include 20% of the statutory ECL charge for UZS 90,865 million (2022: UZS 82,636 million, 2021: nil), additionally, non-deductible charity and donation expenses 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 82,659 million (2022: UZS 58,902 million and 2021: UZS 28,251 million), and 20% of the recovery of statutory ECL provisions, amounting to UZS 41,668 million in 2023 (nil in 2022 and 2021).

Differences between IFRS and Uzbekistan statutory taxation regulations give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and for their tax bases. The tax effect of the movements on these temporary differences is detailed below, and is recorded at the rate of 20% (2022 and 2021: 20%).

(in millions of Uzbek Soums, unless otherwise indicated)

	31 December 2023	(Debited)/ credited to profit or loss	Charged to other comprehensive income	31 December 2022	(Debited)/ credited to profit or loss	Charged to other comprehensive income	31 December 2021
Tax effect of deductible/(taxable) temporary differences							
Cash and cash equivalents	27	(167)	-	194	53	-	141
Due from other banks	241,773	67,164	-	174,609	174,082	-	527
Loans and advances to customers	174,887	(24,802)	-	199,689	3,327	-	196,362
Financial assets at fair value through other comprehensive income	(5,197)	(320)	(1,254)	(3,623)	-	(90)	(3,533)
Property, equipment and intangible assets	(13,730)	(20,226)	-	6,496	10,979	-	(4,483)
Investments in associates and subsidiaries	(1,750)	(451)	-	(1,299)	597	-	(1,896)
Investment securities measured at amortised cost	2,413	1,169	-	1,244	792	-	452
Derivative financial assets	(10,300)	(10,300)	-	-	-	-	-
Other assets	41,961	(8,330)	-	50,291	34,133	-	16,158
Non-current assets held for sale	11,413	56,082	-	(44,669)	(34,948)	-	(9,721)
Due to other banks	(231,928)	(24,446)	-	(207,482)	(207,482)	-	-
Debt securities in issue	(4,328)	(2,686)	-	(1,642)	559	-	(2,201)
Other borrowed funds	224	13,054	-	(12,830)	(8,840)	-	(3,990)
Derivative financial liabilities	-	(23,107)	-	23,107	23,107	-	-
Other liabilities	190	(11,840)	-	12,030	(2,300)	-	14,330
Subordinated debt	(2,084)	(931)	-	(1,153)	(1,132)	-	(21)
Net deferred tax asset/(liability)	**203,571**	**9,863**	**(1,254)**	**194,962**	**(7,072)**	**(90)**	**202,124**
Recognised deferred tax asset	472,888	137,469	-	467,660	247,629	-	227,969
Recognised deferred tax liability	(269,317)	(127,606)	(1,254)	(272,698)	(254,702)	(90)	(25,844)
Net deferred tax asset/(liability)	**203,571**	**9,863**	**(1,254)**	**194,962**	**(7,073)**	**(90)**	**202,125**

(in millions of Uzbek Soums, unless otherwise indicated)

	31 December 2021	(Debited)/ credited to profit or loss	Charged to other comprehensive income	31 December 2020
Tax effect of deductible/(taxable) temporary differences				
Cash and cash equivalents	141	145	-	(4)
Due from other banks	527	(3,159)	-	3,686
Loans and advances to customers	196,362	31,703	-	164,659
Financial assets at fair value through other comprehensive income	(3,533)	-	(572)	(2,961)
Property, equipment and intangible assets	(4,483)	(9,967)	-	5,484
Investments in associates and subsidiaries	(1,896)	(472)	-	(1,424)
Investment securities measured at amortised cost	452	(2,603)	-	3,055
Other assets	16,158	12,284	-	3,874
Non-current assets held for sale	(9,721)	(10,579)	-	858
Customer accounts	-	-	-	-
Debt securities in issue	(2,201)	337	-	(2,538)
Other borrowed funds	(3,990)	7,653	-	(11,643)
Other liabilities	14,330	9,757	-	4,573
Subordinated debt	(21)	(21)	-	-
Net deferred tax asset/(liability)	**202,125**	**35,078**	**(572)**	**167,619**
Recognised deferred tax asset	227,970	61,879	-	186,189
Recognised deferred tax liability	(25,845)	(26,801)	(572)	(18,570)
Net deferred tax asset/(liability)	**202,125**	**35,078**	**(572)**	**167,619**

(in millions of Uzbek Soums, unless otherwise indicated)

29. ALLOWANCES FOR IMPAIRMENT LOSSES

The tables below present information about the changes in the gross amount of financial assets excluding loans and advances to customers, commitments and other non-financial assets during 2023, 2022 and 2021:

	Other financial assets (Note 14)		Cash and cash equivalents (Note 7)		Due from other Banks (Note 8)		Investment securities at amortised cost (Note 10)	
	Stage 2	Stage 3	Stage 1	Stage 2	Stage 1	Stage 3	Stage 1	TOTAL
	Lifetime ECL	Lifetime ECL	12-month ECL	12-month ECL	12-month ECL	Lifetime ECL	12-month ECL	
Gross amount as at 1 January 2023	**25,106**	**95**	**7,037,855**	**82,603**	**1,843,596**	**34,017**	**2,688,621**	**11,711,893**
- Transfer from stage 1	-	-	-	-	-	-	-	-
- Transfer from stage 2	-	-	70,679	(70,679)	-	-	-	-
- Transfer from stage 3	63	(63)	-	-	-	-	-	-
New assets issued or acquired	23,259	-	1,481,230	-	367,082	-	1,359,956	**3,231,527**
Matured or derecognized assets (except for write off)	(20,666)	(30)	(1,839,748)	(14,459)	(375,719)	(41)	(1,956,574)	**(4,207,237)**
Foreign exchange differences	-	-	215,980	2,535	(57,259)	3,326	11,087	**175,669**
Gross amount as at 31 December 2023	**27,762**	**2**	**6,965,996**	**0**	**1,777,700**	**37,302**	**2,103,090**	**10,911,852**

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit commitments (Note 31)			Guarantees (Note 31)			Letters of credit (Note 31)			
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
	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 2023*	**339,144**	**50,554**	**3,093**	**1,886,666**	**30,139**	**16,580**	**1,559,031**	**173,394**	**963**	**4,059,563**
- Transfer from stage 1	(6,397)	3,626	2,771	(36,646)	-	36,646	(104,649)	104,649	-	-
- Transfer from stage 2	52	(118)	67	30,139	(30,139)	-	-	-	-	-
- Transfer from stage 3	55	-	(55)	-	-	-	-	-	-	-
New assets issued or acquired	736,739	3,825	1,420	369,757	-	9,801	2,474,254	-	-	**3,595,796**
Matured or derecognized assets (except for write off)	(265,042)	(53,825)	(3,877)	(867,449)	(597)	(32,828)	(1,085,655)	(275,222)	(982)	**(2,585,476)**
Foreign exchange differences	21,317	1,077	89	44,708	597	329	79,915	3,436	19	**151,488**
Gross amount as at 31 December 2023	**825,868**	**5,138**	**3,509**	**1,427,175**	**-**	**30,528**	**2,922,896**	**6,256**	**0**	**5,221,371**

(in millions of Uzbek Soums, unless otherwise indicated)

	Other financial assets (Note 14)		Cash and cash equivalents (Note 7)		Due from other Banks (Note 8)		Investment securities at amortised cost (Note 10)	
	Stage 2	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 3**	**Stage 1**	TOTAL
	Lifetime ECL	**Lifetime ECL**	**12-month ECL**	**12-month ECL**	**12-month ECL**	**Lifetime ECL**	**12-month ECL**	
Gross amount as at 1 January 2022*	**19,964**	**496**	**8,197,359**	**-**	**1,958,937**	**32,813**	**1,069,145**	**11,278,714**
- Transfer from stage 1	-	-	(64,631)	64,631	-	-	-	-
- Transfer from stage 2	(1)	1	-		-	-	-	-
- Transfer from stage 3	237	(237)	-		-	-	-	-
New assets issued or acquired	14,049	92	2,506,565	1,644	1,642,226	-	2,556,932	6,721,508
Matured or derecognized assets (except for write off)	(9,143)	(257)	(3,942,604)	-	(1,613,343)	-	(938,250)	(6,503,597)
Foreign exchange differences	-	-	341,166	16,328	(144,224)	1,204	794	215,268
Gross amount as at 31 December 2022	**25,106**	**95**	**7,037,855**	**82,603**	**1,843,596**	**34,017**	**2,688,621**	**11,711,893**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit commitments (Note 31)			Guarantees (Note 31)			Letters of credit (Note 31)			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
Gross amount as at 1 January 2022*	**831,079**	**181**	**155**	**1,166,781**	**667,433**	**-**	**1,677,839**	**229,866**	**-**	**4,573,333**
- Transfer from stage 1	(116)	33	83	-	-	-	(2,048)	-	2,048	-
- Transfer from stage 2	-	-	-	-	-	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-	-	-
New assets issued or acquired	328,496	50,580	3,037	1,152,012	30,139	16,580	1,360,904	173,394	-	**3,115,141**
Matured or derecognized assets (except for write off)	(814,836)	-	(167)	(428,639)	(667,433)	-	(1,463,306)	(227,960)	(1,086)	**(3,603,427)**
Foreign exchange differences	(5,479)	(240)	(15)	(3,488)	-	-	(14,358)	(1,905)	-	**(25,485)**
Gross amount as at 31 December 2022	**339,144**	**50,554**	**3,093**	**1,886,666**	**30,139**	**16,580**	**1,559,031**	**173,394**	**963**	**4,059,563**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

	Other financial assets (Note 14)		Cash and cash equivalents (Note 7)	Due from other Banks (Note 8)		Investment securities at amortised cost (Note 10)	
	Stage 2	Stage 3	Stage 1	Stage 1	Stage 3	Stage 1	TOTAL
	Lifetime ECL	Lifetime ECL	12-month ECL	12-month ECL	Lifetime ECL	12-month ECL	
Gross amount as at 31 December 2020*	**15,779**	**1,838**	**5,601,347**	**1,877,621**	**-**	**541,911**	**8,038,496**
- Transfer from stage 1	-	-	-	(25,731)	25,731	-	-
- Transfer from stage 2	(81)	81	-	-	-	-	-
- Transfer from stage 3	806	(806)	-	-	-	-	-
New assets issued or acquired	17,673	72	2,839,884	1,022,524	779	1,016,879	4,897,811
Matured or derecognized assets (except for write off)	(14,213)	(689)	(1,102,299)	(890,645)	-	(489,645)	(2,497,491)
Foreign exchange differences	-	-	858,427	(24,832)	6,303	-	839,898
Gross amount as at 31 December 2021	**19,964**	**496**	**8,197,359**	**1,958,937**	**32,813**	**1,069,145**	**11,278,714**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit commitments (Note 31)			Guarantees (Note 31)			Letters of credit (Note 31)			
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
	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 2020*	**387,632**	**82,041**	**48,832**	**1,573,333**	**850,710**	**-**	**794,189**	**-**	**-**	**3,736,736**
- Transfer from stage 1	(216)	124	92	-	-	-	(42,601)	42,601	-	-
- Transfer from stage 2	446	(450)	4	15,017	(15,017)	-	-	-	-	-
- Transfer from stage 3	554	-	(554)	-	-	-	-	-	-	-
New assets issued or acquired	823,877	104	105	457,311	494,905	-	1,554,053	187,265	-	3,517,620
Matured or derecognized assets (except for write off)	(381,214)	(81,637)	(48,325)	(874,110)	(660,004)	-	(622,285)	-	-	(2,667,575)
Foreign exchange differences	-	-	-	(4,770)	(3,161)		(5,517)	-	-	(13,448)
Gross amount as at 31 December 2021	**831,079**	**181**	**155**	**1,166,781**	**667,433**	**-**	**1,677,839**	**229,866**	**-**	**4,573,333**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

The tables below present information about the changes in the ECL amount of financial assets, commitments and other non-financial assets during 2023, 2022 and 2021:

	Other financial assets (Note 14)		**Cash and cash equivalents (Note 7)**		**Due from other Banks (Note 8)**		**Investment securities at amortised cost (Note 10)**	
	Stage 2	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 3**	**Stage 1**	**TOTAL**
	Lifetime ECL	**Lifetime ECL**	**12-month ECL**	**12-month ECL**	**12-month ECL**	**Lifetime ECL**	**12-month ECL**	
Loss allowance for ECL as at 1 January 2023	**446**	**7**	**122**	**847**	**12,121**	**22,077**	**10,050**	**45,670**
- Transfer from stage 1	-	-	-	-	-	-	-	**-**
- Transfer from stage 2	-	-	600	(600)	-	-	-	-
- Transfer from stage 3	5	(5)	-		-	-	-	**-**
New assets issued or acquired	301	-	28	-	2,870	-	4,466	**7,665**
Matured or derecognized assets (except for write off)	(381)	(2)	(741)	(247)	(629)	(27)	(4,841)	**(6,868)**
Foreign exchange differences	-	-	93		(1,791)	1,674	-	**(24)**
Loss allowance for ECL as at 31 December 2023	**371**	**-**	**102**	**-**	**12,571**	**23,724**	**9,675**	**46,443**

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit commitments (Note 31)			Guarantees (Note 31)			Letters of credit (Note 31)			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
Loss allowance for ECL as at 1 January 2023	**2,057**	**288**	**-**	**15,458**	**361**	**2,641**	**3,668**	**2,568**	**-**	**27,041**
- Transfer from stage 1	(48)	24	24	(438)	-	438	(789)	789	-	-
- Transfer from stage 2		(26)	26	361	(361)	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-	-	-
New assets issued or acquired	293	-	-	721	-	4,900	1,270	-	-	**7,184**
Matured or derecognized assets (except for write off)	(2,010)	(294)	(46)	(11,551)	(11)	(2,641)	(2,894)	(3,414)	-	**(22,861)**
Foreign exchange differences	50	8	-	99	11	-	151	79	-	**398**
Loss allowance for ECL as at 31 December 2023	**342**	**-**	**4**	**4,650**	**-**	**5,338**	**1,406**	**22**	**-**	**11,762**

(in millions of Uzbek Soums, unless otherwise indicated)

	Other financial assets (Note 14)		Cash and cash equivalents (Note 7)		Due from other Banks (Note 8)		Investment securities at amortised cost (Note 10)	
	Stage 2	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 3**	**Stage 1**	**TOTAL**
	Lifetime ECL	**Lifetime ECL**	**12-month ECL**	**12-month ECL**	**12-month ECL**	**Lifetime ECL**	**12-month ECL**	
Loss allowance for ECL as at 1 January 2022*	**184**	**27**	**707**	**-**	**14,779**	**20,668**	**1,633**	**37,998**
- Transfer from stage 1	-	-	(3)	3	-	-	-	**-**
- Transfer from stage 2	-	-	-		-	-	-	**-**
- Transfer from stage 3	13	(13)	-		-	-	-	**-**
New assets issued or acquired	337	**7**	449	822	12,191	-	9,056	**22,862**
Matured or derecognized assets (except for write off)	(88)	(14)	(1,042)	-	(13,479)	-	(639)	**(15,262)**
Foreign exchange differences	-	-	11	22	(1,370)	1,409	-	**72**
Loss allowance for ECL as at 31 December 2022	**446**	**7**	**122**	**847**	**12,121**	**22,077**	**10,050**	**45,670**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit commitments (Note 31)			Guarantees (Note 31)			Letters of credit (Note 31)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
Loss allowance for ECL as at 1 January 2022*	**17,230**	**-**	**-**	**7,179**	**10,369**	**-**	**4,824**	**3,600**	**-**	**43,202**
- Transfer from stage 1	-	-	-	-	-	-	-	-	-	-
- Transfer from stage 2	-	-	-	-	-	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-	-	-
New assets issued or acquired	1,990	288	-	10,467	361	2,641	3,419	2,568	-	**21,734**
Matured or derecognized assets (except for write off)	(17,142)	-	-	(2,182)	(10,369)	-	(4,567)	(3,593)	-	**(37,853)**
Foreign exchange differences	(21)	-	-	(6)	-	-	(8)	(7)	-	**(42)**
Loss allowance for ECL as at 31 December 2022	**2,057**	**288**	**-**	**15,458**	**361**	**2,641**	**3,668**	**2,568**	**-**	**27,041**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

	Other financial assets (Note 14)		Cash and cash equivalents (Note 7)	Due from other Banks (Note 8)		Investment securities at amortised cost (Note 10)	
	Stage 2	**Stage 3**	**Stage 1**	**Stage 1**	**Stage 3**	**Stage 1**	**TOTAL**
	Lifetime ECL	**Lifetime ECL**	**12-month ECL**	**12-month ECL**	**Lifetime ECL**	**12-month ECL**	
Loss allowance for ECL as at 1 January 2021*	**306**	**1,103**	**161**	**18,429**	-	**1,689**	**21,688**
- Transfer from stage 1	-	-	-	(14,149)	14,149	-	-
- Transfer from stage 2	(2)	2	-	-	-	-	-
- Transfer from stage 3	550	(550)	-	-	-	-	-
New assets issued or acquired	147	6	654	23,935	519	1,540	**26,801**
Matured or derecognized assets (except for write off)	(817)	(534)	(116)	(8,390)	-	(1,596)	**(11,453)**
Foreign exchange differences	-	-	8	(5,046)	6,000	-	**962**
Loss allowance for ECL as at 31 December 2021	**184**	**27**	**707**	**14,779**	**20,668**	**1,633**	**37,998**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

	Credit commitments (Note 31)			Guarantees (Note 31)			Letters of credit (Note 31)			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	TOTAL
	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 1 January 2021*	**275**	**2,579**	**-**	**11,240**	**7,194**	**-**	**4,411**	**-**	**-**	**25,699**
- Transfer from stage 1	-	-	-	-	-	-	(358)	358	-	-
- Transfer from stage 2	45	(45)	-	55	(55)	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-	-	-
New assets issued or acquired	17,184	-	-	2,203	8,059	-	4,453	3,242	-	35,141
Matured or derecognized assets (except for write off)	(274)	(2,534)	-	(6,269)	(4,823)	-	(3,660)	-	-	(17,560)
Foreign exchange differences	-	-	-	(50)	(6)	-	(22)	-	-	(78)
Loss allowance for ECL as at 31 December 2021	**17,230**	**-**	**-**	**7,179**	**10,369**	**-**	**4,824**	**3,600**	**-**	**43,202**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

30. EARNINGS PER SHARE

Basic earnings per share (EPS) are calculated by dividing the net profit attributable to ordinary shares by the weighted average number of ordinary shares. The preference shares are not included into the EPS calculation.

The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal basic earnings per share.

According to the charter of the Group, and as described in Note 22, dividend payments per ordinary share cannot exceed the dividends per share on preferred shares for the same period and the minimum dividends payable to the owners of preference shares comprise not less than 20%. Therefore, net profit for the period is allocated to the ordinary shares and the preferred shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings.

	2023	2022 (restated)	2021
Profit for the year attributable to ordinary shareholders	856,171	633,658	856,989
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	243,552	243,552	243,552
Total basic and diluted earnings per ordinary share (expressed in UZS per share)	**3.52**	**2.60**	**3.52**

31. COMMITMENTS AND CONTINGENCIES

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 the Management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these consolidated financial statements.

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

The Management believes that its interpretation of the relevant legislation is appropriate and the Bank's tax, currency legislation and customs positions will be sustained. Accordingly, as at 31 December 2023, no provision for potential tax liabilities had been recorded (2022 and 2021: Nil). The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital expenditure commitments. As at 31 December 2023 and 31 December 2022 and 31 December 2021 the Group had contractual capital expenditure commitments for the total amount of UZS 160,258 million, UZS 315,253 million and UZS 1,033,849 million in respect of premises and equipment, respectively.

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. 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.

(in millions of Uzbek Soums, unless otherwise indicated)

	31 December 2023	31 December 2022	31 December 2021
Guarantees issued	1,457,703	1,933,385	1,834,214
Letters of credit, non post-financing	2,065,635	682,811	398,886
Letters of credits, post-financing with commencement after reporting period end	863,518	1,050,576	1,508,819
Undrawn credit lines	834,515	392,791	831,415
Total gross credit related commitments	**5,221,371**	**4,059,563**	**4,573,334**
Less - Cash held as security against letters of credit and guarantees	(1,352,830)	(669,149)	(275,863)
Less – Provision for expected credit losses	(11,762)	(27,040)	(43,203)
Total credit related commitments	**3,856,779**	**3,363,374**	**4,254,268**

The total outstanding contractual amount of letters of credit, guarantees issued and undrawn credit lines does not necessarily represent future cash requirements as these financial instruments may expire or terminate without being funded.

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		31 December 2021	
	Contracts with		Contracts with		Contracts with	
	positive fair value	negative fair value	positive fair value	negative fair value	positive fair value	negative fair value
Foreign exchange swaps: fair values, at the end of the reporting period, of						
- RUB receivable on settlement (+)	1,211,810	-	-	872,823	-	-
- USD payable on settlement (-)	-	-	-	(230,138)	-	-
- UZS payable on settlement (-)	(1,160,311)	-	-	(758,218)	-	-
Net fair value of foreign exchange swaps	**51,499**	**-**	**-**	**(115,533)**	**-**	**-**

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.
Fair value measurements are analysed by level in the fair value hierarchy as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The 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.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Management's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.
The Group considers that the accounting estimate related to the valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to changes from year to year, as it requires the Management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific features of transactions and (ii) the impact that recognising a change in the valuations would have on the assets reported on the consolidated statement of financial position, as well as, the related profit or loss reported on the consolidated statement of profit or loss, could be material.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting year. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

(in millions of Uzbek Soums, unless otherwise indicated)

Financial assets/financial liabilities	Fair value as at 31 December 2023	31 December 2022	31 December 2021	Fair value hierarchy	Valuation model(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
- *Visa Inc.*	18,676	13,460	13,613	Level 1	Quoted bid prices in an active market.	N/A	N/A
- *Derivative financial assets*	51,499	-	-	Level 3	Discounted cash flows. Discount rate estimated based on constructed build up curves	Discount rate	The greater discount-the smaller fair value
- *Other equity securities*	100,541	28,547	34,523	Level 3	Discounted cash flows. Discount rate estimated based on WACC	Discount rate, future cash flows	The greater discount-the smaller fair value
- *Derivative financial liabilities*	-	115,533	-	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 other comprehensive income disclosed in Note 11 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. A significant unobservable input used in determining the fair value of equity securities at FVTOCI is the Group's WACC. The higher the WACC the lower the fair value of the equity securities at FVTOCI. 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.

Investments to which the dividends valuation approach is not applicable, i.e. dividends were not paid during the period, Management may use the Assets based valuation approach focused on the investment company's net assets value (NAV), or fair market value of its total assets minus its total liabilities, to determine what would cost to recreate the business. The Management believes that such approach accurately reflects the fair value of these securities.

Below is presented the fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required). Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31 December 2023		31 December 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Loans and advances to customers	58,008,238	58,050,659	48,420,489	46,278,898	42,537,051	39,773,366
Due from other banks	1,778,707	1,590,323	1,843,415	1,785,429	1,956,303	1,726,508
Debt securities in issue						
- *Eurobonds (Note 18)*	4,970,366	4,910,894	3,361,256	3,039,068	3,235,127	3,280,385
Other borrowed funds	37,633,735	32,309,689	32,241,760	34,012,003	30,130,776	31,751,605
Subordinated debt	1,696,854	1,633,337	330,560	325,161	101,771	97,338

(in millions of Uzbek Soums, unless otherwise indicated)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Loans and advances to customers	-	-	58,050,659	**58,050,659**
Due from other banks	-	-	1,590,323	**1,590,323**
Debt securities in issue				
- ***Eurobonds (Note 18)***	4,910,894	-	-	**4,910,894**
Other borrowed funds	-	-	32,309,689	**32,309,689**
Subordinated debt	-	-	1,633,337	**1,633,337**

	31 December 2022			
	Level 1	Level 2	Level 3	Total
Loans and advances to customers	-	-	46,278,898	**46,278,898**
Due from other banks	-	-	1,785,429	**1,785,429**
Debt securities in issue				
- ***Eurobonds (Note18)***	3,039,068	-	-	**3,039,068**
Other borrowed funds	-	-	34,012,003	**34,012,003**
Subordinated debt	-	-	325,161	**325,161**

	31 December 2021			
	Level 1	Level 2	Level 3	Total
Loans and advances to customers	-		39,773,366	**39,773,366**
Due from other banks	-	-	1,726,508	**1,726,508**
Debt securities in issue				
- ***Eurobonds (Note18)***	3,280,385	-	-	**3,280,385**
Other borrowed funds	-	-	31,751,605	**31,751,605**
Subordinated debt	-	-	97,338	**97,338**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.
For those financial instruments where interest rates were not directly available in the CBU's Statistical bulletin, the Management uses discounted cash flow model by applying market interest rates based on the rates of the deals concluded towards the end of the reporting period. Due to the absence of an active market or observable inputs for instruments with characteristics similar to the Bank's financial instruments, the Management considered the latest rates as the most appropriate input from all available data for calculation of the fair value of financial assets and financial liabilities. Therefore, these long-term financial instruments that are not measured at fair value on a recurring basis but where fair value disclosures are required, are categorised within Level 3.

34. CAPITAL RISK MANAGEMENT

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

Under the current capital requirements set by the CBU, banks have to maintain a ratio of regulatory capital to risk weighted assets above a prescribed minimum level. Based on information provided internally to key management personnel the Bank's calculated ratios are as follows:

- Ratio of regulatory capital to risk weighted assets ("Regulatory capital ratio") above a prescribed minimum level of 13% (31 December 2022 and 2021: 13%). Actual ratio as at 31 December 2023: 16.1% (31 December 2022 and 2021: 15.3% and 15.8%, respectively);
- Ratio of Group's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 10% (31 December 2022 and 2021: 10%). Actual ratio as at 31 December 2023: 11.0% (31 December 2022 and 2021: 12.1% and 11.9%, respectively); and
- Ratio of Group's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6% (31 December 2022 and 2021: 6%). Actual ratio as at 31 December 2023: 9.7% (31 December 2022 and 2021: 10.3% and 10%, respectively).The Group and the Bank have complied with all externally imposed capital requirements throughout 2023, 2022 and 2021.

(in millions of Uzbek Soums, unless otherwise indicated)

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

	31 December 2023	31 December 2022	31 December 2021
Tier 1 capital	7,802,768	7,223,851	6,223,703
Less: Deductions from capital	(72,859)	(249,725)	(149,023)
Tier 1 capital adjusted	**7,729,909**	**6,974,126**	**6,074,680**
Tier 2 capital	**3,551,187**	**1,874,573**	**2,024,893**
Total regulatory Capital	**11,281,096**	**8,848,699**	**8,099,573**

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, preference shares, retained earnings excluding current year profit and less intangible assets. The other component of regulatory capital is Tier 2 capital, which includes current year profit.

35. RISK MANAGEMENT POLICIES

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

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

Clients of the Group are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Group's internal ratings scale:

Standard 1 Timely repayment of these loans is not in doubt. The borrower is a financially stable company, which has an adequate capital level, high level profitability and sufficient cash flow to meet its all existing obligations, including present debt. When estimating the reputation of the borrower such factors as the history of previous repayments, marketability of collateral (movable and immovable property guarantee) are taken into consideration.

Sub-standard 2 "Sub-standard" loans are loans, secured with a reliable source of secondary repayment (guarantee or collateral). On the whole, the financial situation of borrower is stable, but some unfavorable circumstances or tendencies are in the present, which raise doubts on the ability of the borrower to repay on time. "Standard" loans with insufficient information in the credit file or missed information on collateral could be also classified as "sub-standard" loans.

Unsatisfactory 3 Unsatisfactory loans have obvious deficiencies, which make for doubtful repayment of the loan on the conditions, envisaged by the initial agreement. As for "unsatisfactory" loans, the primary source of repayment is not sufficient and the Group has to seek additional loan repayment sources, which in case of non-repayment is a sale of collateral.

Doubtful 4 Doubtful loans are those loans, which have all the weaknesses inherent in those classified as "unsatisfactory" with the added characteristic that the weakness makes collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable.

Loss 5 Loans classified as "loss" are considered uncollectible and have such little value that their continuance as bankable assets of the Group is not warranted. This classification does not mean that the loans have absolutely no likelihood of recovery, but rather means that it is not practical or desirable to defer writing off these essentially worthless assets even though partial recovery may be effected in the future and the Group should make efforts on liquidation such debts through selling collateral or should apply all forces for its repayment.

Risk limits control and mitigation policies. The 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's Council.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guarantee. However, a significant portion of loans is personal lending, where no such facilities can be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

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 manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

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

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

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.

The principal collateral types for loans and advances as well as finance lease receivables are:

- State guarantees
- Cash deposits;
- Motor vehicle;
- Inventory;
- Letter of surety;
- Residential house;
- Equipment;
- Building; and
- Other assets

(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 or group of affiliated borrowers shall not exceed 25 percent of the Group's tier 1 capital;
- Total amount of unsecured credits to single borrower or group of affiliated borrowers shall not exceed 5 percent of Group's tier 1 capital;
- Total amount of all large credits shall not exceed Group's tier 1 capital by more than 8 times; and
- Total loan amount to related party shall not exceed Group's tier 1 capital.

The Bank is required to prepare and submit stand-alone financial information of the Bank to the Central Bank of Uzbekistan on a monthly basis. The consolidated financial statements are prepared under IFRS only once in a year.

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. The Management monitors and follows up past due balances.

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

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

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) individual financial assets in stage 1 and 2 that are above certain materiality thresholds, by using the available empirical data, experienced judgment and statistical techniques.

The Group monitors the term to maturity of off balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to the inability of counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments.

However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring.

Maximum exposure of 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.

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.

Off-balance sheet risk. The Group applies fundamentally the same risk management policies for off-balance sheet risks as it does for its on-balance sheet risks. In the case of commitments to lend, customers and counterparties will be subject to the same credit management policies as for loans and advances. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

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 Bank Supervisory Board on the value of risk that may be accepted. The risk-based limits are subject to review by the Bank 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.

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

(in millions of Uzbek Soums, unless otherwise indicated)

The Group measures its currency risk by:

- Net position on each currency should not exceed 10% of Group's total equity;
- Total net position on all currencies should not exceed 15% of Group's total equity.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of reporting periods 2023, 2022 and 2021:

31 December 2023	USD	EUR	Other currencies	UZS	Total
Cash and cash equivalents	3,951,582	1,615,364	289,333	1,109,615	**6,965,894**
Due from other banks	780,218	-	16,293	982,196	**1,778,707**
Loans and advances to customers	25,483,464	12,673,843	-	19,850,931	**58,008,238**
Investment securities measured at amortised cost	124,597	-	-	1,968,818	**2,093,415**
Other financial assets	9,831	6,330	-	11,232	**27,393**
Total monetary assets	**30,349,692**	**14,295,537**	**305,626**	**23,922,792**	**68,873,647**
Due to other banks	2,566,045	1,108,348	875,316	1,269,242	**5,818,951**
Customer accounts	4,745,697	391,558	124,177	9,067,250	**14,328,682**
Debt securities in issue	4,970,366	-	-	-	**4,970,366**
Other borrowed funds	18,102,943	13,137,941	456,266	5,936,585	**37,633,735**
Other financial liabilities	127,648	20	-	54,952	**182,620**
Subordinated debt	-	-	-	1,696,854	**1,696,854**
Total monetary liabilities	**30,512,699**	**14,637,867**	**1,455,759**	**18,024,883**	**64,631,208**
Derivative instruments	**-**	**-**	**1,211,810**	**(1,160,311)**	**51,499**
Net Balance sheet position	**(163,007)**	**(342,330)**	**61,677**	**4,737,598**	**4,293,938**

31 December 2022	USD	EUR	Other currencies	UZS	Total
Cash and cash equivalents	5,576,148	94,127	189,044	1,260,170	**7,119,489**
Due from other banks	838,355	6,024	21,120	977,916	**1,843,415**
Loans and advances to customers	21,925,729	8,583,707	-	17,911,053	**48,420,489**
Investment securities measured at amortised cost	107,199	-	-	2,571,372	**2,678,571**
Other financial assets	9,237	8,323	-	7,188	**24,748**
Total monetary assets	**28,456,668**	**8,692,181**	**210,164**	**22,727,699**	**60,086,712**
Due to other banks	3,538,540	27,555	30,687	298,937	**3,895,719**
Customer accounts	5,774,731	591,341	94,249	8,868,498	**15,328,819**
Debt securities in issue	3,361,256	-	-	-	**3,361,256**
Other borrowed funds	16,224,230	8,399,150	869,491	6,748,889	**32,241,760**
Other financial liabilities	120,472	2,713	401	45,949	**169,535**
Subordinated debt	-	-	-	330,560	**330,560**
Total monetary liabilities	**29,019,229**	**9,020,759**	**994,828**	**16,292,833**	**55,327,649**
Derivative instruments	**(225,256)**	**-**	**900,042**	**(790,319)**	**(115,533)**
Net Balance sheet position	**(787,817)**	**(328,578)**	**115,378**	**5,644,547**	**4,643,530**

(in millions of Uzbek Soums, unless otherwise indicated)

31 December 2021	USD	EUR	Other currencies	UZS	Total
Cash and cash equivalents	5,058,478	480,056	130,815	2,527,303	**8,196,652**
Due from other banks	843,913	43,387	65,131	1,003,872	**1,956,303**
Loans and advances to customers	20,739,057	6,883,573	3,305	14,911,116	**42,537,051**
Investment securities measured at amortised cost	-	-	-	1,067,512	**1,067,512**
Other financial assets	10,766	6,175	-	3,308	**20,249**
Total monetary assets	**26,652,214**	**7,413,191**	**199,251**	**19,513,111**	**53,777,767**
Due to other banks	1,012,647	44,171	-	336,159	**1,392,977**
Customer accounts	6,411,546	424,540	114,676	6,610,778	**13,561,540**
Debt securities in issue	3,235,127	-	-	82,690	**3,317,817**
Other borrowed funds	16,014,520	7,179,169	3,443	6,933,644	**30,130,776**
Other financial liabilities	101,305	399	4	54,047	**155,755**
Subordinated debt	-	-	-	101,771	**101,771**
Total monetary liabilities	**26,775,145**	**7,648,279**	**118,123**	**14,119,089**	**48,660,636**
Net Balance sheet position	**(122,931)**	**(235,088)**	**81,128**	**5,394,022**	**5,117,131**

Other currencies category includes Russian Rouble, Japanese Yen, British Pound, Swiss Franc. Other borrowed funds as exposure to Russian Rouble in the amount of UZS 456,266 millions (2022: UZS 869,491 millions, 2021: UZS 3,443 millions). Bank hedged its currency risk by entering currency swaps. Information on derivative financial instruments is disclosed in Note 32.

Changes of the possible movement of the currency rates from 2023 to 2022 were associated with the increase in the volatility of the exchange rate. The following table presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the end of reporting period, with all other variables held constant:

	As at 31 December 2023 Impact on profit or loss	As at 31 December 2022 Impact on profit or loss	As at 31 December 2021 Impact on profit or loss
US Dollars strengthening by 20% (31 December 2022 and 2021: 20%)	(32,601)	(157,563)	(24,586)
US Dollars weakening by 20% (31 December 2022 and 2021: 20%)	32,601	157,563	24,586
EUR strengthening by 20% (31 December 2022 and 2021: 20%)	(68,466)	(65,716)	(47,018)
EUR weakening by 20% (31 December 2022 and 2021: 20%)	68,466	65,716	47,018
RUB strengthening by 20% (31 December 2022 and 2021: 20%)	4,197	18,466	1,392
RUB weakening by 20% (31 December 2022 and 2021: 20%)	(4,197)	(18,466)	(1,392)

The above sensitivity analysis include limitations in terms of the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes, based on historical change in foreign currency rates, and which cannot be predicted with any certainty.

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group. Impact on equity would be the same as impact on statement of profit or loss and other comprehensive income.

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.

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

(in millions of Uzbek Soums, unless otherwise indicated)

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.

31 December 2023	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	6,965,894	-	-	-	-	-	6,965,894
Due from other banks	290,613	127,302	211,455	146,314	957,215	45,808	1,778,707
Loans and advances to customers	3,447,964	25,049,841	5,815,234	9,432,874	6,112,404	8,149,921	58,008,238
Derivative financial assets	-	51,499	-	-	-	-	51,499
- inflows	-	*1,211,810*	-	-	-	-	-
- outflows	-	*(1,160,311)*	-	-	-	-	-
Investment securities measured at amortised cost	58,112	1,101,353	691,278	207,817	-	34,855	2,093,415
Total financial assets	**10,762,583**	**26,329,995**	**6,717,967**	**9,787,005**	**7,069,619**	**8,230,584**	**68,897,753**
Liabilities							
Due to other banks	2,597,424	2,732,125	91,495	359,007	38,900	-	5,818,951
Customer accounts	6,678,347	1,940,232	1,710,912	1,901,199	124,813	1,973,179	14,328,682
Debt securities in issue	-	1,276,000	3,694,366	-	-	-	4,970,366
Other borrowed funds	1,333,895	24,208,115	3,083,158	3,183,122	1,918,841	3,906,604	37,633,735
Subordinated debt	960	252,844	-	6,452	264,382	1,172,216	1,696,854
Total financial liabilities	**10,610,626**	**30,409,316**	**8,579,931**	**5,449,780**	**2,346,936**	**7,051,999**	**64,448,588**
Net interest sensitivity gap	**151,957**	**(4,079,321)**	**(1,861,964)**	**4,337,225**	**4,722,683**	**1,178,585**	**4,449,165**

(in millions of Uzbek Soums, unless otherwise indicated)

31 December 2022*	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	7,119,489	-	-	-	-	-	**7,119,489**
Due from other banks	217,021	36,985	399,357	46,882	807,174	335,996	**1,843,415**
Loans and advances to customers	2,615,829	17,909,337	6,326,036	9,031,658	5,999,174	6,538,455	**48,420,489**
Investment securities measured at amortised cost	606,131	1,122,044	230,799	676,119	2,437	41,041	**2,678,571**
Total financial assets	**10,558,470**	**19,068,366**	**6,956,192**	**9,754,659**	**6,808,785**	**6,915,492**	**60,061,964**
Liabilities							
Due to other banks	882,171	842,350	562,950	1,548,270	39,275	20,703	**3,895,719**
Customer accounts	8,266,679	756,711	2,467,866	2,325,921	500,459	1,011,183	**15,328,819**
Debt securities in issue	15,598	-	-	3,345,658	-	-	**3,361,256**
Other borrowed funds	972,464	18,471,926	2,545,913	2,732,997	2,117,247	5,401,213	**32,241,760**
Derivative financial liabilities	-	115,533	-	-	-	-	**115,533**
- inflows	-	***872,823***	-	-	-	-	**-**
- outflows	-	***(988,356)***	-	-	-	-	**-**
Subordinated debt	-	1,772	-	-	241,691	87,097	**330,560**
Total financial liabilities	**10,136,912**	**20,188,292**	**5,576,729**	**9,952,846**	**2,898,672**	**6,520,196**	**55,273,647**
Net interest sensitivity gap	**421,558**	**(1,119,926)**	**1,379,463**	**(198,187)**	**3,910,113**	**395,296**	**4,788,317**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

31 December 2021*	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	8,196,652	-	-	-	-	-	**8,196,652**
Due from other banks	208,322	24,092	877,224	208,950	257,745	379,970	**1,956,303**
Loans and advances to customers	1,965,128	10,640,174	4,961,583	10,352,495	7,031,055	7,586,616	**42,537,051**
Investment securities measured at amortised cost	446,005	493,401	-	125,664	2,442	-	**1,067,512**
Total financial assets	**10,816,107**	**11,157,667**	**5,838,807**	**10,687,109**	**7,291,242**	**7,966,586**	**53,757,518**
Liabilities							
Due to other banks	467,396	435,292	2,469	42,430	401,151	44,239	**1,392,977**
Customer accounts	7,588,430	1,897,559	2,264,066	877,011	216,880	717,594	**13,561,540**
Debt securities in issue	3,002	33,801	70,000	3,211,014	-	-	**3,317,817**
Other borrowed funds	549,059	13,157,317	3,217,577	6,886,500	2,020,291	4,300,032	**30,130,776**
Subordinated debt	-	1,771	-	-	3,226	96,774	**101,771**
Total financial liabilities	**8,607,887**	**15,525,740**	**5,554,112**	**11,016,955**	**2,641,548**	**5,158,639**	**48,504,881**
Net interest sensitivity gap	**2,208,220**	**(4,368,073)**	**284,695**	**(329,846)**	**4,649,694**	**2,807,947**	**5,252,637**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

As at 31 December 2023, if interest rates at that date had been 165 basis points lower (2022 and 2021: 165 basis points lower) with all other variables held constant, profit for the year would have been UZS 70,355 million higher (2022: UZS 115,505 million and UZS 114,093 million higher).
If interest rates had been 165 basis points higher (2022 and 2021: 165 basis points higher), with all other variables held constant, profit would have been UZS 70,355 million lower (2022 and 2021: UZS 115,505 million and UZS 114,093 million lower).

Other price risk. The Group is exposed to prepayment risk through providing 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. The Group has no significant exposure to equity price risk.

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

31 December 2023	**Uzbekistan**	**OECD**	**Non-OECD**	**Russia**	**Total**
Assets					
Cash and cash equivalents	4,237,428	2,568,635	57	159,774	**6,965,894**
Due from other banks	1,695,281	82,565	861	-	**1,778,707**
Loans and advances to customers	58,008,238	-	-	-	**58,008,238**
Investment securities measured at amortised cost	2,093,415	-	-	-	**2,093,415**
Financial assets at fair value through other comprehensive income	100,539	18,678	-	-	**119,217**
Other financial assets	21,392	62	5,939	-	**27,393**
Total financial assets	**66,156,293**	**2,669,940**	**6,857**	**159,774**	**68,992,864**
Liabilities					
Due to other banks	2,690,933	22,705	259,640	2,845,673	**5,818,951**
Customer accounts	14,324,966	3,716	-	-	**14,328,682**
Debt securities in issue	-	4,970,366	-	-	**4,970,366**
Other borrowed funds	5,577,817	23,166,246	7,129,869	1,759,803	**37,633,735**
Derivative financial liabilities	-	-	-	-	**-**
Other financial liabilities	55,009	2,584	125,027	-	**182,620**
Subordinated debt	1,696,854	-	-	-	**1,696,854**
Total financial liabilities	**24,345,579**	**28,165,617**	**7,514,536**	**4,605,476**	**64,631,208**
Net balance sheet position	**41,810,714**	**(25,495,677)**	**(7,507,679)**	**(4,445,702)**	**4,361,656**
Credit related commitments (Note 31)	**3,856,779**	**-**	**-**	**-**	**3,856,779**

(in millions of Uzbek Soums, unless otherwise indicated)

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

31 December 2022	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	2,910,840	4,126,893	-	81,756	**7,119,489**
Due from other banks	1,816,272	27,143	-	-	**1,843,415**
Loans and advances to customers	48,420,489	-	-	-	**48,420,489**
Investment securities measured at amortised cost	2,678,571	-	-	-	**2,678,571**
Financial assets at fair value through other comprehensive income	28,545	13,462	-	-	**42,007**
Other financial assets	18,814	5,934	-	-	**24,748**
Total financial assets	**55,873,531**	**4,173,432**	**-**	**81,756**	**60,128,719**
Liabilities					
Due to other banks	847,982	27,245	153,461	2,867,031	**3,895,719**
Customer accounts	15,265,614	46,040	17,165	-	**15,328,819**
Debt securities in issue	-	3,361,256	-	-	**3,361,256**
Other borrowed funds	5,617,819	17,818,782	6,597,414	2,207,745	**32,241,760**
Derivative financial liabilities	-	115,533	-	-	**115,533**
Other financial liabilities	49,005	2,253	118,277	-	**169,535**
Subordinated debt	330,560	-	-	-	**330,560**
Total financial liabilities	**22,110,980**	**21,371,109**	**6,886,317**	**5,074,776**	**55,443,182**
Net balance sheet position	**33,762,551**	**(17,197,677)**	**(6,886,317)**	**(4,993,020)**	**4,685,537**
Credit related commitments (Note 31)	**3,363,374**	**-**	**-**	**-**	**3,363,374**

The geographical concentration of the Group's financial assets and liabilities at 31 December 2021 is set out below:

31 December 2021	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	4,007,434	4,124,590	-	64,628	**8,196,652**
Due from other banks	1,837,456	117,215	1,632	-	**1,956,303**
Loans and advances to customers	42,537,051	-	-	-	**42,537,051**
Investment securities measured at amortised cost	1,067,512	-	-	-	**1,067,512**
Financial assets at fair value through other comprehensive income	34,523	13,613	-	-	**48,136**
Other financial assets	10,270	9,979	-	-	**20,249**
Total financial assets	**49,494,246**	**4,265,397**	**1,632**	**64,628**	**53,825,903**
Liabilities					
Due to other banks	1,050,532	271,622	70,410	413	**1,392,977**
Customer accounts	13,171,330	-	390,210	-	**13,561,540**
Debt securities in issue	82,690	3,235,127	-	-	**3,317,817**
Other borrowed funds	5,863,247	13,976,515	7,009,055	3,281,959	**30,130,776**
Other financial liabilities	54,452	-	101,303	-	**155,755**
Subordinated debt	101,771	-	-	-	**101,771**
Total financial liabilities	**20,324,022**	**17,483,264**	**7,570,978**	**3,282,372**	**48,660,636**
Net balance sheet position	**29,170,224**	**(13,217,867)**	**(7,569,346)**	**(3,217,744)**	**5,165,267**
Credit related commitments (Note 31)	**4,254,268**	**-**	**-**	**-**	**4,254,268**

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

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

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a monthly basis in accordance with the requirement of the CBU. 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.

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 statement of financial position date.

(in millions of Uzbek Soums, unless otherwise indicated)

The undiscounted maturity analysis of financial instruments at 31 December 2023 is as follows:

31 December 2023	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Liabilities							
Due to other banks	2,626,625	2,763,038	110,894	389,200	42,731	-	**5,932,488**
Customer accounts	6,766,265	2,275,282	2,006,795	2,462,755	1,172,437	4,664,437	**19,347,971**
Debt securities in issue	27,438	179,313	3,845,396	58,206	1,543,018	-	**5,653,371**
Other borrowed funds	1,601,332	5,500,653	8,415,173	12,970,152	7,811,694	10,036,703	**46,335,707**
Derivative financial liabilities	-	-	-	-	-	-	**-**
Other financial liabilities	182,620	-	-	-	-	-	**182,620**
Subordinated debt	10,319	38,978	42,969	176,927	517,115	1,757,167	**2,543,475**
Undrawn credit lines	834,515	-	-	-	-	-	**834,515**
Guarantees issued	1,457,703	-	-	-	-	-	**1,457,703**
Letters of credit	152,627	1,548,487	901,622	326,417	-	-	**2,929,153**
Total potential future payments for financial obligations	**13,659,444**	**12,305,751**	**15,322,849**	**16,383,657**	**11,086,995**	**16,458,307**	**85,217,003**

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

31 December 2022*	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Liabilities							
Due to other banks	894,464	894,628	612,651	1,629,691	46,904	21,655	**4,099,993**
Customer accounts	8,351,445	1,178,018	2,881,680	2,695,357	861,706	1,812,813	**17,781,019**
Debt securities in issue	31,940	79,058	96,978	3,523,803	-	-	**3,731,779**
Other borrowed funds	1,159,307	6,366,823	4,994,038	7,332,836	6,986,453	9,730,021	**36,569,478**
Derivative financial liabilities	-	115,533	-	-	-	-	**115,533**
- inflows	-	***872,823***	-	-	-	-	**-**
- outflows	-	***(988,356)***	-	-	-	-	**-**
Other financial liabilities	169,535	-	-	-	-	-	**169,535**
Subordinated debt	-	10,753	10,686	42,938	283,601	148,111	**496,089**
Undrawn credit lines	392,791	-	-	-	-	-	**392,791**
Guarantees issued	1,933,385	-	-	-	-	-	**1,933,385**
Letters of credit	63,185	1,389,191	281,011	-	-	-	**1,733,387**
Total potential future payments for financial obligations	**12,996,052**	**10,034,004**	**8,877,044**	**15,224,625**	**8,178,664**	**11,712,600**	**67,022,989**

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

The undiscounted maturity analysis of financial instruments at 31 December 2021 is as follows:

31 December 2021*	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Liabilities							
Due to other banks	473,736	460,908	28,335	142,257	437,562	48,173	1,590,971
Customer accounts	7,628,416	1,989,658	2,312,751	917,524	219,074	721,434	13,788,857
Debt securities in issue	20,964	120,246	174,614	3,593,482	-	-	3,909,306
Other borrowed funds	664,752	4,185,661	5,449,195	13,934,192	3,305,437	6,493,697	34,032,934
Other financial liabilities	155,755	-	-	-	-	-	155,755
Subordinated debt	-	-	-	18,025	21,472	164,089	203,586
Undrawn credit lines	831,415	-	-	-	-	-	831,415
Guarantees issued	1,834,214	-	-	-	-	-	1,834,214
Letters of credit	64,036	1,730,467	52,938	60,264	-	-	1,907,705
Total potential future payments for financial obligations	**11,673,288**	**8,486,940**	**8,017,833**	**18,665,744**	**3,983,545**	**7,427,393**	**58,254,743**

*The table was revised to align with 2023 presentation

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment disclosed in the above maturity analysis, because the Group does not generally expect the third party to draw funds under the agreement.
The total outstanding contractual amount of commitments to extend credit as included in the above maturity table does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.
The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities, except for assets that are readily saleable if it should be necessary to meet cash outflows on financial liabilities. Such financial assets are included in the maturity analysis based on their expected date of disposal. Impaired loans are included at their carrying amounts net of impairment provisions, and based on the expected timing of cash inflows.

(in millions of Uzbek Soums, unless otherwise indicated)

The Group does not use the above undiscounted maturity analysis to manage liquidity. Instead, the Group monitors expected maturities which may be summarised as follows at 31 December 2023:

31 December 2023	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	6,965,894	-	-	-	-	-	6,965,894
Due from other banks	290,613	127,302	211,455	146,314	957,215	45,808	1,778,707
Loans and advances to customers	4,403,325	11,584,658	8,070,527	14,091,009	9,973,536	9,885,183	58,008,238
Investment securities measured at amortised cost	58,112	1,101,353	691,278	207,817	-	34,855	2,093,415
Financial assets at fair value through other comprehensive income	-	-	-	119,217	-	-	119,217
Derivative financial assets	-	51,499	-	-	-	-	51,499
- inflows	-	1,211,810	-	-	-	-	-
- outflows	-	(1,160,311)	-	-	-	-	-
Other financial assets	27,393	-	-	-	-	-	27,393
Total financial assets	**11,745,337**	**12,864,812**	**8,973,260**	**14,564,357**	**10,930,751**	**9,965,846**	**69,044,363**
Liabilities							
Due to other banks	2,597,424	2,732,125	91,495	359,007	38,900	-	5,818,951
Customer accounts	6,678,347	1,940,232	1,710,912	1,901,199	124,813	1,973,179	14,328,682
Debt securities in issue	-	42,123	3,694,366	-	1,233,877	-	4,970,366
Other borrowed funds	1,383,247	4,501,605	7,415,110	10,417,128	6,609,368	7,307,277	37,633,735
Derivative financial liabilities	-	-	-	-	-	-	-
Other financial liabilities	182,620	-	-	-	-	-	182,620
Subordinated debt	3,080	3,949	-	6,452	346,640	1,336,733	1,696,854
Total financial liabilities	**10,844,718**	**9,220,034**	**12,911,883**	**12,683,786**	**8,353,598**	**10,617,189**	**64,631,208**
Net liquidity gap	**900,619**	**3,644,778**	**(3,938,623)**	**1,880,571**	**2,577,153**	**(651,343)**	**4,413,155**
Cumulative liquidity gap	**900,619**	**4,545,397**	**606,774**	**2,487,345**	**5,064,498**	**4,413,155**	

(in millions of Uzbek Soums, unless otherwise indicated)

The analysis by remaining contractual maturities may be summarised as follows at 31 December 2022:

31 December 2022	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	7,119,489	-	-	-	-	-	7,119,489
Due from other banks	217,021	36,985	399,357	46,882	807,174	335,996	1,843,415
Loans and advances to customers	3,263,577	9,559,364	6,856,191	12,254,893	8,530,568	7,955,896	48,420,489
Investment securities measured at amortised cost	606,131	1,122,044	230,799	676,119	2,437	41,041	2,678,571
Financial assets at fair value through other comprehensive income	-	-	-	42,007	-	-	42,007
Other financial assets	24,748	-	-	-	-	-	24,748
Total financial assets	**11,230,966**	**10,718,393**	**7,486,347**	**13,019,901**	**9,340,179**	**8,332,933**	**60,128,719**
Liabilities							
Due to other banks	882,171	842,350	562,950	1,548,270	39,275	20,703	3,895,719
Customer accounts	8,266,679	756,711	2,467,866	2,325,921	500,459	1,011,183	15,328,819
Debt securities in issue	15,598	-	-	3,345,658	-	-	3,361,256
Other borrowed funds	1,048,485	5,951,679	4,629,458	6,232,075	6,230,015	8,150,048	32,241,760
Derivative financial liabilities	-	115,533	-	-	-	-	115,533
- inflows	-	872,823	-	-	-	-	-
- outflows	-	(988,356)	-	-	-	-	-
Other financial liabilities	169,535	-	-	-	-	-	169,535
Subordinated debt	-	1,772	-	-	241,691	87,097	330,560
Total financial liabilities	**10,382,468**	**7,668,045**	**7,660,274**	**13,451,924**	**7,011,440**	**9,269,031**	**55,443,182**
Net liquidity gap	**848,498**	**3,050,348**	**(173,927)**	**(432,023)**	**2,328,739**	**(936,098)**	**4,685,537**
Cumulative liquidity gap	**848,498**	**3,898,846**	**3,724,919**	**3,292,896**	**5,621,635**	**4,685,537**	

(in millions of Uzbek Soums, unless otherwise indicated)

The analysis by remaining contractual maturities may be summarised as follows at 31 December 2021:

31 December 2021	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	8,196,652	-	-	-	-	-	**8,196,652**
Due from other banks	208,322	24,092	877,224	208,950	257,745	379,970	**1,956,303**
Loans and advances to customers	2,303,397	7,692,692	5,415,340	11,550,168	7,910,452	7,665,002	**42,537,051**
Investment securities measured at amortised cost	446,005	493,401	-	125,664	2,442	-	**1,067,512**
Financial assets at fair value through other comprehensive income	-	-	-	48,136	-	-	**48,136**
Other financial assets	20,249	-	-	-	-	-	**20,249**
Total financial assets	**11,174,625**	**8,210,185**	**6,292,564**	**11,932,918**	**8,170,639**	**8,044,972**	**53,825,903**
Liabilities							
Due to other banks	467,396	435,292	2,469	42,430	401,151	44,239	**1,392,977**
Customer accounts	7,588,430	1,897,559	2,264,066	877,011	216,880	717,594	**13,561,540**
Debt securities in issue	3,002	33,801	70,000	3,211,014	-	-	**3,317,817**
Other borrowed funds	560,328	3,670,762	4,931,885	12,437,283	2,875,810	5,654,708	**30,130,776**
Other financial liabilities	155,755	-	-	-	-	-	**155,755**
Subordinated debt	-	1,771	-	-	3,226	96,774	**101,771**
Total financial liabilities	**8,774,911**	**6,039,185**	**7,268,420**	**16,567,738**	**3,497,067**	**6,513,315**	**48,660,636**
Net liquidity gap	**2,399,714**	**2,171,000**	**(975,856)**	**(4,634,820)**	**4,673,572**	**1,531,657**	**5,165,267**
Cumulative liquidity gap	**2,399,714**	**4,570,714**	**3,594,858**	**(1,039,962)**	**3,633,610**	**5,165,267**	

The above analysis is based on remaining contractual maturities.
Although the Group does not have the right to use the mandatory deposits held in the CBU for the purposes of funding its operating activities, the Management classifies them as demand deposits in the liquidity gap analysis on the basis that their nature is inherently to fund sudden withdrawal of customer accounts.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates.

(in millions of Uzbek Soums, unless otherwise indicated)

The Management believes that in spite of a substantial portion of customer accounts being on demand, the fact that significant portion of these customer accounts are of large state-controlled entities which are either the Group's shareholders or its 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.

As part of liquidity risk management, the Group maintains a contingency plan, periodically reviewed and adjusted, to be able to withstand any unexpected outflow of customers and to respond to financial stress. The contingency plan is developed primarily on the basis of the Group's ability to access the State resources due to its state ownership and strategic importance to the national banking system of the Republic of Uzbekistan.

As at 31 December 2023, 2022 and 2021 the contingency plan of the Group consisted of the following:

- Attraction of long-term deposits of State funds under the Ministry of Finance – Pension Fund, State Deposit Insurance Fund and others;
- Attraction of budgetary funds up to one year through weekly electronic bidding platform run by the State Treasury under the Ministry of Finance;
- Utilization of the CBU's short-term liquidity loans;
- Attraction of deposits from inter-bank money markets within the limits set by the local commercial banks.

The Management of the Group is of the view that through their contingency plans the Group will be able to attract resources sufficient to cover any potential negative liquidity gap as at 31 December 2022.
Environmental, Social and Governance (ESG) matters. Accounting for Green Loans for classification and measurement of loans where contractual cash flows may change as a response to certain ESG metrics, such as compliance with emissions standards, energy efficiency metrics, or even a combination of different green measures.
Climate change might affect a lender's exposure to credit losses for its financial assets. Climate change might affect the assumptions that are made by lenders to estimate ECL. It could also affect the risk ratings for individual borrowers or groups of borrowers, or their probability of default ('PD'). In some cases, it could result in moving loans between stages.
Borrowers could face a range of physical, regulatory and reputational risks that ultimately impact their credit risk and increase the likelihood that they might be unable to meet their debt obligations. Moreover, the value of assets against which loans are secured could fall in value, or even become inaccessible or uninsurable - affecting the value of collateral.
When considering the impacts on ECL Management approach is to:
Thinking separately about physical risk (for example, destruction or temporary disruption of physical assets from increased incidence of severe weather events) and transition risk (advancement or displacement as a result of moving to a 'greener' and more sustainable economy).
Being mindful of duration - while change is happening fast, longer term exposures are likely to be more affected than short-term ones.
Recognizing that 'one size' doesn't fit all - different portfolios will have different risk exposures depending on duration, industry, geography etc and, in many cases, only top-down assessments of vulnerable geographies and industries will be possible.
Avoiding double counting risks, by considering the extent to which they might already be captured directly or indirectly through model inputs such as market credit spreads, expected default frequency and other factors.
Considering other arrangements such as insurance, guarantees, government subsidies (or other payments and policies) and other sources of recoveries, including how they are structured and how their providers are thinking about (and responding to) evolving ESG risks.
Management believes there is no ESG impact on ECL measurement of bank's financial assets as at 31 December 2023.
Assessment of ESG-related risks and opportunities: During 2023 the Group has made an assessment of the ESG-related risks and opportunities in the context of the sustainable development and the plans for environmental and governance factors are detailed below:

Environmental and safety (E&S):		
	Description of the current situation	**Description of the target situation**
	E&S policy updated in January 2023 to include an exclusion list, a categorized risk list and Environmental and Social assessment reports. The exclusion List is aligned with the International Financial Institutions' (IFI) requirements;	***Increasing lending to environmentally-friendly production.*** Primarily supporting entrepreneurs engaged in sustainable and renewable energy production; ***Financing water-efficient agriculture projects.*** Water-efficient agriculture projects aim to reduce water usage in farming while maintaining or even increasing productivity.

Governance		
	The Code of Conduct was revised in May 2023 to reflect evolving best practices and ensure alignment with our corporate values	An individual responsible for ESG is to be appointed within the underwriting department of the Bank, bolstering the department's commitment to sustainable practices; Establishment of an ESG reporting system, facilitating structured documentation and communication of ESG metrics; Development of an ESG risk management policy, ensuring systematic identification, assessment, and mitigation of ESG-related risks;

Climate-related risk. The Group and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.
Management believes that it is currently not possible to explicitly incorporate climate risk factors in the Group's risk framework, including ECL measurement. Existing scenarios, forecasts, and estimates are covering only the long-term horizon well beyond the maturity of the existing portfolios. Such scenarios are also high-level, and attribution to specific borrowers without additional data would be highly arbitrary. To address the information gap for detailed, borrower-specific data, the Group is collecting information to perform a robust assessment of the risks specific of its borrowers. The Group is planning to enhance its credit risk scoring models to incorporate such information in the PD and LGD measurement in the future.

36. 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.

- "Significant shareholders" – legal entities-shareholders which have a significant influence to the Group through Government;
- "Key management personnel" – members of the Management Board and the Council of the Bank;
- "Entities under common control" – entities that are controlled, jointly controlled or significantly influenced by the Government.

The Group applies the exemption in paragraph 25 of IAS 24. The table below presents the transactions with key management personnel and transactions with government-related entities which are individually significant or other transactions that are collectively, but not individually, significant.

(in millions of Uzbek Soums, unless otherwise indicated)

Details of transactions between the Group and related parties are disclosed below:

	31 December 2023		31 December 2022*		31 December 2021*	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Cash and cash equivalents						
- entities under common control (contractual interest rate: 0% -0%)	285,995	4%	35,908	1%	1,746,320	24%
Due from other banks						
- entities under common control (contractual interest rate: 0% – 22%)	1,334,385	87%	1,235,199	74%	1,483,268	76%
Loans and advances to customers						
- key management personnel (contractual interest rate: 36% – 42%)	368	0%	198	0%	1,176	0%
- significant shareholders (contractual interest rate: n/a %)	-	-	-	-	3,678,666	9%
- entities under common control (contractual interest rate: 2% – 26 %)	14,572,496	24%	14,368,999	28%	14,278,451	32%
Credit loss allowance						
- significant shareholders	-	-	-	-	(16,865)	1%
- entities under common control	(116,111)	5%	(392,033)	14%	(116,465)	6%
Investment securities measured at amortised cost						
- significant shareholders (contractual interest rate:4,75% – 18 %)	2,090,103	99%	2,060,476	38%	288,290	27%
- entities under common control (contractual interest rate: n/a %)	-	-	-	-	770,932	72%
Other Assets						
- key management personnel (contractual interest rate: n/a %)	12	0%				
Due to other banks						
- entities under common control (contractual interest rate: 0% – 21 %)	964,575	16%	661,191	17%	963,175	69%
Customer accounts						
- key management personnel (contractual interest rate: 0% -20%)	2,089	0%	1,347	0%	63	0%
- significant shareholders (contractual interest rate: 0% – 23.5 %)	3,732,455	26%	3,383,672	22%	4,258,100	31%
- entities under common control (contractual interest rate: 0% – 6 %)	2,175,907	15%	4,075,447	27%	2,909,028	21%

(in millions of Uzbek Soums, unless otherwise indicated)

Other borrowed funds						
- significant shareholders (contractual interest rate: 0% –12 %)	2,513,306	7%	4,813,932	11%	5,277,553	18%
- entities under common control (contractual interest rate: 8 %)	1,588,968	4%	-	-	476	0%
Subordinated debt						
- entities under common control (contractual interest rate:5% – 9 %)	1,447,959	85%	330,560	100%	101,771	100%

*The table was revised to align with 2023 presentation

(in millions of Uzbek Soums, unless otherwise indicated)

	2023		2022		2021	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Interest income						
- key management personnel	140	0%	34	0%	48	0%
- significant shareholders	373,691	5%	1,079	0%	226,419	5%
- entities under common control	2,021,088	28%	350,369	7%	332,970	8%
Interest expense						
- key management personnel	(265)	0%	(216)	0%	(1)	0%
- significant shareholders	(551,690)	14%	(547,782)	16%	(364,671)	18%
- entities under common control	(172,891)	4%	(84,300)	-3%	(85,088)	4%
Recovery of/(Provision for) credit losses on loans and advances to customers						
- entities under common control	275,922	24%	(275,568)	30%	12,492	3%
- key management personnel	-	-	(6)	0%	-	-
Fee and commission income						
- significant shareholders	18	0%	29	0%	15,332	4%
- entities under common control	57,721	11%	26	0%	15,163	4%
Net gain from trading in foreign currencies						
- entities under common control	50,523	11%	63,051	6%	-	-
Other operating income						
- significant shareholders	-	-	-	-	246	1%
- entities under common control	-	-	12	0%	78	0%
Administrative and other operating expenses						
- key management personnel	(15,444)	1%	(12,574)	27%	(10,465)	1%
- entities under common control	-	-	-	-	(110,189)	11%

The Group enters into transaction with other government related entities in the normal course of business.

Key management compensation is presented below:

	31 December 2023	**31 December 2022**	**31 December 2021**
Salaries and other benefits	10,851	7,496	5,813
Bonuses	2,889	3,715	2,519
Social security contributions (State Pension Fund)	1,704	1,363	2,133
Total	**15,444**	**12,574**	**10,465**

37. EVENTS AFTER THE END OF THE REPORTING PERIOD

According to the decision of the Shareholders Meeting held on 26 January 2024, Odilbek Isakov has been appointed as a Chairman to the Supervisory Board.

On 27 February 2024, Group established new subsidiaries Miraki Town Plaza LLC and Miraki Hostel LLC with 99.99% ownership each. The new subsidiaries were established to develop construction of hoteling in the territory of the tourist center, in accordance with Presidential Decree No 376 dated 28 November 2023 on "Additional measures to be taken to further develop construction of modern services and tourism facilities in the mountainous-recreational areas of Kashkadarya region".

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