JSCB “UZBEK INDUSTRIAL AND CONSTRUCTION BANK” AND ITS SUBSIDIARIES

Consolidated Financial Statements
and Independent Auditor’s Report
For the Year Ended 31 December 2022

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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 2022

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 2022, and the related consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS").

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

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's 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;
- 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 year ended 31 December 2022 were approved by the Management on 17 May 2023.

On behalf of the Management Board:

Annaklichev Sakhi	**Vokhidov Oybek**
Chairman of the Management Board	**Chief Accountant**
17 May 2023	17 May 2023
Tashkent, Uzbekistan	Tashkent, Uzbekistan

Independent Auditor's Report

To the Shareholders and the Supervisory Board of JSCB "Uzbek Industrial and Construction Bank":

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the JSCB "Uzbek Industrial and Construction Bank" (the "Bank") and its subsidiaries (together – the "Group") as at 31 December 2022, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies 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.

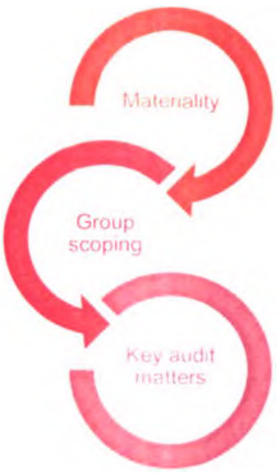
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

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 pwc

Our audit approach

Overview



- Overall Group materiality: Uzbek Soums ("UZS") 41,600 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.
- Assessment of expected credit loss (ECL) allowance for loans and advances to customers in accordance with IFRS 9, *financial instruments*.

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

Materiality

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

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

Overall Group materiality	UZS 41,600 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.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Assessment of expected credit losses (ECL) allowance for loans and advances to customers in accordance with IFRS 9, Financial Instruments We considered impairment of loans and advances to customers as a key audit matter due to the significance of loans and advances to customers balance and a complex financial reporting standard, which requires significant judgment to determine the ECL allowance. Key areas of judgement 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, loss given default and exposure at default. • Estimated future cashflows for loans that were assessed on an individual basis Note 3 "Significant Accounting Policies", Note 4 "Critical Accounting Judgements and Key Sources of Estimation Uncertainty", Note 9 "Loans and Advances to Customers" and Note 36 "Risk Management Policies" to the consolidated financial statements provide detailed information on the 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. • On a sample basis we tested the assumptions, inputs and formulae used in ECL models for collective provision assessment. This included assessing the appropriateness of model design and formulae used, and recalculating the probability of default, loss given default and exposure at default. • To verify data accuracy and quality, on a sample basis, we tested the data used in the ECL calculation by reconciling to source data, i.e., loan portfolios, loan agreements, collateral agreements etc.

Key audit matter	How our audit addressed the key audit matter
	• We performed detailed analytical procedures over the ECL calculation disaggregated by stages, segments, currency and, years to maturity. • For those loans assessed on an individual basis, on a sample basis, we assessed the Bank's estimated future cash flows from various scenarios and key assumptions, including the timing of collateral collection. We assessed the relevance of the scenarios used and their probability, and calculation of the present value of the cash flows. • On an overall basis we checked the Bank's assessment of the effect of forward-looking information on the ECL level. In particular, we assessed whether forecasted macro-economic variables were appropriate, compared input data to the external sources and checked appropriateness of the model used. • We assessed the accuracy and appropriateness of the disclosures in accordance with IFRS 9.

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 13 subsidiaries and accounting is maintained by a centralized accounting team for the entire Group. Our audit procedures included full scope audit of the Bank. The subsidiaries represent approximately 0.28% of the Group's total assets as at 31 December 2022 and 0.22% of the Group's total comprehensive income for the period. We therefore focused our audit work of the subsidiaries on the significant balances and transactions of each component.

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 when it becomes available 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.

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 International Financial Reporting 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.

- 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 2022 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting 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 2022, were within the limits established by the Central Bank of the Republic of Uzbekistan.

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 2022, 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 2022 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 2022 the Bank has an 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 2022 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 2022, establishing the procedures and methodologies for identifying and managing the Bank's significant risks: credit risk, liquidity risk, market risk, operating risk, fraud risk, compliance risk, business disruptions and system failures/IT risk, and for stress-testing, was approved by the authorised management bodies of the Bank in accordance with the regulations and recommendations issued by the Central Bank of the Republic of Uzbekistan
- As at 31 December 2022, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank's capital to Central Bank of the Republic of Uzbekistan..
- The frequency of reports prepared by the Bank's risk management and internal audit functions during 2022, 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 2022, the Supervisory Board and 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 2022, the Supervisory Board and 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

Otabek Abdukodirov,
Acting General Director

Certificate of auditor No 05618
dated 28 July 2017 issued by the
Ministry of Finance of Uzbekistan

Certificate of auditor No. 9/19
Dated 27 August 2018 issued by
Central Bank of the Republic of
Uzbekistan

Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
17 May 2023

JOINT STOCK COMMERCIAL BANK
"UZBEK INDUSTRIAL AND CONSTRUCTION BANK" AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(in millions of Uzbek Soums)

	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents	7	7,119,489	8,196,652
Due from other banks	8	1,843,415	1,956,303
Loans and advances to customers	9	48,420,489	42,537,051
Investment securities measured at amortised cost	10	2,678,571	1,067,512
Financial assets at fair value through other comprehensive income	11	42,007	48,136
Investment in associates	12	35,834	29,726
Premises, equipment and intangible assets	13	2,082,504	1,276,363
Current income tax prepayment		251,647	45,778
Deferred tax asset	30	194,962	202,125
Insurance assets	26	20,336	12,964
Other assets	14	279,366	310,704
Non-current assets held for sale	15	223,345	48,602
TOTAL ASSETS		**63,191,965**	**55,731,916**
LIABILITIES			
Due to other banks	16	3,895,719	1,392,977
Customer accounts	17	15,328,819	13,561,540
Debt securities in issue	18	3,361,256	3,317,817
Other borrowed funds	19	32,241,760	30,130,776
Derivative financial liabilities	34	115,533	-
Insurance liabilities	27	117,348	84,813
Other liabilities	20	240,326	197,421
Subordinated debt	21	330,560	101,771
TOTAL LIABILITIES		**55,631,321**	**48,787,115**
EQUITY			
Share capital	22	4,640,011	4,640,011
Retained earnings		2,905,010	2,284,458
Revaluation reserve of financial assets at fair value through other comprehensive income		14,490	14,132
Net assets attributable to the Bank's owners		7,559,511	6,938,601
Non-controlling interest		1,133	6,200
TOTAL EQUITY		**7,560,644**	**6,944,801**
TOTAL LIABILITIES AND EQUITY		**63,191,965**	**55,731,916**

Approved for issue and signed on behalf of the Management Board on 17 May 2023.

Annaklichev Sakhi
Chairman of the Management Board

Vokhidov Oybek
Chief Accountant

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(in millions of Uzbek Soums, except for eamings per share which are in Soums)

	Notes	2022	2021
Interest income calculated using the effective interest method	24	5,069,393	4,155,398
Other similar income	24	29,198	32,024
Interest expense	24	(2,626,371)	(2,067,905)
Net interest income before provision on loans and advances to customers		2,472,220	2,119,517
Provision for credit losses on loans and advances to customers	9	(925,158)	(420,937)
Net interest income		**1,547,062**	**1,698,580**
Fee and commission income	25	443,690	386,074
Fee and commission expense	25	(126,413)	(110,483)
Gain / (loss) on initial recognition on interest bearing assets		(41,514)	8,119
Gains less losses from modification of financial assets measured at amortised cost, that did not lead to derecognition		(44 035)	(52 339)
Gains less losses from financial derivatives		(100 848)	-
Net gain on foreign exchange translation		185,776	(4,262)
Net gain from trading in foreign currencies		337,768	170,935
Insurance operations income	26	86,724	80,881
Insurance operations expense	26	(49,065)	(36,331)
Change in insurance reserves, net	27	(25 163)	(32 235)
Dividend income		4,741	4,920
Other operating income	28	16,482	40,866
Provision for credit losses on other assets		8,521	(34,145)
Impairment of assets held for sale	15	(46,267)	(5,586)
Administrative and other operating expenses	29	(1,366,177)	(1,044,146)
Share of result from associates		703	722
Profit before tax		**831,985**	**1,071,570**
Income tax expense	30	(211,433)	(214,582)
PROFIT FOR THE PERIOD		**620,552**	**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		448	935
Tax effect		(90)	(187)
Other comprehensive income		**358**	**748**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**620,910**	**857,736**
Attributable to:			
- Owners of the Bank		620,555	856,989
- Non-controlling interest		(3)	(1)
PROFIT FOR THE PERIOD		**620,552**	**856,988**
Attributable to:			
- Owners of the Bank		620,913	857,737
- Non-controlling interest		(3)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**620,910**	**857,736**
Total basic and diluted EPS per ordinary share (expressed in UZS per share)	32	**2.54**	**3.51**

Approved for issue and signed on behalf of the Management Board on 17 May 2023.

Annaklichev Sakhi
Chairman of the Management Board

Vokhidov Oybek
Chief Accountant

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(in millions of Uzbek Soums)

	Share capital	Revaluation reserve of financial assets at fair value through other comprehensive income	Retained earnings	Non-controlling interest	Total equity
1 January 2021	**4,640,011**	**13,384**	**1,427,469**	**-**	**6,080,864**
Profit for the period	-	-	856,989	(1)	856,988
Other comprehensive income for the period	-	748	-	-	748
Total comprehensive income for the period	-	748	856,989	(1)	857,736
Dividends paid	-	-	-	6,201	6,201
31 December 2021	**4,640,011**	**14,132**	**2,284,458**	**6,200**	**6,944,801**
Profit for the period	-		620,555	-	620,555
Other comprehensive income for the period	-	358	-	-	358
Total comprehensive income for the period	-	358	620,555	-	620,913
Non-controlling interest arising on acquisition of subsidiary	-	-	(3)	(5,067)	(5,070)
31 December 2022	**4,640,011**	**14,490**	**2,905,010**	**1,133**	**7,560,644**

Approved for issue and signed on behalf of the Management Board on 17 May 2023.

Annaklichev Sakhi
Chairman of the Management Board

Vokhidov Oybek
Chief Accountant

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022
(in millions of Uzbek Soums)

	Notes	2 022	2 021
Cash flows from operating activities			
Interest received		4,702,503	3,763,742
Interest paid		(3,091,478)	(2,015,843)
Fee and commission received		443,690	387,712
Fee and commission paid		(126,413)	(110,483)
Financial derivatives		68,139	-
Insurance operations income received		86,724	80,881
Insurance operations expense paid		(49,065)	(36,331)
Net gain from trading in foreign currencies		337,768	170,935
Other operating income received		10,756	47,066
Staff costs paid		(758,767)	(642,027)
Administrative and other operating expenses paid		(441,911)	(331,545)
Income tax paid		(410,229)	(236,674)
Cash flows from operating activities before changes in operating assets and liabilities		**771,717**	**1,077,433**
Net (increase)/decrease in:			
- due from other banks		(25,843)	(93,429)
- loans and advances to customers		(5,786,506)	(3,185,279)
- investment securities measured at amortised cost		(1,601,126)	(538,528)
- other assets		(17,990)	(13,302)
Net increase/(decrease) in:			
- due to other banks		359,978	(156,390)
- customer accounts		1,780,630	1,731,312
- other liabilities		(14,207)	11,955
Net cash used in operating activities		**(4,533,347)**	**(1,166,228)**
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		(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		(931,467)	(536,628)
Proceeds from disposal of premises, equipment and intangible assets		67,566	4,205
Proceeds from disposal of repossessed assets		(124,078)	(25,972)
Acquisition of investment in associates		(5,405)	(28,011)
Dividend income received		4,741	4,920
Net cash used in investing activities		**(982,066)**	**(588,738)**
Cash flows from financing activities			
Proceeds from borrowings due to other banks		2,447,336	411,116
Repayment of borrowings due to other banks		(334,155)	(381,937)
Proceeds from other borrowed funds		11,148,736	11,826,214
Repayment of other borrowed funds		(9,334,820)	(8,391,815)
Proceeds from debt securities in issue		-	10,000
Repayment of debt securities in issue		(82,690)	(81,310)
Proceeds from other subordinated debt		235,851	100,000
Dividends paid		(1,146)	274
Net cash from financing activities		**4,079,112**	**3,492,542**
Effect of exchange rate changes on cash and cash equivalents		359,138	857,890
Net increase/(decrease) in cash and cash equivalents		**(1,077,163)**	**2,595,466**
Cash and cash equivalents at the beginning of the period	7	8,196,652	5,601,186
Cash and cash equivalents at the end of the period	7	**7,119,489**	**8,196,652**

Approved for issue and signed on behalf of the Management Board on 17 May 2023.

Annaklichev Sakhi
Chairman of the Management Board

Vokhidov Oybek
Chief Accountant

(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 87 banking service centers within Uzbekistan as of 31 December 2022 (31 December 2021: 44 branches).

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 2022, the number of Bank's employees was 3,759 (31 December 2021: 3,841).

Registered address and place of business. 3, Shakhrisabz street, Tashkent, 100000, Uzbekistan

At 31 December 2022 and 2021, the Bank consolidated the following companies in these consolidated financial statements ("The Group"):

Name	Country of incorporation	The Bank's ownership 31 December 2022 %	The Bank's ownership 31 December 2021 %	Type of operation
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	-	Hoteling
Bank's indirect interest in subsidiaries via SQB Construction, LLC				
"Radius Serebro and Capital LLC	Uzbekistan	99.76	99	Construction materials
"Big Peak 777 and Capital, LLC	Uzbekistan	99.88	99	Construction materials
Malik Muxammad Ali Fayz and Capital, LLC	Uzbekistan	99.99	99	Construction materials
Parizod Mexr and Capital, LLC	Uzbekistan	99.85	99	Construction materials
Penoplast Surkhon and Capital LLC	Uzbekistan	100	80	Construction materials
Yuksalish Fayz Farovon and Capital LLC	Uzbekistan	100	99	Construction materials
Go`zal Madina Omad LLC	Uzbekistan	99.3	-	Construction materials

In 2021, in accordance with Presidential decree-6244 "On additional measures to increase industrial power of the regions", seven companies were established. All companies were consolidated in the Group's financial statements.

(in millions of Uzbek Soums, unless otherwise indicated)

The companies will serve the purpose of regions industrial power improvement via execution of the Construction material production projects. As of 31 December 2022, the total capital investment in newly established subsidiaries amounted to 128 787 million UZS.

The table below represents the interest of the shareholders in the Bank's share capital as at 31 December 2022 and 2021. The Fund of Reconstruction and Development of the Republic of Uzbekistan is a 100% state-owned fund. Hence, the ultimate shareholder of the Group is the Government of Uzbekistan.

Shareholders	**31 December 2022**	**31 December 2021**
The Fund of Reconstruction and Development of the Republic of Uzbekistan	82,09%	82,09%
The Ministry of Finance of the Republic of Uzbekistan	13,06%	13,06%
Other legal entities and individuals	4,85%	4,85%
Total	**100%**	**100%**

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 2022:

- Inflation: 12.2% (2021: 10.7%)
- GDP growth 5.4% (2021: 7.4%).
- Official exchange rates: 31 December 2022: USD 1 = UZS 11,225.46 (31 December 2021: USD 1 = UZS 10,837.66).
- Central Bank refinancing rate: 14-15% (2021: 14%).

In June 2022 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 agency expects that the sanctions imposed on Russia will put pressure on Uzbekistan's economic growth and slow down the pace of fiscal consolidation this year, as Russia is Uzbekistan's largest trading partner. The agency predicts that real GDP growth will average around 5% per year starting in 2023.

The regulator pursues the inflation targeting policy aimed to reaching 5% by the end of 2023 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.

In the year end 2022 inflation rate increased year-on-year to 12.3% against 10.9% 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.

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 by 3% 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 16% and 15% respectively. Subsequent change in CBU refinancing rate is disclosed in Note 39.

On 17 May 2023, due to geopolitical events around Ukraine and Russia, the exchange rate of the US dollar against the UZS was weakened to 11,420.03 (2021: 10,837.66).

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. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention 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. These consolidated financial statements are based on the Group's UAL books and records, adjusted and reclassified in order to fully comply with IFRS.

These consolidated financial statements are presented in millions of Uzbek Soums ("UZS"), unless otherwise indicated.

Basis of consolidation. The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries) made up to 31 December each year. Control is achieved when the Bank:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss account from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation, with the exception of foreign currency gains and losses on intragroup monetary items denominated in a foreign currency of at least one of the parties.

NCI in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the NCI's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other NCI are initially measured at fair value. Subsequent to acquisition, the carrying amount of NCI is the amount of those interests at initial recognition plus the NCI's share of subsequent changes in equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the NCI are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

When the Group loses control of a subsidiary, the gain/loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any NCI. All amounts previously recognised in OCI in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Associates. Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The carrying amount of associates includes goodwill identified on acquisition less accumulated credit losses, if any. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as share of result of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of result of associates. However, when the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

The Group applies the impairment requirements in IFRS 9 to long-term loans, preference shares and similar long-term interest that in substance form part of the investment in associate before reducing the carrying value of the investment by a share of a loss of the investee that exceeds the amount of the Group's interest in the ordinary shares.

Disposals of subsidiaries, associates or joint ventures. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

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 35.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

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 – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole change. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

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

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

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. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. 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.

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 criteria for determining the transition between Stages 1, 2 and 3. The presence of at least one criterion is sufficient to lead to the change of transaction classifications, reflecting the increase in credit risk.

Stage 1: Loans without significant increase in credit risk (SICR)

- All loans at initial recognition are classified into Stage 1 and remain in Stage 1 until the identification of factors that indicate a significant increase in credit risk, except for acquired or created loan-impaired loans.

Stage 2: Loans with significant increase in credit risk (SICR)

- Loans in which the maximum number of days overdue on principal or interest ranges from 31 days to 90 days;
- Loans in the category of "substandard" according to the Regulation on the classification procedure of the CBU;
- Loans that were credit-impaired (Stage 3) as at the end of the previous quarter due to one or more transition criteria of Stage 3, and which as at the end of the current quarter have signs of Stage 1 or 2;
- Loans that were credit-impaired (Stage 3) as at the end of the previous quarter due to restructuring and repaid 25% of principal from the date of restructuring.
- In the absence of historical information about the number of overdue days for accrued interest, loans for which there is an amount of overdue interest at the end of the current quarter.

Stage 3: Financial asset is in default

- Loans for which the maximum number of overdue days on principal or interest is more than 90 days;
- Loans in the category of "unsatisfactory", "doubtful" and "bad" in accordance with the Regulation on the classification procedure of the CBU;
- Loans that have been revised since initial recognition (loans with the status "Restructured in the loan portfolio, including loans for which the repayment was less than 25% of the principal debt since the date of the last restructuring or the last revision (except in cases of restructuring of loans, when the financial condition of the borrower is stable and allows the borrower to repay the debt to the Group and when restructuring occurs at the decision of higher authorities);
- Loans for which there is a court decision or a trial is in progress (loans for which there are court decision dates in the loan portfolio);
- Presence of debt on off-balance sheet accounts for the principal debt and accrued interest in accordance with the Regulation on the Classification Procedure of the CBU and the Regulation on Non-Accrual of Interest of the CBU;
- Loans for which the contract has expired, but the borrower has not fully repaid the debt according to the payment schedule;

POCI: Purchased or created credit impaired financial asset.

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. If the materiality of the Group for determining an individually significant asset increases by more than 2 times in the calculation for the next period (fiscal year), then the materiality level for this next period (fiscal year) shall not exceed the Group's materiality level for the previous period (fiscal year) more than 2 times, and it will be equal to the level of materiality multiplied by 2 (in the case of facts or circumstances that may significantly affect the Group's estimated materiality level, which, due to these facts or circumstances, may be at an unexpected or atypical level for the corresponding period, for example, large profits or losses of the Group may occur due to one-time general economic conditions / changes or other external conditions or non-typical operations for the Group, in this case it is possible to normalize the calculated amount of capital for the relevant period by excluding from the calculation the amount of such gains / losses).

For each individually significant borrower based on the results of the assessment at each reporting date, questionnaire with the necessary explanations and comments is filled out to identify signs of a significant increase in credit risk and credit impairment. The questionnaire is completed on the basis of the loan portfolio and the information contained in the monitoring reports, and other information in the credit folder.

After determining whether there is evidence 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 in one of the following stages:

Stage 1: "Loans with low credit risk"

- All loans at initial recognition are classified in Stage 1 and remain in Stage 1 if no significant increase in the level of credit risk has been identified or until the factors indicating an increase in credit risk have been identified, except for loans acquired or created credit impaired;

Stage 2: "Loans with increased credit risk"

- Breach of contract terms, such as a delay of payment from 31 to 90 calendar days;
- The Group has information about overdue debts in other credit institutions (if information is available for the Group) on the principal debt and / or the borrower's remuneration from 31 to 90 calendar days;
- Loans in the category of "substandard" according to the Regulation on the classification procedure of the CBU;
- Actual or expected significant change in the operating results of the borrower. Examples include actual or expected decrease in revenues or margins, increased operational risks, working capital inefficiencies, management problems, or changes in the scale of business or organizational structure (for example, termination of a business segment), which lead to a significant change in the borrower's ability to repay debt liabilities. The criteria is reduction of the financial condition of the borrower by one class. Class of the financial condition of the borrower score based on the calculations of economic indicators (ratios of coverage, liquidity, autonomy, asset turnover and net sales profitability
- Actual or expected (based on reasonable and corroborated information) reduction of the borrower's external credit rating by 2 or more notches from the date of issuance of the loan;
- Reduction of financial support from the state, the parent organization or another affiliated organization;
- Significant deterioration in the quality or condition of the collateral according to the data of the last monitoring report, which is expected to reduce the economic incentive for the borrower to make the scheduled payments stipulated by the contract or otherwise affect the probability of a default. When the security is a guarantee of third parties, significant financial difficulties of the guarantor or surety;
- Existing or projected adverse changes in commercial, financial or economic conditions (actual or expected increase in interest rates or actual or expected increase in unemployment) or actual or expected adverse change in regulatory, economic or technological conditions of the borrower's activity (for example, decrease in demand for the borrower of the product due to changes in technology);
- Borrower who has no evidence of impairment or evidence of a significant increase in credit risk at the reporting date, but who has been classified as credit impaired (in Stage 3) based on the calculation of expected credit loss at the previous reporting date.
- Expected breach of contract that could lead to the provision of exemptions for covenants or amendments to covenants, provision of temporary exemption from interest payments, increase in interest rates, introduction of requirements for additional security or guarantees or other changes to the contractual base of the instrument;
- Reasonable and corroborated information about one or more of the following factors:
  - the presence of uncertainty in respect of continuous operations in the auditor's report of the financial statements of the borrower;
  - involvement in legal proceedings of the borrower (co-borrower), which may worsen its financial condition;
  - violation of covenants 1 or more times within three months before the reporting date;

Stage 3: "Credit-impaired loans"

- Breach of contract terms, such as default or delay of payments for 90 days and more;
- Cross-default, the Group has information about overdue debts in other credit institutions (if the Group has information) on the principal debt and / or interest for 90 calendar days or more;
- Loans in the category of "unsatisfactory", "doubtful" and "bad" in accordance with the Regulation on the classification procedure of the CBU.
- Presence of significant financial difficulties of the borrower. The criteria is reduction of financial condition of the borrower by two or more classes. The class of the financial condition of the borrower is based on calculations of economic indicators (ratios of coverage, liquidity, autonomy, asset turnover and net sales margin);
- Loans that have been revised since initial recognition (loans with the status "Restructured in the loan portfolio, including loans for which the repayment was less than 25% of the principal debt since the date of the last restructuring or the last revision (except in cases of restructuring of loans, when the financial condition of the borrower is stable and allows the borrower to repay the debt to the Group and when restructuring occurs at the decision of higher authorities);
- Lack of communication with the borrower (co-borrower), as well as the lack of information to determine the financial condition of the borrower (co-borrower) for the last 12 months;
- Decrease in the external credit rating of the borrower to the "CC" rating and below, assigned by the rating agencies Standard & Poor's, Moody's Investors Service and Fitch;

- Write-off of part and / or the entire amount of debt on the principal debt and / or remuneration of the borrower during the previous 2 years;
- Suspension of the accrual of interest on the loan due to the deteriorating financial condition of the borrower (non-accrual status) in accordance with the Regulation of the CBU;
- Availability of information about the death of the borrower (co-borrower) of an individual;
- The borrower's appeal to the court with a statement of recognition of its bankruptcy or the filing of a claim by a third party to declare the borrower bankrupt in accordance with the legislation of the Republic of Uzbekistan and loans that have a court decision or are in court proceedings (loans that have court decision dates in the loan portfolio);
- Revocation of a license or other title document for the implementation of activities;
- Disappearance of an active market for a given financial asset.

POCI: Purchased or created credit impaired financial asset
- Purchase or creation of a financial instrument with a large discount, which reflects the incurred credit losses;

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.

Presentation of allowance for ECL in the statement of financial position. Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no loss allowance is recognized in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- For loan commitments and financial guarantee contracts: as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

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 assets – modification. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets) and recognises a modification gain or loss in profit or loss.

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 as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

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

The payments or receipts presented in the statement of cash flows represent transfers of cash and cash equivalents by the Group, including amounts charged or credited to current accounts of the Group's counterparties held with the Group, such as loan interest income or principal collected by charging the customer's current account or interest payments or disbursement of loans credited to the customer's current account, which represents cash or cash equivalent from the customer's perspective.

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 equity securities. Financial assets that meet the definition of equity from the issuer's perspective, i.e. instruments that do not contain a contractual obligation to pay cash and that evidence a residual interest in the issuer's net assets, are considered as investments in equity securities by the Group. Investments in equity securities are measured at FVTPL, except where the Group elects at initial recognition to irrevocably designate an equity investments at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. When the FVOCI election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversals, if any, are not measured separately from other changes in fair value. Dividends continue to be recognised in profit or loss when the Group's right to receive payments is established except when they represent a recovery of an investment rather than a return on such investment.

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

Debt securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year. All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss.
Investments in debt securities are carried at FVTPL if they do not meet the criteria for AC or FVOCI. The Group may also irrevocably designate investments in debt securities at FVTPL on initial recognition if applying this option significantly reduces an accounting mismatch between financial assets and liabilities being recognised or measured on different accounting bases.

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

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

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Construction in progress is carried at cost, less any recognised impairment loss. Cost includes professional fees. 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 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. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease by applying the rate implicit in the lease to (i) the gross book value of lease receivables in stage 1 and 2 and (ii) net carrying amount of lease receivables in stage 3 of the ECL model. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Finance income from leases is recorded within other similar income in profit or loss.

Credit loss allowance is recognised in accordance with the general ECL model. The ECL is determined in the same way as for loans and advances measured at AC and recognised through an allowance account to write down the receivables' net carrying amount to the present value of expected cash flows discounted at the interest rates implicit in the finance leases. The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

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

Non-current assets held for sale. Non-current assets and disposal groups, which may include both non-current and current assets, are classified in the statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's Management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition.

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.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale premises and equipment are not depreciated or amortised. Reclassified non-current financial instruments and deferred taxes are not subject to write down to the lower of their carrying amount and fair value less costs to sell.

Liabilities directly associated with disposal groups that will be transferred in the disposal transaction are reclassified and presented separately in the statement of financial position.

Discontinued operations. A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

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.

Derivative financial instruments. Derivative financial instruments, including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, and currency and interest rate options are carried at their fair value.

All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year (gains less losses on derivatives). The Group does not apply hedge accounting.
Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

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.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within administrative and other operating expenses.

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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Uncertain tax positions. The Group's uncertain tax positions are reassessed by the Management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by the Management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on the Management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Large-scale tax system transformations are taking place in the Republic of Uzbekistan associated with the adoption of the Concept for Improving the Tax Policy of the Republic of Uzbekistan. Its main reforms are implemented in the Tax Code, other regulatory acts, including the annual "budgetary" resolution and entered into force on 1 January 2019.

There were significant changes introduced in tax law of the Republic of Uzbekistan in accordance with the Presidential decree #PD-4086 on "Forecasting the main macroeconomic budget indicators and parameters for 2019 and budget guidelines for 2020-2021" dated 26 December 2018. Corporate income tax for credit organisations has been set at of 20%.

Provisions for liabilities and charges. Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.
When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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.

Trade payable and other liabilities. Trade payables and other liabilities are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost.

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.

Treasury shares. Where the Group or its subsidiaries purchase the Group's equity instruments, the consideration paid, including any directly attributable incremental external costs, net of income taxes, is deducted from equity attributable to the owners of the Group until the equity instruments are reissued, disposed of or cancelled. Where such shares are subsequently disposed of or reissued, any consideration received is included in equity.

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

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. The Group does not designate loan commitments as financial liabilities at FVTPL.
For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

If the credit risk on the financial asset classified in Stage 3 subsequently improves so that the asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the asset had been determined as credit-impaired (ie the asset becomes cured), the asset is reclassified from stage 3 and the interest revenue is calculated by applying the EIR to the gross carrying amount. The additional interest income, which was previously not recognised in P&L due to the asset being in stage 3 but it is now expected to be received following the asset's curing, is recognised as a reversal of impairment.

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.

Basis of accounting for insurance activities

Insurance operations income primarily comprises of premiums written less provision for unearned premiums.

Premiums written. Premiums are recognized within insurance operations income upon inception of a contract for the full amount.

Provision for unearned premiums. The Group calculated Unearned Premium Reserve (UPR) according to legislation requirements, where insurance lines of business are divided into four accounting groups. For the first accounting group, the unearned premium is calculated separately for each insurance contract using the "pro rata temporis" method, which is in line with IFRS. The "pro rata temporis" method includes calculation of unearned premium in proportion to the remaining useful life of insurance contract at the balance sheet date. For the other accounting groups, UPR calculated differently, not in accordance with IFRS.

Claims. Claims and claims handling expenses are charged to the consolidated statement of profit or loss and other comprehensive income as incurred based on the evaluated liability for compensation payable to policyholders or third parties, net of subrogation. Subrogation is a right to pursue third parties for payment of some or all costs related to the claims settlement process.

Loss provision. Loss provision represents the accumulation of estimates for ultimate losses and includes provision for losses reported but not settled ("RBNS") and incurred but not yet reported ("IBNR"). Estimates of claims handling expenses are included in both RBNS and IBNR. RBNS is provided in respect of claims reported, but not settled as at the reporting date. The IBNR is determined by summing the IBNR estimated for each line of business. The Group calculates IBNR of at least 10 percent of the base insurance premium under insurance contracts for the period twelve months prior to the reporting date, which is in accordance with the insurance legislation (Regulation on insurance reserves of insurers in accordance with Order of the Minister of Finance of 20 November 2008 N 107, registered by the Ministry of Justice on 15 December 2008 N 1882). Reserves for insurance contracts primarily comprises of provision for unearned premiums and insurance loss provisions.

Liability adequacy test. At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, the current best estimates of the future contractual cash flows and claims handling and administration expenses are used. Any deficiency is immediately charged to the consolidated statement of comprehensive income by subsequently establishing a provision for losses arising from the liability adequacy tests.

Reinsurance. The Group assumes and cedes reinsurance in the normal course of business. Ceded reinsurance contracts do not relieve the Group from its obligations to policyholders. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the term of each reinsurance contract. Reinsurance assets include balances due from reinsurance companies for paid claims, including claims handling expenses, reinsurers' share of loss provision and premiums ceded to the Group. Reinsurance payables are obligations of the Group for the transfer of reinsurance premiums to reinsurers.

The Group assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated statement of comprehensive income.

Capitalisation of borrowing costs. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that is not carried at fair value and that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset), form part of the cost of that asset. Other borrowing costs are recognised as an expense using the effective interest method. The Group capitalises borrowing costs that would have been avoided if it had not made capital expenditure on qualifying assets. The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Interest or other investment income is not deducted in arriving at the amount of borrowing costs available for capitalisation, except where the Group obtains specific borrowings for the purpose of acquiring a qualifying asset and has investment income on the temporary investment of funds obtained through such specific borrowings.

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").

(in millions of Uzbek Soums, unless otherwise indicated)

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.

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

As at 31 December 2022, the rate of exchange used for translating foreign currency balances was USD 1 =11,225.46 (2021: USD 1 = UZS 10,837.66) and EUR 1 = UZS 11,961.85 (2021: EUR 1 = UZS 12,224.88).

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.

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

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 37 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 after the reporting period for items that are not analysed in Note 37.

	31 December 2022			31 December 2021		
	Amounts expected to be recovered or settled			Amounts expected to be recovered or settled		
	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	-	35,834	**35,834**	-	29,726	**29,726**
Premises, equipment and intangible assets	-	2,082,504	**2,082,504**	-	1,276,363	**1,276,363**
Deferred tax asset	-	194,962	**194,962**	-	202,125	**202,125**
Insurance assets	-	20,336	**20,336**	-	12,964	**12,964**
Other assets	-	279,366	**279,366**	-	356,482	**356,482**
Non-current assets held for sale	223,345	-	**223,345**	48,602	-	**48,602**
Liabilities						
Insurance liabilities	-	117,348	**117,348**	-	84,813	**84,813**
Other liabilities	-	240,326	**240,326**	-	197,421	**197,421**

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.

Critical accounting judgements

Business model assessment. The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the Group considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimising potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The Group assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the Group's control, is not recurring and could not have been anticipated by the Group, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.

The "hold to collect and sell" business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model's objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets.
The residual category includes those portfolios of financial assets, which are managed with the objective of realising cash flows primarily through sale, such as where a pattern of trading exists. Collecting contractual cash flow is often incidental for this business model.

Significant increase of credit risk. As explained in Note 3, ECL are 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.

Key sources of estimation uncertainty

The key inputs used for measuring ECL are:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

Probability of default. PD constitutes a key input in measuring ECL. PD for loans is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

PD for treasury operations is determined according to the Default Study from international rating agencies (S&P, Fitch, Moody's), which publish tabular data with the values of the probabilities of default.

The probabilities of default are maintained up to date and are updated on a periodic basis as the default statistics are updated.

Loss Given Default. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

LGD for treasury operations is determined according to the Default Study data from international rating agencies (S&P, Fitch, Moody's) and depends on the type of debt on the financial asset: senior secured/unsecured, subordinated, sovereign. In addition, LGD may be adjusted if collateral is provided for the asset, as well as if there are indications of impairment for the financial asset (Stage 2 or Stage 3).

LGD for collectively assessed loans is calculated based on an estimate of the recoverability of debt in case of the pledged collateral sale with a discount period that corresponds to the pledged collateral implementation terms.

Exposure at Default. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms. The Group uses EAD models that reflect the characteristics of the portfolios.

If probability of default (PD) increased by 10% for the whole loan portfolio then ECL would have increased by 18% to UZS 3,397,720 million as of 31 December 2022. If LGD increased by 10% for the whole loan portfolio then ECL would have increased by 22% to UZS 3,517,218 million.

Establishing groups of assets with similar credit risk characteristics. When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Models and assumptions used. The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Recoverability of deferred tax assets. The Management of the Group is confident that no adjustment against deferred tax assets at the reporting date is considered necessary, because it is more than likely that the deferred tax asset will be fully realized. The Group is profitable and there is a forecast of profits over the coming periods over which the current timing differences will unwind.

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.

Loans and advances to customers. The Management has considered gains or losses arisen on initial recognition for loan lending to Group customers where the lending rate is below the market interest rate.

Fair value measurement and valuation process. In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the Group uses valuation models to determine the fair value of its financial instruments.

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: export, import, GDP, CPI, current account balances, unemployment rates, aligned them with quarterly default rates across all loan portfolios and performed statistical tests for correlation considering different time lags. The Management analysed forward-looking information and assessed that effect of macro is not significant. The Management updates its statistical tests for correlation as at each reporting date.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following amendments became effective from 1 January 2022:

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

- The amendment to IAS 16 prohibits an Group from deducting from the cost of an item of PPE any proceeds received from selling items produced while the Group is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An Group will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an Group is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.
- The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an Group recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.
- IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an Group applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an Group would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the Group would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
- The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.
- Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.
- IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The application of the amendments had no significant impact on the Group's consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENTS

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, and which the Group has not early adopted.

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an Group will be recognising the loss immediately.

Group is currently assessing the impact of the new standard on its financial statements. Potential impact on insurance products embedded in loans and similar instruments is also under consideration.

1Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- *Expected recovery of insurance acquisition cash flows:* An Group is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the Group recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
- *Contractual service margin attributable to investment services*: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the Group performs such activities to enhance benefits from insurance coverage for the policyholder.
- *Reinsurance contracts held – recovery of losses:* When an Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an Group should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts
- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

Transition option for insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17. The amendment relates to insurers' transition to IFRS 17 only and does not affect any other requirements in IFRS 17. The transition requirements in IFRS 17 and IFRS 9 apply at different dates and will result in the following one-time classification differences in the comparative information presented on initial application of IFRS 17: accounting mismatches between insurance contract liabilities measured at current value and any related financial assets measured at amortised cost; and if an Group chooses to restate comparative information for IFRS 9, classification differences between financial assets derecognised in the comparative period (to which IFRS

9 will not apply) and other financial assets (to which IFRS 9 will apply). The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. When initially applying IFRS 17, entities would, for the purpose of presenting comparative information, be permitted to apply a classification overlay to a financial asset for which the Group does not restate IFRS 9 comparative information. The transition option would be available, on an instrument-by-instrument basis; allow an Group to present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but not require an Group to apply the impairment requirements of IFRS 9; and require an Group that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how the Group expects that financial asset to be classified applying IFRS 9.

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 amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Group is currently assessing the impact of the amendments on its financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2023). These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the Group has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the Group complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an Group's own equity instruments.

There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The Group is currently assessing the impact of the amendments on its financial statements.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance. The Group is currently assessing the impact of the amendments on its financial statements.

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 amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.
The Group is currently assessing the impact of the amendments on its financial statements.

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). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the Group's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group is currently assessing the impact of the amendments on its financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the

(in millions of Uzbek Soums, unless otherwise indicated)

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.

(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.

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

Segment information for the reportable segments for the period 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**

(in millions of Uzbek Soums, unless otherwise indicated)

The cash management is performed by Treasury Department to support liquidity of the Bank as a whole.

	2022		
	Corporate	**Individuals**	**Total**
Interest income			
Interest on Loans and advances to customers	3,874,358	670,526	**4,544,884**
Interest on balances Due from other banks	278,921	-	**278,921**
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	**2,215,801**	**256,419**	**2,472,220**

	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	142,770	-	**142,770**
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 2022	**31 December 2021**
Total reportable segment assets	**60,061,964**	**53,757,518**
Financial assets at fair value through other comprehensive income	42,007	48,136
Investment in associates	35,834	29,726
Premises, equipment and intangible assets	2,082,504	1,276,363
Current income tax prepayment	251,647	45,778
Deferred tax asset	194,962	202,125
Insurance assets	20,336	12,964
Other assets	279,366	310,704
Non-current assets held for sale	223,345	48,602
Total assets	**63,191,965**	**55,731,916**
Total reportable segment liabilities	**54,827,554**	**48,403,110**
Derivative financial liabilities	115,533	-
Insurance liabilities	117,348	84,813
Other liabilities	240,326	197,421
Subordinated debt	330,560	101,771
Total liabilities	**55,631,321**	**48,787,115**

(in millions of Uzbek Soums, unless otherwise indicated)

	2022	2021
Segment results	**2,472,220**	**2,119,516**
Provision for credit losses on loans and advances to customers	(925,158)	(420,937)
(Loss)/gain on initial recognition on interest bearing assets	(41,514)	8,119
Gains less losses from modification of financial assets measured at amortised cost, that did not lead to derecognition	(44,035)	(52,338)
Fee and commission income	443,690	386,074
Fee and commission expense	(126,413)	(110,483)
Gains less losses from financial derivatives	(100,848)	-
Net gain on foreign exchange translation	185,776	(4,262)
Net gain from trading in foreign currencies	337,768	170,935
Insurance operations income	86,724	80,881
Insurance operations expense	(49,065)	(36,331)
Change in insurance reserves, net	(25,163)	(32,235)
Dividend income	4,741	4,920
Other operating income	16,482	40,866
Provision for credit losses on other assets	8,521	(34,145)
Impairment of assets held for sale	(46,267)	(5,586)
Administrative and other operating expenses	(1,366,177)	(1,044,146)
Share of result from associates	703	722
Profit before tax	**831,985**	**1,071,570**
Income tax expense	(211,433)	(214,582)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**620,552**	**856,988**
PROFIT FOR THE PERIOD	**620,552**	**856,988**

7. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Correspondent accounts and placements with other banks with original maturities of less than three months	4,280,246	5,154,254
Cash on hand	1,522,206	861,313
Cash balances with the CBU (other than mandatory reserve deposits)	1,318,006	2,181,792
Less: Allowance for expected credit losses	(969)	(707)
Total cash and cash equivalents	**7,119,489**	**8,196,652**

(in millions of Uzbek Soums, unless otherwise indicated)

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 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 AA- to A+	-	4,089,923	**4,089,923**
- Rated Baa	-	37,114	**70,606**
- Rated Ba	-	70,606	**37,114**
- 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**

As at 31 December 2022 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 2022 for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1 except for balances with Russian banks which are included in Stage 2. Refer to Note 31 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.

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**

As at 31 December 2021 for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1 except for balances with Russian banks which are included in Stage 2.

Interest rate analysis of cash and cash equivalents is disclosed in Note 37. Information on related party balances is disclosed in Note 38.

(in millions of Uzbek Soums, unless otherwise indicated)

8. DUE FROM OTHER BANKS

	31 December 2022	31 December 2021
Placements with other banks with original maturities of more than three months	1,659,444	1,688,653
Mandatory cash balances with CBU	192,572	184,209
Restricted cash	25,597	118,888
Less: Allowance for expected credit losses	(34,198)	(35,447)
Total due from other banks	**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 purpose of funding its 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.

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 A- to A+	-	1,566	-	**1,566**
- Rated BBB+	-	-	25,597	**25,597**
- Rated BB-	-	1,114,311	-	**1,114,311**
- Rated B+	-	406,549	-	**406,549**
- Rated B1	-	43,560	-	**43,560**
- Rated B3	-	7,500	-	**7,500**
- Rated B	-	48,033	-	**48,033**
- Rated B-	-	3,906	-	**3,906**
- Unrated	-	34,019	-	**34,019**
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**

As at 31 December 2022 for the purpose of ECL measurement due from other banks balances are included in Stage 1 except for balances with Private Joint Stock Commercial Bank "Hi-Tech Bank" and Private Joint Stock Commercial Bank "Turkiston" which are included in Stage 3. Due from other banks balances with those banks classified as "Unrated" as at 31 December 2022. Refer to Note 31 for the ECL movement.

(in millions of Uzbek Soums, unless otherwise indicated)

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 A- to A+	-	-	-	-
- Rated BBB+	-	-	117,257	117,257
- Rated Ba2	-	-	-	-
- Rated BB-	-	1,119,053	-	1,119,053
- Rated B+	-	-	-	-
- 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**

As at 31 December 2021, for the purpose of ECL measurement due from banks balances are included in Stage 1. Refer to Note 31 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.

Refer to Note 35 for the disclosure of the fair value of due from banks and interest rate analysis is disclosed in Note 37. Information on related party balances is disclosed in Note 38.

(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 December 2022	31 December 2021
Corporate loans	31,362,398	25,902,022
State and municipal organisations	14,368,999	14,278,451
Loans to individuals	5,566,991	4,349,321
Total loans and advances to customers, gross	**51,298,388**	**44,529,794**
Less: Allowance for expected credit losses	(2,877,899)	(1,992,743)
Total loans and advances to customers	**48,420,489**	**42,537,051**

As at 31 December 2022, the Group granted loans to 15 (31 December 2021: 13) borrowers in the amount of UZS 17,320,728 million (31 December 2021: UZS 15,615,941 million), which individually exceeded 10% of the Group's equity.

As at 31 December 2022, finance lease receivables include three lease agreements for the total amount of UZS 353,622 million (31 December 2021: UZS 527,297 million) with one-year grace period for repayment of principal amounts. The finance lease receivables were presented under the Corporate Loans classification for the purpose of disclosure.

The table below represents loans and advances to customer's classification by stages:

	31 December 2022	31 December 2021
Originated loans to customers	51,117,332	44,273,101
Overdrafts	181,056	256,693
Total loans and advances to customers, gross	**51,298,388**	**44,529,794**
Stage 1	39,971,908	32,680,532
Stage 2	7,542,437	9,071,322
Stage 3	3,784,043	2,777,940
Total loans and advances to customers, gross	**51,298,388**	**44,529,794**
Less: Allowance for expected credit losses	(2,877,899)	(1,992,743)
Total loans and advances to customers	**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 to corporate customers 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 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 *	(362,789)	259,008	7,372	**(96,409)**	(11,784,984)	(148,981)	(2,562)	**(11,936,527)**
New assets issued or acquired	392,033	-	-	**392,033**	14,368,999	-	-	**14,368,999**
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:								
Recovery of assets previously written off	-	-	-	-	-	-	-	-
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			
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 *	(1,814,340)	(46,402)	1,441,444	**(419,298)**	(20,107,255)	1,928,731	269,946	**(17,908,578)**
New assets issued or acquired	1,704,220	-	-	**1,704,220**	30,343,916	-	-	**30,343,916**
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:								
Recovery of assets previously written off	-	-	35,235	**35,235**	-	-	35,235	**35,235**
Written off assets	-	-	(127,371)	**(127,371)**	-	-	(127,371)	**(127,371)**
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**

(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 *	(105,336)	(13,278)	14,856	**(103,758)**	(3,655,048)	453	11,501	**(3,643,094)**
New assets issued or acquired	59,584	-	-	**59,584**	5,566,639	-	-	**5,566,639**
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:								
Recovery of assets previously written off	-	-	48,120	**48,120**	-	-	48,120	**48,120**
Written off assets	-	-	(64,047)	**(64,047)**	-	-	(64,047)	**(64,047)**
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 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.

(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**			
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:								
Recovery of assets previously written off	-	-	-	-	-	-	-	-
Written off assets	-	-	-	-	-	-	-	-
Foreign exchange differences	1,578	1,260	-	**2,838**	230,131	73,172	19,600	**322,903**
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			
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:								
Recovery of assets previously written off	-	-	5,707	**5,707**	-	-	5,707	**5,707**
Written off assets	-	-	(346,110)	**(346,110)**	-	-	(346,110)	**(346,110)**
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**

(in millions of Uzbek Soums, unless otherwise indicated)

Loans to individuals	Credit Loss Allowance				Gross Carrying Amount			
	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:								
Recovery of assets previously written off	-	-	1,270	**1,270**	-	-	1,270	**1,270**
Written off assets	-	-	(48,453)	**(48,453)**	-	-	(48,453)	**(48,453)**
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**

(in millions of Uzbek Soums, unless otherwise indicated)

Economic sector risk concentrations within the loans and advances to customer are as follows:

	31 December 2022		31 December 2021	
	Amount	**%**	**Amount**	**%**
Manufacturing	18,207,559	36%	15,849,755	30%
Oil and gas & chemicals	10,885,326	21%	10,704,331	25%
Individuals	5,566,991	11%	4,349,321	11%
Trade and Services	5,554,150	11%	4,441,329	11%
Agriculture	3,460,679	7%	3,745,481	9%
Energy	3,114,928	6%	2,176,801	8%
Transport and communication	2,883,334	6%	2,367,542	5%
Construction	1,625,421	2%	895,234	1%
Total loans and advances to customers, gross	**51,298,388**	**100%**	**44,529,794**	**100%**
Less: Allowance for expected credit losses	(2,877,899)		(1,992,743)	
Total loans and advances to customers	**48,420,489**		**42,537,051**	

As at 31 December 2022, the Group granted loans to 13 (31 December 2021: 13) borrowers in the amount of UZS 15,844,779 million (31 December 2021: UZS 15,615,941 million), which individually exceeded 10% of the Group's equity.

Information about loans and advances to individuals as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Mortgage	3,685,578	3,314,059
Car Loan	982,316	448,949
Microloan	744,719	464,727
Consumer Loans	73,449	110,161
Other	80,929	11,425
Total loans and advances to individuals, gross	**5,566,991**	**4,349,321**
Less: Allowance for expected credit losses	(59,586)	(183,247)
Total loans and advances to individuals	**5,507,405**	**4,166,074**

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**	**5,566,991**	**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**

(in millions of Uzbek Soums, unless otherwise indicated)

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	**12,086,687**
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	181,651	**4,053,451**
Insurance policy	11,817	3,040,375	263,635	**3,315,826**
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**

Analysis by credit quality of loans to State and municipal organisations, Corporate and Individual customers that are collectively and individually assessed for impairment as at 31 December 2022 are as follows:

31 December 2022	**State and municipal organisations**	**Corporate loans**	**Loans to individuals**	**Total**
Loans assessed for impairment on a collective basis (gross)				
Not past due loans	14,280,484	27,311,705	5,241,219	**46,833,408**
Past due loans	-	-	-	
- less than 30 days overdue	20,850	557,948	167,139	**745,937**
- 31 to 90 days overdue	67,665	728,294	69,456	**865,415**
- 91 to 180 days overdue	-	353,762	52,258	**406,020**
- 181 to 360 days overdue	-	652,342	36,394	**688,736**
- over 360 days overdue	-	38,160	525	**38,685**
Total loans assessed for impairment on a collective basis, gross	**14,368,999**	**29,642,211**	**5,566,991**	**49,578,201**
Loans individually determined to be impaired (gross):				
Restructured loans	**-**	**1,720,187**	**-**	**1,720,187**
Not past due loans	-	176,655	-	**176,655**
Past due loans	-	-	-	**-**
1-30 days	-	-	-	**-**
31-90 days	-	-	-	**-**
91-180 days	-	1,095,776	-	**1,095,776**
181-360 days	-	447,756	-	**447,756**
Total loans individually determined to be impaired, gross	**-**	**1,720,187**	**-**	**1,720,187**
- Impairment provisions for individually impaired loans	-	(964,455)	-	**(964,455)**
- Impairment provisions assessed on a collective basis	(392,033)	(1,461,825)	(59,586)	**(1,913,444)**
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**

(in millions of Uzbek Soums, unless otherwise indicated)

Analysis by credit quality of loans to State and municipal organisations, Corporate and Individual customers that are collectively and individually assessed for impairment as at 31 December 2021 are as follows:

31 December 2021	**State and municipal organisations**	**Corporate loans**	**Loans to individuals**	**Total**
Loans assessed for impairment on a collective basis (gross)				
Not past due loans	14,246,999	23,156,242	3,840,673	**41,243,914**
Past due loans				
- less than 30 days overdue	27,616	949,697	185,401	**1,162,714**
- 31 to 90 days overdue	2,471	539,388	87,801	**629,660**
- 91 to 180 days overdue	-	271,438	72,755	**344,193**
- 181 to 360 days overdue	1,365	376,143	128,524	**506,032**
- over 360 days overdue	-	40,486	34,167	**74,653**
Total loans assessed for impairment on a collective basis, gross	**14,278,451**	**25,333,394**	**4,349,321**	**43,961,166**
Loans individually determined to be impaired (gross):				
Restructured loans	**-**	**568,628**	**-**	**568,628**
Not past due loans	-	422,936	-	**422,936**
Past due loans				
1-30 days	-	-	-	**-**
31-90 days	-	72,759	-	**72,759**
91-180 days	-	72,933	-	**72,933**
181-360 days	-	-	-	**-**
Total loans individually determined to be impaired, gross	**-**	**568,628**	**-**	**568,628**
- Impairment provisions for individually impaired loans	-	(182,745)	-	**(182,745)**
- Impairment provisions assessed on a collective basis	(116,465)	(1,510,286)	(183,247)	**(1,809,998)**
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**

(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	-	-	502 886	**502 886**
Gross carrying amount	**14 556 470**	**8 884 835**	**2 460 718**	**25 902 022**
Credit loss allowance	(193 862)	(481 544)	(1 017 625)	(1 693 031)
Carrying amount	**14 362 608**	**8 403 291**	**1 443 093**	**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	-	-	105 158	**105 158**
Gross carrying amount	**3 877 782**	**186 487**	**285 053**	**4 349 321**
Credit loss allowance	(34 193)	(10 554)	(138 500)	(183 247)
Carrying amount	**3 843 589**	**175 933**	**146 553**	**4 166 074**

(in millions of Uzbek Soums, unless otherwise indicated)

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 December 2022 and 31 December 2021 are as follows.

	Over-collateralised		Under-collateralised	
	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**

	31 December 2021 Under-collateralised	
	Carrying Value of the Assets	**Value of Collateral**
Credit Impaired 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**

(in millions of Uzbek Soums, unless otherwise indicated)

The components of net investment in finance lease as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Not later than one year	111,869	165,948
From one year to five years	267,085	351,752
Minimum lease payments	**378,954**	**517,700**
Less: unearned finance income	(40,019)	(67,402)
	338,935	**450,298**
Less: Allowance for expected credit losses	(5,769)	(8,002)
Net investment in finance lease	**333,166**	**442,296**
Current portion	87,809	125,532
Long-term portion	245,357	316,764
Net investment in finance lease	**333,166**	**442,296**

As at 31 December 2022, finance lease receivables include three lease agreements for the total amount of UZS 353,622 million (31 December 2021: UZS 527,297 million) with one-year grace period for repayment of principal amounts.

Refer to Note 35 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 37. Information on related party balances is disclosed in Note 38.

10. INVESTMENT SECURITIES MEASURED AT AMORTISED COST

	Currency	Annual coupon/ interest rate %	EIR %	Maturity date month/year	31 December 2022	31 December 2021
Government Bonds	USD/UZS	5 - 18	8 - 19	Jan 2023 - Jul 2032	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 - 23	June 2023 - July 2026	8,435	8,400
Less: Allowance for expected credit losses					(10,050)	(1,633)
Total investment securities measured at amortised cost					**2,678,571**	**1,067,512**

At 31 December 2022, the Group holds government bonds of the Ministry of Finance of the Republic of Uzbekistan in the quantity of 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 5-18 % p.a. (31 December 2021: 14-16% p.a.).

At 31 December 2022, the Group holds bonds of the CBU in the amount of UZS 610,315 million at 16% p.a. coupon rate.

At 31 December 2022, the Group holds 1 156 Corporate bonds of Uzmetkombinat with nominal value of UZS 5,000,000 maturity date June 2023 and annual coupon rate 22,03%.

At 31 December 2022, 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.

(in millions of Uzbek Soums, unless otherwise indicated)

31 December 2022	CBU Bonds	Government Bonds	Corporate Bonds	Total
Neither past due nor impaired				
- 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
Neither past due nor impaired				
- 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**

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 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 2022. Refer to Note 31 for the ECL measurement approach.

Refer to Note 35 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 37. Information on related party balances is disclosed in Note 38.

(in millions of Uzbek Soums, unless otherwise indicated)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Ownership	31 December 2022	31 December 2021
Visa Inc.	0,0%	13,460	13,613
JSC "Mortgage Refinancing Company of Uzbekistan"	8,0%	8,788	8,000
JSC "Republican Currency Exchange"	11,1%	7,375	6,109
JSC "O'zbekiston pochtasi"	4,4%	5,648	7,500
JSC "Qurilishmashlizing"	6,5%	4,493	5,842
LLC "Credit Information Analytical Center"	3,2%	2,120	1,695
Other	3,0%	123	265
LLC "Yagona Umumrespublika Protsessing Markazi"	0,0%	-	2,530
LLC "Credit information Service CRIF"	0,0%	-	2,081
JSC "Tashkent" Stock Exchange	0,0%	-	501
Total financial assets at FVTOCI		**42,007**	**48,136**

Financial assets at FVTOCI as at December 2022, 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 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 EACC 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

As at 31 December 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 2022 and 31 December 2021:

	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		31 December 2022		31 December 2021	
LLC "Khorezm Invest Project"	Asset management	Uzbekistan	34%	35,534	34%	29,726
"Kattaqurgon Business Services" LLC	Asset management	Uzbekistan	33%	300	0%	-
Total investment in associates				**35,834**		**29,726**

31 December 2022	LLC "Khorezm Invest Project"	"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	104,513	900	**105,413**
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	LLC "Khorezm Invest Project"
Current assets	34,635
Non-current assets	53,041
Current liabilities	(244)
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	462,375	577,538	28,458	605,996
Disposals (net of depreciation)	(29)	(1,555)	(2,023)	(3,607)	(598)	(4,205)
Transfers	84,334	(64,914)	(30,719)	(11,299)	11,299	-
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 / amortization	(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	853,696	**909,958**	15,560	**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	(6,081)	**(475)**	475	**-**
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**

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. As at 31 December 2022, in accordance with the contract, the Group invested USD 126.391 million (equivalent to UZS 1,549,652 million) of which UZS 1,354,601 million was recorded in construction in progress.

In 2022, the Group has recognized the borrowing cost related to the commission and interest fee on loan borrowed from Credit Suisse for Tashkent city office construction funding in the amount of UZS 38,340 million (2021; UZS 5,165 million).

As at 31 December 2022 and 31 December 2021, premises and equipment of the Group were not pledged.

(in millions of Uzbek Soums, unless otherwise indicated)

14. OTHER ASSETS

	31 December 2022	31 December 2021
Other financial assets		
Commission income receivable	18,186	9,386
Security deposit on money transfer systems	5,403	10,017
Other receivables	1,612	1,057
Less: Allowance for expected credit losses	(453)	(211)
Total other financial assets	**24,748**	**20,249**
Other non-financial assets		
Prepayment for construction of building	126,664	171,256
Prepaid expenses and advances	82,532	95,299
Tax settlements, other than income tax	13,221	4,116
Prepayments for equipment and property	19,506	7,305
Inventory	11,130	7,108
Repossessed collateral	617	770
Other	948	4,601
Less: Provision for impairment	-	-
Total other non-financial assets	**254,618**	**290,455**
Total other assets	**279,366**	**310,704**

As at 31 December 2022, the prepayment for construction of building comprises prepayment to Shanghai Construction company in the amount of 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 and the completion of the project has been extended until the end of 2023.

15. NON-CURRENT ASSETS HELD FOR SALE

	31 December 2022	31 December 2021
Repossessed assets:		
- Buildings held for sale	177,688	48,602
- Equipment held for sale	45,657	-
Total repossessed assets	**223,345**	**48,602**
Total non-current assets (or disposal groups) held for sale	**223,345**	**48,602**

As of 31 December 2022, buildings held for sale include the repossessed property of nine clients on the amount of UZS 178,234 million (two clients repossessed property on the amount of UZS 44,247 million in 2021). In December 2022 and 2021, the Group's management approved and initiated active customer search programs within one year. The assets received were measured at the lower of their carrying amount and fair value less costs to sell. As of 31 December 2022, an impairment of reacquired assets classified as held for sale was recognized in the amount of UZS 50,010 million (31 December 2021: UZS 9,868 million).

16. DUE TO OTHER BANKS

	31 December 2022	31 December 20212
Short term placements of other banks	1,750,362	613,405
Long term placements of other banks	1,617,476	492,583
Correspondent accounts and overnight placements of other banks	527,881	286,989
Total due to other banks	**3,895,719**	**1,392,977**

Term deposits of other banks increased due to attracting 200 mln. USD (2,172,050 million equivalent UZS) deposit from Gazprombank Russia.

Refer to Note 35 for the disclosure of the fair value of due to other banks. Interest rate analysis of due to other banks is disclosed in Note 37. Information on related party balances is disclosed in Note 38.

(in millions of Uzbek Soums, unless otherwise indicated)

17. CUSTOMER ACCOUNTS

	31 December 2022	31 December 2021
State and public organisations		
- Current/settlement accounts	3,844,463	4,148,013
- Term deposits	3,614,656	3,019,115
Other legal entities		
- Current/settlement accounts	2,814,593	2,378,852
- Term deposits	823,735	711,774
Individuals		
- Current/demand accounts	1,305,546	949,191
- Term deposits	2,925,826	2,354,595
Total customer accounts	**15,328,819**	**13,561,540**

Economic sector concentrations within customer accounts are as follows:

	31 December 2022		31 December 2021	
	Amount	%	Amount	%
Individuals	4,231,372	28%	3,303,786	24%
Public administration	3,503,390	23%	3,120,451	23%
Oil and gas	2,393,554	16%	2,615,793	19%
Manufacturing	2,051,712	13%	1,592,246	12%
Energy	1,097,149	7%	768,794	6%
Trade	976,760	6%	291,532	2%
Finance	314,223	2%	631,942	5%
Services	276,907	2%	336,840	2%
Construction	198,880	1%	299,667	2%
Engineering	93,099	1%	135,083	1%
Transportation	76,367	1%	52,233	1%
Mining	29,234	0%	48,056	0%
Communication	28,527	0%	261,931	2%
Medicine	26,524	0%	17,679	0%
Agriculture	21,842	0%	79,929	1%
Other	9,279	0%	5,578	0%
Total customer accounts	**15,328,819**	**100%**	**13,561,540**	**100%**

As at 31 December 2022, the Group had two (31 December 2021: two) customers with a total balance UZS 4,965,415 million UZS (31 December 2021: 4,208,043 million), which individually exceeded 10% of the Group's equity.

Significant change in balances of Individuals is associated with application "Joyda", which allows the Group's clients to place or withdraw their funds online. Such mobile application is getting popular and the Group's number of clients is significantly increasing.

Information on related party balances is disclosed in Note 38.

18. DEBT SECURITIES IN ISSUE

	31 December 2022			31 December 2021		
	Amount	Nominal interest, %	Maturity, year	Amount	Nominal interest, %	Maturity, year
Eurobonds	3,361,256	5.75	2019-2024	3,235,127	5.75	2019-2024
Certificates of deposit	-	-	-	58,749	14-16	2021-2024
Bonds	-	-	-	23,941	14-16	2020-2022
Total debt securities issued	**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. Amortized cost of Eurobonds equivalent to UZS 3,361,256 million represent the present value of future cash payments discounted using effective interest rate of 6.193%.

(in millions of Uzbek Soums, unless otherwise indicated)

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 2022, the Group was in compliance with all Eurobond covenants.

19. OTHER BORROWED FUNDS

	31 December 2022	31 December 2021
International financial institutions		
China EXIMBANK	4,921,786	5,102,508
CREDIT Suisse	3,521,090	2,912,645
International Bank of Reconstruction and Development	2,099,169	1,430,444
Landesbank Baden-Wuerttemberg	1,716,009	833,390
Commerzbank AG	1,476,741	1,480,096
Cargill Financial Services International Inc	1,213,728	-
European Bank for Reconstruction and Development	1,099,941	1,112,670
Daryo Finance B.V.	965,102	965,082
MFT XXI LLC	903,254	-
AK Bars Bank	869,491	291,701
International Finance Corporation	848,223	1,603
ICBC (London) plc	663,986	1,482,801
Asian Development Bank	622,999	631,199
Raiffeisen Bank International AG	614,692	495,013
International Development Association of World Bank	580,063	592,900
China Development Bank	559,158	715,507
Citibank Europe PLC	525,606	-
UniCredit	446,184	216,711
Banca Popolare di Sondrio	409,978	-
OPEC Fund for International Development	382,293	131,115
Japan International Cooperation Agency (JICA)	359,992	347,869
Promsvyazbank PJSC	350,846	1,122,664
European Investment Bank	334,728	-
Halyk Savings Bank of Kazakhstan JSC	219,417	74,637
Turk EXIMBANK	157,741	218,224
Citibank N.A. ADGM	114,146	442,321
Baobab Securities Limited	112,088	166,135
JPMorgan Chase	89,495	67,802
Jusan Bank	68,280	-
Sberbank Kazakhstan / JSC Bereke bank	62,308	7,183
Korea EXIMBANK	54,837	94,936
Vitabank PJSC	50,907	-
AKA Ausfuhrkredit-Gesellschaft mbH	50,721	195,044
ODDO BHF	40,179	28,247
KfW IPEX-Bank	36,973	48,516
Gazprombank	33,249	255,774
The Export-Import Bank of the Republic of China	29,321	35,699
John Deere	17,286	29,389
International Fund for Agricultural Development	1,934	2,138
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	-	
Long term borrowings from Ministry of Finance	3,524,840	3,498,702
Fund for Reconstruction and Development of Uzbekistan	1,289,092	1,778,851
Uzbekistan Mortgage Refinancing Company (UzMRC)	416,619	225,058
Export Promotion Agency under MIFT	233,949	174,623
KDB Bank Uzbekistan	103,780	93,197
Young Entrepreneurs Support Fund under MIFT	28,003	7,538
Preference Shares	9,363	10,752
Khokimiyat of Tashkent Region	6,471	5,793
Long term borrowings from CBU	-	63,314
Other	5,702	5,421
Total other borrowed funds	**32,241,760**	**30,130,776**

(in millions of Uzbek Soums, unless otherwise indicated)

On 25 July 2022 the Group has signed EUR 100 mln. Loan agreement with Cargill financial Services International Inc. Under the loan agreement the Group is responsible for the Loan solely to be directed to finance the exportation and/or importation of various commodities and goods, from/to the Republic of Uzbekistan to/from various countries by the Groups' clients. The maturity of Loan agreement is 5 years.

On 27 July 2022 the Group has signed USD 50 mln convertible loan facility with European Bank for Reconstruction and Development (EBRD). The attraction of this loan facility creates additional opportunities to realize the goals set by the Groups' Strategy for the years 2021-2023.

On 22 August 2022, IFC has disbursed USD 75 mln under the convertible loan agreement, signed on 20 September 2021. Loan has maturity of 5 years with bullet repayment of principal and semi-annual interest repayments.

On 8 June 2022 the Group and Mashreqbank PSC has signed an Agreement on attracting the Credit line facility in the amount of USD 15 mln. The facility is to be used to finance the purchase of oil and gas products and spare parts for engine production. The maturity period of the loan is 12 months.

On 6 June 2022 the Group has received the Trade finance from Banca Popolare Di Sondrio in the amount of USD 2.7 mln with the purpose of the Group client's working capital replenishment.

On 11 May 2022 the Group and Citibank Europe PLC has signed Continuing Agreement for reimbursement of Trade advances. In year 2022 the amount of USD 42.6 mln were called by the Group.

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

The maturity analysis is disclosed in Note 35 Refer for disclosure of the fair value of other borrowed funds and Note 38 for information on related party balances.

20. OTHER LIABILITIES

	31 December 2022	31 December 2021
Other financial liabilities		
Trade payables	118,611	102,958
Provision for Bank's guarantees and letters of credit	27,040	43,203
Payable to other creditors	21,998	6,562
Dividends payable	1,886	3,032
Total other financial liabilities	**169,535**	**155,755**
Other non-financial liabilities		
Taxes payable other than income tax	64,769	25,408
Payable to employees	2,306	1,070
Unearned income	707	1,366
Other	3,009	13,822
Total other non-financial liabilities	**70,791**	**41,666**
Total other liabilities	**240,326**	**197,421**

As at 31 December 2022, trade payables comprise payables on amount of UZS 41,653 million (2021:UZS 61,906 million) to Shanghai Construction Group building the Tashkent City office for the Group in accordance to construction contract terms and conditions.

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 2022.

(in millions of Uzbek Soums, unless otherwise indicated)

21. SUBORDINATED DEBT

The first Subordinated debt issued by 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 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 debt ranks after all other creditors' claims are fully settled in the case of liquidation.

	Currency	Maturity date	Nominal interest rate %	Effective interest rate %	31 December 2022
Subordinated debt of Fund for Reconstruction and Development of Uzbekistan	UZS	2041	10%	10,3%	101,989
	USD	2027	5%	5,7%	228,571
Total subordinated debt					**330,560**

Subordinated debt as at 31 December 2021 presented below:

	Currency	Maturity date	Nominal interest rate %	Effective interest rate %	31 December 2021
Subordinated debt of Fund for Reconstruction and Development of Uzbekistan	UZS	15 April 2041	9%	9.22%	101,771
Total subordinated debt					**101,771**

Refer to Note 35 for the disclosure of the fair value of subordinated debt and Note 38 for information on related party balances.

22. SHARE CAPITAL

	Number of outstanding shares	Ordinary and preference shares	Share premium	Treasury shares	Total
1 January 2020	**243,922**	**4,640,011**	**-**	**-**	**4,640,011**
31 December 2021	**243,922**	**4,640,011**	**-**	**-**	**4,640,011**
31 December 2022	**243,922**	**4,640,011**	**-**	**-**	**4,640,011**

As at 31 December 2022 and 2021, the total authorised number of ordinary shares is 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 number of ordinary shares issued but not fully paid in 2022 was nil (31 December 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.

	Liabilities from financing activities				Total
In million Uzbekistan Soums	**Other borrowed funds**	**Debt securities issue**	**Due to other banks**	**Subordinated debt**	
Net debt at 1 January 2021	**25,683,457**	**3,273,048**	**1,496,004**	**-**	**30,452,509**
Proceeds from the issue	11,826,214	10,000	411,116	100,000	12,347,330
Redemption	(8,391,815)	(81,310)	(381,937)	-	(8,855,062)
Foreign currency translation	992,957	126,637	22,932	-	1,142,526
Other non-cash movements	19,963	(10,558)	(155,138)	1,771	(143,962)
Net debt at 31 December 2021	**30,130,776**	**3,317,817**	**1,392,977**	**101,771**	**34,943,341**
Proceeds from the issue	11,148,736	-	2,447,336	235,851	13,831,923
Redemption	(9,334,820)	(82,690)	(334,155)	-	(9,751,665)
Foreign currency translation	364,227	117,466	59,113	-	540,806
Other non-cash movements	(67,159)	8,663	330,448	(7,062)	264,890
Net debt at 31 December 2022	**32,241,760**	**3,361,256**	**3,895,719**	**330,560**	**39,829,295**

(in millions of Uzbek Soums, unless otherwise indicated)

24. INTEREST INCOME AND EXPENSE

	2022	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	4,515,686	3,858,402
Interest on investment securities measured at amortised cost	278,921	142,770
Interest on balances due from other banks	274,786	154,226
Total interest income calculated using the effective interest method	**5,069,393**	**4,155,398**
Other similar income		
Finance lease receivables	29,198	32,024
Total other similar income	**29,198**	**32,024**
Interest expense		
Interest expense on liabilities recorded at amortised cost comprises:		
Interest on other borrowed funds	(1,532,566)	(1,219,611)
Interest on customer accounts	(787,850)	(570,363)
Interest on debt securities in issue	(218,324)	(201,107)
Interest on balances due to other banks	(71,274)	(70,794)
Interest on subordinated debt	(16,357)	(6,030)
Total interest expense	**(2,626,371)**	**(2,067,905)**
Net interest income before provision on loans and advances to customers	**2,472,220**	**2,119,517**

The change in interest income on loan and advances to customers is associated with the increase in the Group's loan portfolio during the year 2022.

Significant change in interest income on investment securities measured at amortized cost is associated with the significant investments made by the Group in bonds of Ministry of Finance during the year 2022.

Significant change in interest expense on other borrowed funds is associated with the attraction of additional funds from local and international financial institutions. Significant change in interest expense on balances due to other banks is associated with increased balance payable by the Group to local banks towards borrowings received.

25. FEE AND COMMISSION INCOME AND EXPENSE

	2022	2021
Fee and commission income		
Settlement transactions	286,724	220,904
International money transfers	118,598	56,071
Guarantees issued	30,371	30,058
Letters of credit	5,225	10,368
Foreign currency exchange	2,730	64,946
Other	42	3,727
Total fee and commission income	**443,690**	**386,074**
Fee and commission expense		
Settlement transactions	(58,280)	(60,567)
Foreign currency exchange	(36,117)	(13,217)
Transactions with plastic cards	(23,716)	(31,877)
Cash collection	(4,985)	(2,760)
Other	(3,315)	(2,062)
Total fee and commission expense	**(126,413)**	**(110,483)**
Net fee and commission income	**317,277**	**275,591**

(in millions of Uzbek Soums, unless otherwise indicated)

26. INSURANCE OPERATIONS INCOME AND EXPENSE

	2022			2021		
	Insurance	Re-insurance	Total	Insurance	Re-insurance	Total
Insurance operations income						
Loan insurance	37,172	7,239	**44,411**	35,305	5,357	**40,662**
Property insurance	24,624	3,648	**28,272**	24,135	4,332	**28,467**
Civil liability insurance	1,389	2,310	**3,699**	581	1,159	**1,740**
Obligatory insurance of third party liability of motor vehicle owners (OMTPL)	1,167	364	**1,531**	1,214	40	**1,254**
Accident insurance	168	22	**190**	781	8	**789**
Insurance from other financial risks	8,364	257	**8,621**	7,938	31	**7,969**
Total insurance operations income	**72,884**	**13,840**	**86,724**	**69,954**	**10,927**	**80,881**
Insurance operations expense						
Loan insurance	(20,194)	(8,222)	**(28,416)**	(15,242)	(5,668)	**(20,910)**
Property insurance	(7,567)	(4,873)	**(12,440)**	(8,826)	(280)	**(9,106)**
Obligatory insurance of third party liability of motor vehicle owners (OMTPL)	(1,637)	-	**(1,637)**	(664)	(515)	**(1,179)**
Civil liability insurance	(764)	(297)	**(1,061)**	(783)	-	**(783)**
Accident insurance	(112)	-	**(112)**	(270)	-	**(270)**
Insurance from other financial risks	(5,399)	-	**(5,399)**	(4,083)	-	**(4,083)**
Total insurance operations expense	**(35,673)**	**(13,392)**	**(49,065)**	**(29,868)**	**(6,463)**	**(36,331)**
Net insurance operations income	**37,211**	**448**	**37,659**	**40,086**	**4,464**	**44,550**

27. CHANGE IN INSURANCE RESERVES, NET

	Insurance reserve	Reinsurance reserve	Change in insurance reserves, net
31 December 2020	**44,887**	**5,544**	**(26,103)**
Unearned premium reserve	30,759	5,745	**(24,742)**
Reserves for incurred but not reported losses	9,168	1,675	**(7,493)**
31 December 2021	**84,814**	**12,964**	**(58,338)**
Unearned premium reserve	19,566	5,124	**(14,443)**
Reserves for incurred but not reported losses	12,968	2,248	**(10,721)**
31 December 2022	**117,348**	**20,336**	**(83,502)**

(in millions of Uzbek Soums, unless otherwise indicated)

28. OTHER OPERATING INCOME

	2022	2021
Fines and penalties	5,681	-
Gain on disposal of inventory	4,386	32,706
Income from rent of POS terminals	385	790
Other	6,030	7,370
Total other operating income	**16,482**	**40,866**

The gain on disposal of inventory mainly arises from sale of property by SQB Construction.

29. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	2022	2021
Staff costs	760,003	607,612
Social security costs	83,726	68,335
Total staff costs	**843,729**	**675,947**
Depreciation and amortisation	90,151	72,660
Charity expenses	74,503	56,517
Loss on sale or disposal of held for sale assets	55,778	210
Taxes other than income tax	55,286	30,029
Security services	53,625	41,210
Membership fees	44,299	26,390
Communication and software maintenance	25,850	11,243
Stationery and other low value items	22,336	28,167
Repair and maintenance of buildings	20,592	11,021
Rent expenses	12,281	9,971
Legal and audit fees	11,885	8,394
Travel expenses	9,986	7,040
Advertising expenses	9,043	9,286
Consultancy fee	8,482	7,785
Utilities expenses	5,612	5,844
Representation and entertainment	4,907	2,617
Fuel	3,688	2,230
Medical, dental and hospitalization	236	1,079
Other operating expenses	13,908	36,506
Total administrative and other operating expenses	**1,366,177**	**1,044,146**

Significant change in staff costs is associated with the overall increase of salary rates as well as due to increase in bonuses and other stimulation payments.

The increase in membership fees is mainly driven by increase in fees payable to the State Fund for Guarantee of Deposits.

The increase in loss on sale or disposal of held for sale assets is due to the recognized loss on fixed assets given free of charge (valued at UZS 48 457 mln) to "State asset management agency" according to resolution of the Cabinet of Ministers No. 75 of February 17, 2022 and Central bank No. 296 of April 4, 2022. These properties consisted of non-residential buildings park in the Jizzakh region and poultry farms that were repossessed from borrowers due to non-payment of loans.

(in millions of Uzbek Soums, unless otherwise indicated)

30. INCOME TAXES

	2022	2021
IFRS profit before tax	**831,985**	**1,071,570**
Theoretical tax charge at the applicable statutory rate - 20% (2021: 20%)	166,397	214,314
- Non deductible expenses (employee compensation, representation and other non-deductible expenses)	115,077	21,865
- Tax exempt income	(58,902)	(28,251)
- Other	(11,139)	6,654
Income tax expense	**211,433**	**214,582**
Net income tax benefit relating to loss for the period from discontinued operations	-	-
Net income tax expense relating to the components of other comprehensive income	90	572
Income tax expense through profit or loss and other comprehensive income	**211,523**	**215,154**

Reconciliation between the expected and the actual taxation charge is provided below:

	2022	2021
Current income tax expense	204,538	250,804
Deferred tax (benefit)/expense:		
- Deferred tax (benefit)/expense	7,074	(35,078)
- Deferred tax expense relating to the components of other comprehensive income	90	572
Total income tax expense through profit or loss and other comprehensive income	**211,523**	**215,154**

"Tax rate differences" comprises of tax effects from reduction of standard income tax rate to encourage the banks to increase the share of long-term loans to customers in the total loan portfolio.

Tax exempt income includes interest income on government bonds and the CBU bonds.

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% (2021: 20%).

The prepaid income tax increase is due to the excess of the created by Group provision mainly toward the Loans and advances to customers the over the minimum provision requirement by CBU rules.

(in millions of Uzbek Soums, unless otherwise indicated)

	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	194	53	-	141
Due from other banks	174,609	174,082	-	527
Loans and advances to customers	199,689	3,327	-	196,362
Financial assets at fair value through other comprehensive income	(3,622)	-	(90)	(3,533)
Property, equipment and intangible assets	6,496	10,979	-	(4,483)
Investments in associates and subsidiaries	(1,299)	597	-	(1,896)
Investment securities measured at amortised cost	1,244	792	-	452
Other assets	50,291	34,133	-	16,158
Non-current assets held for sale	(44,669)	(34,948)	-	(9,721)
Due to other banks	(207,482)	(207,482)	-	-
Debt securities in issue	(1,642)	559	-	(2,201)
Other borrowed funds	(12,831)	(8,840)	-	(3,990)
Derivative financial liabilities	23,107	23,107	-	-
Other liabilities	12,030	(2,300)	-	14,330
Subordinated debt	(1,152)	(1,131)	-	(21)
Net deferred tax asset/(liability)	**194,962**	**(7,074)**	**(90)**	**202,125**
Recognised deferred tax asset	467,659	247,627	-	227,969
Recognised deferred tax liability	(272,698)	(254,702)	(90)	(25,844)
Net deferred tax asset	**194,962**	**(7,074)**	**(90)**	**202,125**

(in millions of Uzbek Soums, unless otherwise indicated)

31. ALLOWANCES FOR IMPAIRMENT LOSSES

The tables below analyse information about the changes in the EAD amount of financial assets excluding loans and advances to customers, commitments and other non-financial assets during 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)**	**Letters of Credit and Guarantees (Note 33)**			
	Stage 2 Lifetime ECL	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 2 12-month ECL**	**Stage 1 12-month ECL**	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
Gross amount as at 1 January 2022	**19,964**	**496**	**8,197,359**		**1,958,937**	**32,813**	**1,069,145**	**3,675,699**	**897,480**	**155**	**15,852,048**
- Transfer from stage 1	-	-	(64,631)	64,631	-	-	-	(2,165)	33	2,132	**-**
- Transfer from stage 2	(1)	1	-		-	-	-	-	-	-	**-**
- Transfer from stage 3	237	(237)	-		-	-	-	-	-	-	**-**
- Changes due to modifications that did not result in derecognition	(3,846)	-	(1,242,983)	17,972	-	-	-	(669,247)	-	(1,114)	**(1,899,218)**
New assets issued or acquired	12,952	92	35,791	-	1,464,313	-	2,557,202	2,811,511	254,054	19,617	**7,155,532**
Matured or derecognized assets (except for write off)	(4,200)	(257)	(72,311)	-	(1,613,343)	-	(937,957)	(2,026,349)	(897,480)	(155)	**(5,552,052)**
Foreign exchange differences	-	-	184,630	-	33,689	1,204	231	(4,609)	-	1	**215,146**
Gross amount as at 31 December 2022	**25,106**	**95**	**7,037,855**	**82,603**	**1,843,596**	**34,017**	**2,688,621**	**3,784,840**	**254,087**	**20,636**	**15,771,456**

(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)**	**Letters of Credit and Guarantees (Note 33)**			
	Stage 2 Lifetime ECL	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 1 12-month ECL**	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
Gross amount as at 1 January 2021	**15,779**	**1,838**	**5,601,347**	**1,877,621**	**-**	**541,911**	**2,367,521**	**850,710**	**-**	**11,256,727**
- Transfer from stage 1	-	-	-	(31,731)	31,731	-	(42,601)	42,601		-
- Transfer from stage 2	(81)	81	-	-	-	-	15,017	(15,017)	-	-
- Transfer from stage 3	806	(806)	-	-	-	-	-	-	-	-
- Changes due to modifications that did not result in derecognition	(2,790)	(6)	-	-	-	-	(357,043)	148,820	-	**(211,018)**
New assets issued or acquired	17,384	69	2,839,884	1,023,303	-	1,014,946	2,011,365	503,762	-	**7,410,713**
Matured or derecognized assets (except for write off)	(11,135)	(680)	(3,557)	(714,632)	-	(489,645)	(1,147,617)	(632,717)	-	**(2,999,983)**
Foreign exchange differences	-	-	(240,315)	(195,625)	1,082	1,933	(2,022)	(860)	-	**(435,807)**
Gross amount as at 31 December 2021	**19,964**	**496**	**8,197,359**	**1,958,937**	**32,813**	**1,069,145**	**2,844,620**	**897,300**	**-**	**15,020,633**

(in millions of Uzbek Soums, unless otherwise indicated)

The tables below analyse information about the changes in the ECL amount of financial assets, commitments and other non-financial assets during 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)**	**Contingencies (Note 33)**			
	Stage 2 Lifetime ECL	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 2 12-month ECL**	**Stage 1 12-month ECL**	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**
Loss allowance for ECL as at 1 January 2022	**184**	**27**	**707**		**14,779**	**20,668**	**1,633**	**29,233**	**13,970**	**-**	**81,201**
- Transfer from stage 1	-	-	(3)	3	-	-	-	(1)	-	1	**-**
- Transfer from stage 2	-	-	-	-	-	-	-	-	-	-	**-**
- Transfer from stage 3	13	(13)	-	-	-	-	-	-	-	-	**-**
- Changes due to modifications that did not result in derecognition	32	-	(615)	844	136	1,409	(461)	745	-	-	**2,090**
New assets issued or acquired	283	7	1	-	10,607	-	9,523	12,707	3,217	2,640	**38,985**
Matured or derecognized assets (except for write off)	(66)	(14)	(1)	-	(13,440)	-	(645)	(21,460)	(13,970)	-	**(49,596)**
Foreign exchange differences	-	-	33	-	39	-	-	(42)	-	-	**30**
Loss allowance for ECL as at 31 December 2022	**446**	**7**	**122**	**847**	**12,121**	**22,077**	**10,050**	**21,182**	**3,217**	**2,641**	**72,710**

(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)	Letters of Credit and Guarantees (Note 33)				Other non-financial assets
	Stage 2 Lifetime ECL	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 1 12-month ECL**	**Stage 3 Lifetime ECL**	**Stage 1 12-month ECL**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**TOTAL**	
Loss allowance for ECL as at 1 January 2021	**306**	**1,103**	**161**	**18,429**	-	**1,689**	**15,651**	**7,194**	**-**	**44,533**	**1,639**
- Transfer from stage 1	-	-	-	(4,149)	4,149	-	(358)	358	-	-	-
- Transfer from stage 2	(2)	2	-	-	-	-	55	(55)	-	-	-
- Transfer from stage 3	550	(550)	-	-	-	-	-	-	-	-	-
- Changes due to modifications that did not result in derecognition	(629)	(171)	52	(1,536)	16,519	(331)	(2,462)	8,514	-	**19,956**	(1,639)
New assets issued or acquired	144	4	602	7,935	-	1,540	6,640	2,833	-	**19,698**	-
Matured or derecognized assets (except for write off)	(185)	(361)	(116)	(6,854)	-	(1,266)	(7,496)	(4,823)	-	**(21,101)**	-
Foreign exchange differences	-	-	8	954	-	-	(27)	(51)	-	**884**	-
Loss allowance for ECL as at 31 December 2021	**184**	**27**	**707**	**14,779**	**20,668**	**1,633**	**12,003**	**13,970**	**-**	**63,971**	**-**

(in millions of Uzbek Soums, unless otherwise indicated)

32. 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.

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.

	2022	2021
Profit for the year attributable to ordinary shareholders	620,552	856,988
Earnings used in calculation of earnings per ordinary share from continuing operations	**620,552**	**856,988**
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	243,922	243,922
Basic and diluted EPS per ordinary share in UZS	2.54	3.51
Total basic and diluted earnings per ordinary share (expressed in UZS per share)	**2.54**	**3.51**

33. 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 2022, no provision for potential tax liabilities had been recorded (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 2022 and 31 December 2021, the Group had contractual capital expenditure commitments for the total amount of 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 2022	31 December 2021
Guarantees issued	1,933,385	1,834,214
Letters of credits, post-financing with commencement after reporting period end	1,050,576	1,508,819
Letters of credit, non post-financing	682,811	398,886
Undrawn credit lines	392,791	831,415
Total gross credit related commitments	**4,059,563**	**4,573,334**
Less - Cash held as security against letters of credit and guarantees	(669,149)	(275,863)
Less – Provision for expected credit losses	(27,040)	(43,203)
Total credit related commitments	**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.

34. 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 2022		31 December 2021	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange swaps: fair values, at the end of the reporting period, of				
- RUB receivable on settlement (+)	-	872,823	-	-
- USD payable on settlement (-)	-	(230,138)	-	-
- UZS payable on settlement (-)	-	(758,218)	-	-
Net fair value of foreign exchange swaps	**-**	**(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.

35. 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).

	Fair value as at					
Financial assets/ financial liabilities	**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**
Equity securities at FVTOCI						
- *Visa Inc.*	13,460	13,613	Level 1	Quoted bid prices in an active market.	N/A	N/A
- *Other*	28,547	34,523	Level 3	Discounted cash flows. Discount rate estimated based on WACC	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.

(in millions of Uzbek Soums, unless otherwise indicated)

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 2022		31 December 2021	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Loans and advances to customers	48,420,489	46,278,898	42,537,051	39,773,366
Due from other banks	1,843,415	1,785,429	1,956,303	1,726,508
Debt securities in issue				
- Eurobonds (Note 18)	3,361,256	3,039,068	3,317,817	3,280,385
Other borrowed funds	32,241,760	34,012,003	30,130,776	31,751,605
Subordinated debt	330,560	325,161	101,771	97,338

	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 (Note 18)	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.

(in millions of Uzbek Soums, unless otherwise indicated)

36. CAPITAL RISK MANAGEMENT

Under the current capital requirements set by the CBU, banks have to maintain ratios of:

- Ratio of regulatory capital to risk weighted assets ("Regulatory capital ratio") above a prescribed minimum level of 13% (31 December 2021: 13%). Actual ratio as at 31 December 2022: 15.3% (31 December 2021: 15.8%);
- Ratio of Group's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 10% (31 December 2021: 10%). Actual ratio as at 31 December 2022: 12.1% (31 December 2021: 11.9%); and
- Ratio of Group's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6% (31 December 2021: 6%). Actual ratio as at 31 December 2022: 10.3% (31 December 2021: 10%).

The Group and the Bank have complied with all externally imposed capital requirements throughout 2022 and 2021.

Total capital is based on the Group's reports prepared under Uzbekistan Accounting Legislation and related instructions and comprises:

	31 December 2022	31 December 2021
Tier 1 capital	7,223,851	6,223,703
Less: Deductions from capital	(249,725)	(149,023)
Tier 1 capital adjusted	**6,974,126**	**6,074,680**
Tier 2 capital	**1,874,573**	**2,024,893**
Total regulatory Capital	**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.

37. 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's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The Group's maximum exposure to credit risk under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

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 period:

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**	**217,352**	**22,720,511**	**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**
Derivative financial liabilities	230,138	-	(872,823)	758,218	**115,533**
Total monetary liabilities	**29,249,367**	**9,020,759**	**122,005**	**17,051,051**	**55,443,182**
Net Balance sheet position	**(792,699)**	**(328,578)**	**95,347**	**5,669,460**	**4,643,530**

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 869,491 millions. Bank hedged its currency risk by entering currency swaps. Information on derivative financial instruments is disclosed in Note 34.

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**	**202,559**	**19,509,803**	**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)**	**84,436**	**5,390,714**	**5,117,131**

(in millions of Uzbek Soums, unless otherwise indicated)

Changes of the possible movement of the currency rates from 2022 to 2021 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 2022 Impact on profit or loss	As at 31 December 2021 Impact on profit or loss
US Dollars strengthening by 20% (31 December 2021: 20%)	(112,512)	(24,586)
US Dollars weakening by 20% (31 December 2021: 20%)	112,512	24,586
EUR strengthening by 20% (31 December 2021: 20%)	(65,716)	(47,018)
EUR weakening by 20% (31 December 2021: 20%)	65,716	47,018

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.

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 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	331,322	-	-	-	-	-	**331,322**
Due from other banks	22,804	36,985	373,780	46,882	807,174	335,996	**1,623,621**
Loans and advances to customers	3,182,423	9,429,527	6,737,701	11,968,398	8,457,511	7,898,041	**47,673,601**
Investment securities measured at amortised cost	584,851	1,122,044	230,799	676,119	2,437	41,041	**2,657,291**
Total % bearing financial assets	**4,121,400**	**10,588,556**	**7,342,280**	**12,691,399**	**9,267,122**	**8,275,078**	**52,285,835**
Liabilities							
Due to other banks	310,398	842,350	561,817	1,548,270	36,516	20,703	**3,320,054**
Customer accounts	300,128	669,716	2,483,990	2,325,567	500,722	1,011,186	**7,291,309**
Debt securities in issue	-	-	-	3,345,658	-	-	**3,345,658**
Other borrowed funds	654,138	5,775,378	4,517,187	6,175,899	6,173,839	8,034,683	**31,331,124**
Derivative financial liabilities	-	115,533	-	-	-	-	**115,533**
Subordinated debt	-	-	-	-	241,691	87,097	**328,788**
Total financial % bearing liabilities	**1,264,664**	**7,402,977**	**7,562,994**	**13,395,394**	**6,952,768**	**9,153,669**	**45,732,466**
Net interest sensitivity gap	**2,856,736**	**3,185,579**	**(220,714)**	**(703,995)**	**2,645,376**	**(878,591)**	**6,553,369**

(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	650,234	-	-	-	650,234	-	**1,300,468**
Due from other banks	14,083	24,092	446,058	208,950	257,745	374,560	**1,325,488**
Loans and advances to customers	2,301,142	7,688,643	5,408,590	11,541,556	7,905,947	7,638,652	**42,484,530**
Investment securities measured at amortised cost	442,290	493,401	-	125,664	2,442	-	**1,063,797**
Total % bearing financial assets	**3,407,749**	**8,206,136**	**5,854,648**	**11,876,170**	**8,816,368**	**8,013,212**	**46,174,283**
Liabilities							
Due to other banks	164,573	433,506	2,469	40,078	401,151	41,480	**1,083,257**
Customer accounts	310,218	1,818,168	1,350,402	1,802,731	216,880	717,595	**6,215,994**
Debt securities in issue	3,002	8,600	70,000	3,211,014	-	-	**3,292,616**
Other borrowed funds	514,743	3,323,382	4,698,344	12,384,059	2,849,198	5,584,698	**29,354,424**
Subordinated debt	-	-	-	-	3,226	96,774	**100,000**
Total financial % bearing liabilities	**992,536**	**5,583,656**	**6,121,215**	**17,437,882**	**3,470,455**	**6,440,547**	**40,046,291**
Net interest sensitivity gap	**2,415,213**	**2,622,480**	**(266,567)**	**(5,561,712)**	**5,345,913**	**1,572,665**	**6,127,992**

As at 31 December 2022, if interest rates at that date had been 165 basis points lower (2021: 165 basis points lower) with all other variables held constant, profit for the year would have been UZS 115,505 million higher (2021: UZS 114,093 million higher).

If interest rates had been 165 basis points higher (2021: 165 basis points higher), with all other variables held constant, profit would have been UZS 115,505 million lower (2021: UZS 114,093 million lower).

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

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.

(in millions of Uzbek Soums, unless otherwise indicated)

Geographical risk concentration. 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 33)	**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 33)	**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.

(in millions of Uzbek Soums, unless otherwise indicated)

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.

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**
Other financial liabilities	169,535	-	-	-	-	-	**169,535**
Subordinated debt	-	10,753	10,686	42,938	283,601	148,111	**496,089**
Undrawn credit lines	390,446	-	-	-	-	-	**390,446**
Guarantees issued	1,686,922	-	-	-	-	-	**1,686,922**
Letters of credit	55,328	1,213,958	16,720	-	-	-	**1,286,006**
Total potential future payments for financial obligations	**12,739,387**	**9,858,771**	**8,612,753**	**15,224,625**	**8,178,664**	**11,712,600**	**66,326,800**

(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	1,676,260	-	-	-	-	-	**1,676,260**
Letters of credit	35,013	1,622,819	48,777	60,264	-	-	**1,766,873**
Total potential future payments for financial obligations	**11,486,311**	**8,379,292**	**8,013,672**	**18,665,744**	**3,983,545**	**7,427,393**	**57,955,957**

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 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**
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.

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 2022, 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.

38. 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.

(in millions of Uzbek Soums, unless otherwise indicated)

Details of transactions between the Group and related parties are disclosed below:

	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
Cash and cash equivalents				
- entities under common control (contractual interest rate: 0% –32%)	35,908	1%	1,746,320	24%
Due from other banks				
- entities under common control (contractual interest rate: 0% – 27%)	1,235,199	74%	1,483,268	76%
Loans and advances to customers				
- key management personnel (contractual interest rate: 18% – 28 %)	198	0%	1,176	0%
- significant shareholders (contractual interest rate: 0% –0 %)	-	-	3,678,666	9%
- entities under common control (contractual interest rate: 0% – 23 %)	9,280,446	22%	8,157,239	19%
Investment securities measured at amortised cost				
- significant shareholders (contractual interest rate:4,75% – 18,20 %)	2,060,476	38%	288,290	27%
- entities under common control (contractual interest rate: 0 %)	-	-	770,932	72%
Financial assets at fair value through other comprehensive income				
- entities under common control (contractual interest rate: 0 %)	-	-	19,952	41%
Other Assets				
- significant shareholders (contractual interest rate: n/a %)	1,558	0%	13,270	4%
Due to other banks				
- entities under common control (contractual interest rate: 0% – 16 %)	661,191	17%	963,175	69%
Customer accounts				
- key management personnel (contractual interest rate: 0% –22%)	1,347	0%	63	0%
- significant shareholders (contractual interest rate: 0% – 19 %)	3,383,672	22%	4,258,100	31%
- entities under common control (contractual interest rate: 0% – 4 %)	2,807,152	18%	2,891,164	21%
Debt securities in issue				
- entities under common control (contractual interest rate: 0 % – 5,75 %)	-	-	12,604	0%
- significant shareholders	-	-	-	0%
Other borrowed funds				
- significant shareholders (contractual interest rate: 0% – 12 %)	4,813,932	11%	5,277,553	18%
- entities under common control (contractual interest rate: 0% – 4 %)	-	-	476	0%
Other liabilities				
- significant shareholders (contractual interest rate: n/a %)	50	0%	163	0%
- entities under common control (contractual interest rate: n/a %)	383	0%	26,774	14%
Subordinated debt				
- entities under common control (contractual interest rate:0% – 10 %)	330,560	100%	101,771	100%

(in millions of Uzbek Soums, unless otherwise indicated)

		2022		2021
	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	34	0%	48	0%
- significant shareholders	1,079	0%	226,419	5%
- entities under common control	350,369	7%	332,970	8%
Interest expense				
- key management personnel	(216)	1%	(1)	0%
- significant shareholders	(547,782)	21%	(364,671)	18%
- entities under common control	(84,300)	3%	(85,088)	4%
Provision for/(recovery of) credit losses on loans and advances to customers				
- significant shareholders	(81,109)	9%	(38,049)	9%
- key management personnel	(6)	0%	-	0%
Fee and commission income				
- significant shareholders	29	0%	15,332	4%
- entities under common control	26	0%	15,163	4%
Fee and commission expense				
- significant shareholders	(4)	0%	-	-
- entities under common control	(34)	0%	-	-
Net gain from trading in foreign currencies				
- entities under common control	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	(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:

	2022	2021
Salaries and other benefits	7,496	5,813
Bonuses	3,715	2,519
State pension and social security costs	1,363	2,133
Total	**12,574**	**10,465**

39. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group made an investment in "Yashil Energiya" LLC established on the basis of the Presidential Decree #57 dated 16 February 2023 on "Measures to accelerate the introduction of renewable energy sources and energy-saving technologies in 2023".

The total charter of "Yashil Energiya" LLC capital constituted UZS 118,420 million with the share of "SQB Capital" LLC being 19.16% or UZS 22 684 million.

According to Presidential Decree #83 dated 1 March 2023 "On measures to accelerate the processes of reforming enterprises with the participation of the state", the share of the Ministry of Finance of the Republic of Uzbekistan in the amount of 13.1% was transferred to the Agency for Strategic Reforms under the President of the Republic of Uzbekistan.

Change in refinancing rate. On 16 March 2023, the Board of the Central Bank of Uzbekistan decided to lower the policy rate refinancing rate by 1 percentage point and set it at 14 percent per annum.

Current market events in the banking sector. In March 2023, due to recent events that led to higher interest rates in both Europe and the US, California-based Silicon Valley Bank filed for bankruptcy, the second largest bankruptcy in US history since the closure of Washington Mutual in 2008. Silicon Valley Bank was one of the 16 largest US banks and specialised in working with start-ups. The risks of the impact of the local crisis in the US on the banks of the Eurozone led to a fall in the value of shares of the Swiss bank Credit Suisse. In recent days, global events are reflected in the domestic foreign exchange market. There is an increase in volatility and a weakening of the national currency against the US dollar, which is complicated by the fall in oil prices to $73-74 per barrel. At the same time, the impact of local crises in US and Eurozone banks on the financial market of Uzbekistan is limited. The Group has assets in US and Eurozone banks. As of the date of issue of these consolidated financial statements, the management of the Group does not observe the impact of these events on the Group, and the Group regularly conducts stress testing, which allows it to predict the potential effect of such events on the financial position of the Group. According to the results of the latest stress testing, the margin of safety is sufficient and in the event of such scenarios, the Group's prudential standards will not be violated.