

**Joint Stock Commercial Bank
“UZBEK INDUSTRIAL
AND CONSTRUCTION BANK”**

**Condensed Consolidated
Interim Financial Information
prepared in accordance with
IAS 34, *Interim Financial
Reporting***

30 June 2024

JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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Report on Review of Condensed Consolidated Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of JSCB "Uzbek Industrial and Construction Bank" and its subsidiaries (together – the "Group") as at 30 June 2024 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Audit Organization 'PricewaterhouseCoopers' LLC

Audit Organization "PricewaterhouseCoopers" LLC

Tashkent, Uzbekistan

28 October 2024

**JOINT STOCK COMMERCIAL BANK
"UZBEK INDUSTRIAL AND CONSTRUCTION BANK"
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**
(in millions of Uzbek Soums)

	Notes	30 June 2024 (unaudited)	31 December 2023
ASSETS			
Cash and cash equivalents	7	7,981,759	6,965,894
Due from other banks	8	1,864,872	1,778,707
Investment securities measured at amortised cost	10	2,200,309	2,093,415
Financial assets at fair value through other comprehensive income		141,401	119,217
Loans and advances to customers	9	61,438,487	58,008,238
Investment in associates		87,834	77,814
Derivative financial assets		50,960	51,499
Reinsurance contract assets		26,714	20,334
Current income tax prepayment		59,371	238,871
Other assets		150,536	147,845
Deferred tax asset		328,549	203,571
Premises and equipment	11	3,356,201	3,340,418
Intangible assets	11	59,944	67,945
Non-current assets held for sale	12	321,938	179,555
TOTAL ASSETS		78,068,875	73,293,323
LIABILITIES			
Due to other banks	13	6,012,393	5,818,951
Customer accounts	14	16,410,243	14,328,682
Debt securities in issue		5,061,443	4,970,366
Other borrowed funds	15	39,468,793	37,633,735
Insurance contract liabilities		202,487	157,745
Other liabilities		262,879	247,059
Subordinated debt	16	1,956,689	1,696,854
TOTAL LIABILITIES		69,374,927	64,853,392
EQUITY			
Share capital		4,634,438	4,634,438
Retained earnings		4,029,011	3,781,693
Revaluation reserve of financial assets at fair value through other comprehensive income		30,399	23,688
Net assets attributable to the Bank's owners		8,693,848	8,439,819
Non-controlling interest		100	112
TOTAL EQUITY		8,693,948	8,439,931
TOTAL LIABILITIES AND EQUITY		78,068,875	73,293,323

Approved for issue and signed on behalf of the Management Board on 28 October 2024.


Akbarjonov Aziz
Chairman of the Management Board




Khujamuratov Abbos
Acting Chief Accountant

**JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

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

	Notes	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)*
Interest income calculated using the effective interest method	17	4,220,054	3,426,634
Other similar income	17	23,583	14,416
Interest expense	17	(2,477,653)	(1,906,853)
Net margin on interest and similar income		1,765,984	1,534,197
Provision for credit losses on loans and advances to customers	9	(1,011,002)	(802,965)
Net margin on interest and similar income after credit loss allowance on loans and advances to customers		754,982	731,232
Fee and commission income		255,810	239,803
Fee and commission expense		(71,367)	(49,402)
Loss on initial recognition on interest bearing assets		(2,888)	(29,663)
Net (loss)/gain on foreign exchange translation		(99,428)	85,853
Net gain from trading in foreign currencies		319,882	233,886
Gains less losses from financial derivatives		53,068	(187,930)
Insurance revenue (excluding reinsurance business)		50,902	44,897
Insurance service expenses (excluding reinsurance business)		(48,896)	(35,112)
Reinsurance business		(5,328)	(4,545)
Finance income/(expenses) from insurance contracts (net)		(11,334)	(6,490)
Dividend income		332	3,995
Other operating income		13,159	20,858
Provision for credit losses on other assets		(24,869)	(12,917)
Impairment of assets held for sale		(24,002)	(9,099)
Administrative and other operating expenses	18	(858,849)	(751,623)
Share of result from associates		234	(465)
Profit before tax		301,408	273,278
Income tax expense	19	(54,140)	(87,805)
PROFIT FOR THE PERIOD		247,268	185,473
Other comprehensive income:			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Fair value gain on equity securities at fair value through other comprehensive income		8,389	2,700
Tax effect		(1,678)	(540)
Other comprehensive income		6,711	2,160
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		253,979	187,633
Profit/(loss) is attributable to:			
- Owners of the Bank		247,318	185,478
- Non-controlling interest		(50)	(5)
PROFIT FOR THE PERIOD		247,268	185,473
Total comprehensive income /(loss) is attributable to:			
- Owners of the Bank		254,029	187,638
- Non-controlling interest		(50)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		253,979	187,633
Total basic and diluted EPS per ordinary share attributable to the owners of the Bank (expressed in UZS per share)	20	1.02	0.76

*Income and expenses from insurance operations were revised for 30 June 2023 to align with IFRS 17.

**JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**
(in millions of Uzbek Soums)

	Attributable to owners of the Bank				Non-controlling interest	Total equity
	Share capital	Revaluation reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total		
1 January 2023	4,640,011	14,490	2,925,522	7,580,023	1,133	7,581,156
Profit for the period*	-	-	185,478	185,478	(5)	185,473
Other comprehensive income for the period	-	2,160	-	2,160	-	2,160
Total comprehensive income for the period	-	2,160	185,478	187,638	(5)	187,633
Decrease of investments in subsidiaries by non-controlling shareholders	-	-	-	-	(1,010)	(1,010)
30 June 2023 (unaudited)*	4,640,011	16,650	3,111,000	7,767,661	118	7,767,779
1 January 2024	4,634,438	23,688	3,781,693	8,439,819	112	8,439,931
Profit for the period	-	-	247,318	247,318	(50)	247,268
Other comprehensive income for the period	-	6,711	-	6,711	-	6,711
Total comprehensive income for the period	-	6,711	247,318	254,029	(50)	253,979
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	38	38
Six months ended 30 June 2024 (unaudited)	4,634,438	30,399	4,029,011	8,693,848	100	8,693,948

*Profit for the period for was revised for 30 June 2023 to align with IFRS 17.

**JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK” AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**
(in millions of Uzbek Soums)

	Notes	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)*
Cash flows from operating activities			
Interest received		3,643,977	2,780,905
Interest paid		(2,484,633)	(1,870,241)
Fee and commission received		248,720	232,277
Fee and commission paid		(71,367)	(49,402)
Financial derivatives		(5,707)	(114,405)
Proceeds from customers from insurance activities		44,522	74,354
Payments from insurance activities		(20,816)	(49,272)
Net gain from trading in foreign currencies		319,882	233,886
Other operating income received		2,913	22,197
Staff costs paid		(482,208)	(442,082)
Administrative and other operating expenses paid		(291,773)	(290,020)
Income tax paid		(1,296)	(112,233)
Cash flows from operating activities before changes in operating assets and liabilities		902,214	415,964
<i>Net (increase)/decrease in:</i>			
- in due from other banks		(70,088)	(145,750)
- in loans and advances to customers		(3,684,490)	(2,555,536)
- in investment securities measured at amortised cost		(106,788)	(418,981)
- in other assets		(32,726)	23,921
- in non-current assets held for sale		(166,385)	(9,338)
<i>Net increase/(decrease) in:</i>			
- in due to other banks		187,048	651,895
- in customer accounts		2,071,514	(1,525,975)
- in other liabilities		(358)	(5,092)
Net cash used in operating activities		(900,059)	(3,568,892)
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		(21,240)	(22,751)
Acquisition of premises, equipment and intangible assets		(133,129)	(409,187)
Proceeds from disposal of premises, equipment and intangible assets		8,565	16,303
Acquisition of investment in associates		(9,786)	(10,699)
Dividend income received		332	3,995
Net cash used in investing activities		(155,258)	(422,339)
Cash flows from financing activities			
Proceeds from other borrowed funds		5,287,033	3,768,700
Repayment of other borrowed funds		(3,449,373)	(2,696,960)
Repayment of debt securities in issue		-	(98,405)
Proceeds from other subordinated debt		251,100	-
Repayment of other subordinated debt		-	(10,747)
Dividends paid		(155)	(98)
Net cash from financing activities		2,088,605	962,490
Effect of exchange rate changes on cash and cash equivalents		(17,423)	93,188
Net increase/(decrease) in cash and cash equivalents		1,015,865	(2,935,553)
Cash and cash equivalents at the beginning of the period	7	6,965,894	7,119,489
Cash and cash equivalents at the end of the period	7	7,981,759	4,183,936

*The cash flow statement for 30 June 2023 was revised to align with IFRS 17.

**JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE SIX MONTHS ENDED 30 June 2024 (UNAUDITED)**
(In millions of Uzbek Soums, unless otherwise indicated)

1. INTRODUCTION

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” for the six months period ended 30 June 2024 for Joint Stock Commercial Bank “Uzbek Industrial and Construction Bank” (the “Bank”) and its subsidiaries (together referred to as the “Group”).

The Bank was incorporated in 1991 and is domiciled in the Republic of Uzbekistan. It is registered in Uzbekistan to carry out banking and foreign exchange activities and has operated under the banking license No.17 issued by the Central Bank of Uzbekistan (“CBU”) on 25 December 2021 (succeeded the licenses No.17 issued on 25 January 2003 and №25 issued on 29 January 2005 by the CBU for banking operations and general license for foreign currency operations, respectively).

Principal activity. The Bank’s principal activity is commercial banking, retail banking, and operations with securities and foreign currencies. The Bank accepts deposits from legal entities and individuals, extends loans, and transfer payments. The Bank conducts its banking operations from its head office in Tashkent and 86 branches within Uzbekistan as of 30 June 2024 (31 December 2023: 90 branches).

The Bank participates in the state deposit insurance program, which was introduced by the Uzbek Law No.360-II “Insurance of Individual Bank Deposit” on 5 April 2002. On 28 November 2008, the President of Uzbekistan issued the Decree No.PD-4057 stating that in case of the withdrawal of a license of a bank, the State Deposit Insurance Fund guarantees repayment of 100% of individual deposits regardless of the deposit amount.

As at 30 June 2024 (unaudited), the number of Bank’s employees was 4,037 (31 December 2023: 4,057).

Registered address and place of business. 3, Shakhrisabz Street, Tashkent, 100000 and 55, Islom Karimov Street, Tashkent, Uzbekistan, 100004.

At 30 June 2024 (unaudited) and 31 December 2023, the Group consolidated following companies in these condensed consolidated interim financial information:

Name	Country of incorporation	The Bank’s ownership		Type of operation
		30 June 2024 (unaudited)	31 December 2023	
		%	%	
Bank’s direct interest in subsidiaries:				
SQB Capital, LLC	Uzbekistan	100	100	Asset management
SQB Insurance, LLC	Uzbekistan	100	100	Insurance
Bank’s indirect interest in subsidiaries via SQB Capital, LLC				
SQB Securities, LLC	Uzbekistan	100	100	Asset management
SQB Construction, LLC	Uzbekistan	100	100	Construction
SQB Consulting, LLC	Uzbekistan	100	100	Consulting
New Zomin Plaza, LLC	Uzbekistan	99.9	100	Hoteling
Miraki Town Plaza, LLC	Uzbekistan	99.9	-	Hoteling
Miraki Hostel, LLC	Uzbekistan	99.9	-	Hoteling
Malik Muxammad Ali Fayz and Capital, LLC	Uzbekistan	-	100	Construction materials
Parizod Mexr and Capital, LLC	Uzbekistan	-	100	Construction materials
Penoplast Surkhon and Capital, LLC	Uzbekistan	-	100	Construction materials
Big Peak 777 and Capital, LLC	Uzbekistan	-	100	Construction materials
Radius Serebro and Capital, LLC	Uzbekistan	-	99.76	Construction materials

On 27 February 2024, Group established new subsidiaries Miraki Town Plaza LLC and Miraki Hostel LLC with 99.99% ownership each. The new subsidiaries were established to develop construction of hoteling in the territory of the tourist center, in accordance with Presidential Decree No 376 dated 28 November 2023 on “Additional measures to be taken to further develop construction of modern services and tourism facilities in the mountainous-recreational areas of Kashkadarya region”.

**JOINT STOCK COMMERCIAL BANK
“UZBEK INDUSTRIAL AND CONSTRUCTION BANK”
SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE SIX MONTHS ENDED 30 June 2024 (UNAUDITED)**
(In millions of Uzbek Soums, unless otherwise indicated)

1. INTRODUCTION (Continued)

The table below represents the Group's investment in associates at 30 June 2024 (unaudited) and 31 December 2023.

Name	Principal activity	Country	Group's ownership	
			30 June 2024 (unaudited)	31 December 2023
LLC "Khorezm Invest Project"	Asset management	Uzbekistan	34%	34%
LLC "Zomin Miracle Mountains"	Catering	Uzbekistan	34%	34%
LLC "Kattaqurgon Business Services"	Asset management	Uzbekistan	-	33%

The ownership of the Group in "Kattaqurgon Business Services" LLC has been recognized as asset held for sale as at 30 June 2024, due to Presidential Decree No.162 dated 19 April 2024 on "Additional measures to reduce state participation in the economy" and subsequent transfer of Group ownership to State Assets Management Agency in 31 July 2024.

The table below represents the interest of the shareholders in the Bank's share capital as at 30 June 2024 (unaudited) and 31 December 2023:

Shareholders	30 June 2024 (unaudited)	31 December 2023
The Fund of Reconstruction and Development of the Republic of Uzbekistan	82.19%	82.19%
Ministry of Economy and Finance of the Republic of Uzbekistan	13.48%	13.48%
Other legal entities and individuals (individually hold less than 5%)	4.33%	4.33%
Total	100%	100%

2. OPERATING ENVIRONMENT OF THE GROUP

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

Uzbekistan experienced the following key economic indicators in second quarter of 2024:

- Inflation: 10.6% (2023: 8.8%)
- GDP growth 6.4% (2023: 6.0%).
- Official exchange rates: 30 June 2024: USD 1 = UZS 12,555.16 (31 December 2023: USD 1 = UZS 12,338.77).
- Central Bank refinancing rate: 14% (2023: 14%).

In February 2024 Fitch international rating agency affirmed the Republic of Uzbekistan's long-term foreign sovereign credit rating for foreign and local currency liabilities at the BB- level. The outlook was Stable. The agency states that Uzbekistan's economy is continuing to prove its resilience to spillovers from the Ukraine war and sanctions imposed against Russia, with the economy recording growth rates among the highest in the CIS region (2023: 6%; 2024F: 6%). Within the banking sector, Uzbek authorities appear to have increased enforcement of Western sanctions on pertinent Russian individuals and institutions.

Inflation has historically been high relative to peers, highlighting weak monetary policy transmission. Fitch has factored in a boost of up to 3pp to inflation from higher energy tariffs in 2024, which will result in annual average inflation of 13% this year. Further phases of tariff increases, as authorities seek to achieve full market pricing by 2027-28, will pose upside risks to inflation. In 2023, the Central Bank of Uzbekistan decided to postpone adopting the 5% formal inflation target from end-2024 to the second half of 2025, in large part due to inflationary pressures, and Fitch expects the monetary policy stance to remain tight.

According to Central Bank of Uzbekistan in the second quarter of 2024 inflation rate increased year-on-year to 10.6% against 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, however, this volatility stabilized by the end of 2022 and remained consistent throughout 2023 and 2024.

2. OPERATING ENVIRONMENT OF THE GROUP (Continued)

In order to reduce the impact of the external environment on the economy of the Republic of Uzbekistan, on 17 March 2022, the Board of the Central Bank of the Republic of Uzbekistan increased the CBU refinancing rate from 14% to 17%. In June 2022 and then in July 2022, after some decrease in the degree of influence of the external environment on the economy, the Board of the Central Bank of Uzbekistan decreased the CBU refinancing rate to 15% respectively. On 17 March 2023, the Board of the Central Bank of the Republic of Uzbekistan decreased the CBU refinancing rate from 15% to 14%.

For the purpose of managing the country risk, the Bank controls transactions with counterparties within the limits set by the Bank's collegial body, which are reviewed regularly. The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position and financial performance. The future effects of the current economic situation taking into consideration the sanctions to the Russian government and the above measures are difficult to predict, and management's current expectations and estimates could differ from actual results.

3. BASIS OF PRESENTATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this condensed consolidated interim financial information as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2023.

Interim period tax measurement. Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim periods.

The condensed consolidated financial information is prepared on a going concern basis, as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, the management has considered a wide range of information including liquidity projections, maturity of financial liabilities (Note 25), regulatory capital requirements, and government support funding.

4. ADOPTION OF NEW AND REVISED STANDARDS

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

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The adoption of the standard did not have a material impact on the Group's condensed consolidated interim financial information.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). The adoption of the standard did not have a material impact on the Group's condensed consolidated interim financial information.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). The adoption of the standard did not have a material impact on the Group's condensed consolidated interim financial information.

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Group has not early adopted.

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The Group is currently assessing the impact of the amendments on its financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's condensed consolidated interim financial information requires the Management to make estimates and judgements that affect the reported amount of assets and liabilities at the date of the condensed consolidated interim financial information 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 judgements 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 judgements are considered important to the portrayal of the Group's financial condition.

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default (“PD”), exposure at default (“EAD”), and loss given default (“LGD”), as well as models of macro-economic scenarios.

For the purpose of measurement of ECL the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. The Group incorporates forward-looking information into a measurement of ECL when there is a statistically proven correlation between the macro-economic variables and defaults. As at the reporting date the Group has obtained quarterly values for macroeconomic variables: GDP growth rate, inflation, unemployment rates, aligned them with quarterly default rates across all loan portfolios and performed statistical tests for correlation considering different time lags. As at the reporting date, statistical tests have not established a significant correlation, except for the construction segment where the correlation between macro-economic variables and defaults were identified and incorporated into ECL measurement. The Management updates its statistical tests for correlation as at each reporting date.

Significant increase in credit risk (“SICR”). In order to determine whether there has been a significant increase in credit risk, the Group compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition.

The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Group considers all reasonable and supportable forward-looking information available without undue cost and effort and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level. The SICR criteria remained unchanged and are consistent with last year-end consolidated financial statement.

ECL is measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL for Stage 2 assets 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 qualitatively and quantitatively reasonable and supportable forward-looking information.

For treasury operations, the Group calculates ECL on a financial asset based not only on the current estimates of the credit quality of the counterparty/issuer at the reporting date, but also taking into account possible deterioration of the financial condition due to the adverse macroeconomic factors of the counterparty's/issuer's environment in the future. In particular, the level of ECL for treasury operations is affected by the rating outlook (positive, stable, negative) assigned by international rating agencies, which affects the probability of default (“PD”).

For loans to customers, the calculation of ECL takes into account the possible estimated effects of changes in macroeconomic parameters on forecasted cash flows, migration of collective loans and collateral coverage.

The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

A 10% increase in PD estimates would result in an increase in total expected credit loss allowances of UZS 126,660 million at 30 June 2024 (31 December 2023: increase of UZS 142,514 million).

A 10% decrease in PD estimates would result in a decrease in total expected credit loss allowances of UZS 129,968 million at 30 June 2024 (31 December 2023: decrease of UZS 142,514 million).

A 10% increase in LGD estimates would result in an increase in total expected credit loss allowances of UZS 244,110 million at 30 June 2024 (31 December 2023: increase of UZS 232,814 million).

A 10% decrease in LGD estimates would result in a decrease in total expected credit loss allowances of UZS 246,432 million at 30 June 2024 (31 December 2023: decrease of UZS 232,814 million).

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6. SEGMENT REPORTING

Operating segments are components of the Group that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision makers (CODM) and for which discrete financial information is available. The CODM of the group is the Management Board. The Management Board regularly uses financial information based on IFRS for operational decision-making and resource allocation.

The Group operates solely in Uzbekistan and its consolidated revenue comprises interest income, fee and commission income and other operating income which are concentrated on the domestic market, as such, does not have separate geographical segments.

The Group does not have customers with the revenues exceeding 10% of the total revenue of the Group.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is organized on the basis of two main business segments – corporate banking which represents direct debit facilities, current accounts, deposits, 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 30 June 2024 (unaudited) is set out below:

	30 June 2024 (unaudited)		
	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	7,860,742	121,017	7,981,759
Loans and advances to customers	52,677,015	8,761,472	61,438,487
Due from other banks	1,864,872	-	1,864,872
Investment securities measured at amortised cost	2,200,309	-	2,200,309
Total reportable segment assets	64,602,938	8,882,489	73,485,427
Liabilities			
Due to other banks	6,012,393	-	6,012,393
Customer accounts	11,674,297	4,735,946	16,410,243
Other borrowed funds	39,467,428	1,365	39,468,793
Debt securities in issue	5,061,443	-	5,061,443
Total reportable segment liabilities	62,215,561	4,737,311	66,952,872

Segment information for the reportable segments for the year ended 31 December 2023 is set out below:

	31 December 2023		
	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	6,811,546	154,348	6,965,894
Loans and advances to customers	50,094,273	7,913,965	58,008,238
Due from other banks	1,778,707	-	1,778,707
Investment securities measured at amortised cost	2,093,415	-	2,093,415
Total reportable segment assets	60,777,941	8,068,313	68,846,254
Liabilities			
Due to other banks	5,818,951	-	5,818,951
Customer accounts	9,825,132	4,503,550	14,328,682
Other borrowed funds	37,628,622	5,113	37,633,735
Debt securities in issue	4,970,366	-	4,970,366
Total reportable segment liabilities	58,243,071	4,508,663	62,751,734

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

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6. SEGMENT REPORTING (Continued)

	Six months ended 2024 (unaudited)		
	Corporate	Individuals	Total
Interest income			
Interest on Loans and advances to customers	3,039,939	809,176	3,849,115
Interest on balances Due from other banks	178,061	-	178,061
Interest on balances Cash and cash equivalents	11,538	-	11,538
Interest on investment securities measured at amortised cost	204,923	-	204,923
Interest expense			
Interest on balances Due to other banks	(261,114)	-	(261,114)
Interest on Customer accounts	(331,534)	(289,721)	(621,255)
Interest on Other borrowed funds	(1,379,447)	-	(1,379,447)
Interest on Debt securities in issue	(175,228)	-	(175,228)
Interest on subordinated debt	(40,609)	-	(40,609)
Segment results	1,246,529	519,455	1,765,984

	Six months ended 30 June 2023 (unaudited)		
	Corporate	Individuals	Total
Interest income			
Interest on Loans and advances to customers	2,532,103	526,078	3,058,181
Interest on balances Due from other banks	185,374	-	185,374
Interest on balances Cash and cash equivalents	3,516	-	3,516
Interest on investment securities measured at amortised cost	193,979	-	193,979
Interest expense			
Interest on balances Due to other banks	(152,111)	-	(152,111)
Interest on Customer accounts	(263,058)	(317,604)	(580,122)
Interest on Other borrowed funds	(1,065,691)	-	(1,065,691)
Interest on Debt securities in issue	(104,049)	-	(104,049)
Interest on subordinated debt	(4,880)	-	(4,880)
Segment results	1,325,183	209,014	1,534,197

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6. SEGMENT REPORTING (Continued)

(c) Reconciliation of income and expenses, assets, and liabilities for reportable segments:

	30 June 2024 (unaudited)	31 December 2023
Total reportable segment assets	73,485,427	68,846,254
Financial assets at fair value through other comprehensive income	141,401	119,217
Investment in associates	87,834	77,814
Premises and equipment	3,356,201	3,340,418
Intangible assets	59,944	67,945
Current income tax prepayment	59,371	238,871
Derivative financial assets	50,960	51,499
Deferred tax asset	328,549	203,571
Reinsurance contract assets	26,714	20,334
Other assets	150,536	147,845
Non-current assets held for sale	321,938	179,555
Total assets	78,068,875	73,293,323
Total reportable segment liabilities	66,952,872	62,751,734
Reinsurance contract liabilities	202,487	157,745
Other liabilities	262,879	247,059
Subordinated debt	1,956,689	1,696,854
Total liabilities	69,374,927	64,853,392

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Segment results	1,765,984	1,534,197
Recovery of / (provision) for credit losses on loans and advances to customers	(1,011,002)	(802,965)
Gain / (loss) on initial recognition on loans and advances to customers	(2,888)	(29,663)
Fee and commission income	255,810	239,803
Fee and commission expense	(71,367)	(49,402)
Gains less losses from financial derivatives	53,068	(187,930)
Net (loss) gain on foreign exchange translation	(99,428)	85,853
Net gain from trading in foreign currencies	319,882	233,886
Insurance revenue (excluding reinsurance business)	50,902	44,897
Insurance service expenses (excluding reinsurance bussines)	(48,896)	(35,112)
Reinsurance business	(5,328)	(4,545)
Finance income (expenses) from insurance contracts (net)	(11,334)	(6,490)
Dividend income	332	3,995
Other operating income	13,159	20,858
Provision for credit losses on other assets	(24,869)	(12,917)
Impairment of assets held for sale	(24,002)	(9,099)
Administrative and other operating expenses	(858,849)	(751,623)
Share of result from associates	234	(465)
Profit before tax	301,408	273,278
Income tax expense	(54,140)	(87,805)
PROFIT FOR THE PERIOD	247,268	185,473

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7. CASH AND CASH EQUIVALENTS

	30 June 2024 (unaudited)	31 December 2023
Correspondent accounts and placements with other banks with original maturities of less than three months	5,066,727	3,057,468
Cash balances with the CBU (other than mandatory reserve deposits)	1,559,347	2,413,511
Cash on hand	1,155,624	1,495,017
Reverse sale and repurchase agreements with other banks with original maturities of less than three months	200,434	-
Less: Allowance for expected credit losses	(373)	(102)
Total cash and cash equivalents	7,981,759	6,965,894

As at 30 June 2024 (unaudited) and 31 December 2023 for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1.

The credit quality of cash and cash equivalents at 30 June 2024 (unaudited) is as follows:

	Cash balances with the CBU (other than mandatory reserve deposits)	Correspondent accounts and placements with other banks with original maturities of less than three months	Reverse sale and repurchase agreements with other banks with original maturities of less than three months	Total
- Central Bank of Uzbekistan	1,559,347	-	-	1,559,347
- Rated Aa1 to Aa3	-	197,230	-	197,230
- Rated A1 to A3	-	2,716,947	-	2,716,947
- Rated Baa1 to Baa3	-	1,282,624	-	1,282,624
- Rated Ba1 to Ba3	-	761,775	-	761,775
- Rated B1 to B3	-	108,109	200,434	308,543
- Unrated	-	42	-	42
Less: Allowance for expected credit losses	(34)	(331)	(8)	(373)
Total cash and cash equivalents, excluding cash on hand	1,559,313	5,066,396	200,426	6,826,135

Moody's credit rating for Uzbekistan was set at Ba3 as at 30 June 2024 and at 31 December 2023 which is used for assessment of cash balances with the CBU.

The credit quality of cash and cash equivalents at 31 December 2023 is as follows:

	Cash balances with the CBU (other than mandatory reserve deposits)	Correspondent accounts and placements with other banks with original maturities of less than three months	Total
- Central Bank of Uzbekistan	2,413,511	-	2,413,511
- Rated Aa1 to Aa3	-	1,234,500	1,234,500
- Rated A1 to A3	-	1,331,758	1,331,758
- Rated Baa1 to Baa3	-	2,475	2,475
- Rated Ba1 to Ba3	-	488,727	488,727
- Rated B1 to B3	-	3	3
- Unrated	-	5	5
Less: Allowance for expected credit losses	(53)	(49)	(102)
Total cash and cash equivalents, excluding cash on hand	2,413,458	3,057,419	5,470,877

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

Information on related party balances is disclosed in Note 26. Information on fair value of cash and cash equivalents is disclosed in Note 23.

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8. DUE FROM OTHER BANKS

	30 June 2024 (unaudited)	31 December 2023
Placements with other banks with original maturities of more than three months	1,550,657	1,557,826
Restricted cash	180,673	83,479
Mandatory cash balances with CBU	168,794	173,697
Less: Allowance for expected credit losses	(35,252)	(36,295)
Total due from other banks	1,864,872	1,778,707

Mandatory deposits with the CBU include non-interest-bearing reserves against client deposits. The Group does not have the right to use these deposits for the purposes of funding its own activities.

Restricted cash represents balances on correspondent accounts with foreign banks placed by the Group on behalf of its customers. The Group does not have the right to use these funds for the purpose of funding its own activities.

At 30 June 2024 (unaudited) the Group had balances with nine counterparty banks (31 December 2023: ten counterparty banks) with aggregated amounts above UZS 20,000 million. The total aggregate amount of these deposits was UZS 1,471,568 million (2023: UZS 1,523,310 million) or 79% of the total amount due from other banks (31 December 2023: 84%).

As at 30 June 2024 and 31 December 2023 for the purpose of ECL measurement due from other bank balances are included in Stage 1 and Stage 3.

Analysis by credit quality of due from other banks outstanding at 30 June 2024 (unaudited) is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restricted cash	Total
- Central Bank of Uzbekistan	168,794	-	-	168,794
- Rated A1 to A3	-	-	180,624	180,624
- Rated Ba3	-	1,364,569	49	1,364,618
- Rated B1	-	41,912	-	41,912
- Rated B2	-	103,774	-	103,774
- Rated B3	-	2,450	-	2,450
- Unrated	-	37,952	-	37,952
Less: Allowance for expected credit losses	(113)	(35,135)	(4)	(35,252)
Total due from other banks	168,681	1,515,522	180,669	1,864,872

Per credit quality table above Turkiston and Hi-Tech Banks were classified as Unrated (both Unrated at 31 December 2023) as at 30 June 2024, since both banks went bankrupt in 2023. Both banks were classified under Stage 3 for purpose of ECL (both Stage 3 as at 31 December 2023).

Analysis by credit quality of due from other banks outstanding at 31 December 2023 is as follows:

	Mandatory cash balances with CBU	Placements with other banks with original maturities of more than three months	Restricted cash	Total
- Central Bank of Uzbekistan	173,697	-	-	173,697
- Rated A1 to A3	-	-	82,568	82,568
- Rated Ba3	-	1,275,355	50	1,275,405
- Rated B1	-	82,690	-	82,690
- Rated B2	-	162,081	-	162,081
- Rated B3	-	398	-	398
- Unrated	-	37,302	861	38,163
Less: Allowance for expected credit losses	(116)	(36,177)	(2)	(36,295)
Total due from other banks	173,581	1,521,649	83,477	1,778,707

The credit rating is based on the rating agency Moody's (if available) or the rating agencies Standard & Poor's and Fitch. Information on related party balances is disclosed in Note 26. Information on fair value of due from other banks is disclosed in Note 23.

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8. DUE FROM OTHER BANKS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for due from banks between the beginning and the end of the reporting periods:

	EAD				ECL			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
	12-month ECL	Lifetime ECL	Lifetime ECL		12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2024	1,777,700	-	37,302	1,815,002	12,571	-	23,724	36,295
Changes in the gross carrying amount								
- Transfer from stage 1	-	-	-	-	-	-	-	-
- Transfer from stage 2	-	-	-	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-
New assets issued or acquired	144,124	-	-	144,124	328	-	-	328
Matured or derecognized assets (except for write off)	(159,184)	-	-	(159,184)	(2,021)	-	-	(2,021)
Foreign exchange differences	98,123	-	2,059	100,182	266	-	384	649
Loss allowance for ECL and Gross Carrying as at 30 June 2024 (unaudited)	1,860,763	-	39,361	1,900,124	11,144	-	24,108	35,252

	EAD				ECL			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
	12-month ECL	Lifetime ECL	Lifetime ECL		12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2023	1,843,596	-	34,017	1,877,613	12,121	-	22,077	34,198
Changes in the gross carrying amount								
- Transfer from stage 1	-	-	-	-	-	-	-	-
- Transfer from stage 2	-	-	-	-	-	-	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-
New assets issued or acquired	213,215	-	-	213,215	532	-	-	532
Matured or derecognized assets (except for write off)	(293,773)	-	(41)	(293,814)	(1,717)	-	(27)	(1,744)
Foreign exchange differences	14,662	-	3,326	17,988	1,635	-	1,674	3,309
Loss allowance for ECL and Gross Carrying as at 30 June 2023 (unaudited)	1,777,700	-	37,302	1,815,002	12,571	-	23,724	36,295

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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.

Loans and advances to customers comprise:

	30 June 2024 (unaudited)	31 December 2023
Corporate loans	41,893,823	37,814,200
State and municipal organisations	13,325,838	14,572,496
Loans to individuals	9,107,960	8,021,079
Total loans and advances to customers, gross	64,327,621	60,407,775
Less: Allowance for expected credit losses	(2,889,134)	(2,399,537)
Total loans and advances to customers	61,438,487	58,008,238

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

	30 June 2024 (unaudited)	31 December 2023
Originated loans to customers	64,178,731	60,275,550
Overdrafts	148,890	132,225
Total loans and advances to customers, gross	64,327,621	60,407,775
Stage 1	44,363,631	47,967,352
Stage 2	16,412,767	9,536,058
Stage 3	3,551,223	2,904,365
Total loans and advances to customers, gross	64,327,621	60,407,775
Less: Allowance for expected credit losses	(2,889,134)	(2,399,537)
Total loans and advances to customers	61,438,487	58,008,238

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to corporate customers between the beginning and the end of the reporting period:

	Credit Loss Allowance				Gross Carrying Amount			
	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
Corporate loans								
As at 1 January 2024	237,229	641,149	1,297,934	2,176,312	26,130,681	8,866,688	2,816,831	37,814,200
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(59,321)	56,449	2,872	-	(5,161,750)	4,904,906	256,844	-
- Transfer from stage 2	157,011	(267,719)	110,708	-	2,434,746	(3,973,387)	1,538,641	-
- Transfer from stage 3	86,009	195,244	(281,253)	-	218,633	482,828	(701,461)	-
- Changes in EAD and risk parameters*	(248,594)	33,865	772,347	557,618	(2,836,525)	998,435	256,427	(1,581,663)
New assets issued or acquired	114,707	-	-	114,707	8,512,152	-	-	8,512,152
Matured or derecognized assets (except for write off)	(8,981)	(4,940)	(136,233)	(150,154)	(1,944,906)	(154,643)	(245,250)	(2,344,799)
Total movements with impact on credit loss allowance charge for the period	40,831	12,899	468,441	522,171	1,222,350	2,258,139	1,105,201	4,585,690
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Net written off assets	-	-	(510,141)	(510,141)	-	-	(510,141)	(510,141)
Foreign exchange differences	29	56	112	197	2,815	955	304	4,074
Loss allowance for ECL and Gross Carrying as at 30 June 2024 (unaudited)	278,089	654,104	1,256,346	2,188,539	27,355,846	11,125,782	3,412,195	41,893,823

*The line “Changes in EAD and risk parameters” under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during the reporting period and transfers of new issued loans between stages.

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

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to state and municipal organizations between the beginning and the end of the reporting period:

	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
State and municipal organisations								
As at 1 January 2024	109,738	6,373	-	116,111	14,170,248	402,248	-	14,572,496
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(38,661)	38,661	-	-	(4,467,222)	4,467,222	-	-
- Transfer from stage 2	3,702	(3,702)	-	-	149,341	(149,341)	-	-
- Transfer from stage 3	-	-	-	-	-	-	-	-
- Changes in EAD and risk parameters*	2,093	190,304	-	192,397	(2,395,645)	395,538	-	(2,000,107)
New assets issued or acquired	49,637	-	-	49,637	2,595,630	-	-	2,595,630
Matured or derecognized assets (except for write off)	(3,676)	(2,671)	-	(6,347)	(1,736,741)	(252,907)	-	(1,989,648)
Total movements with impact on credit loss allowance charge for the period	13,095	222,592	-	235,687	(5,854,637)	4,460,512	-	(1,394,125)
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Foreign exchange differences	2,118	191	-	2,309	143,396	4,071	-	147,467
Loss allowance for ECL and Gross Carrying as at 30 June 2024 (unaudited)	124,951	229,156	-	354,107	8,459,007	4,866,831	-	13,325,838

*The line “Changes in EAD and risk parameters” under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during the reporting period and transfers of new issued loans between stages.

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

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following tables discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to individuals between the beginning and the end of the reporting period:

	Credit Loss Allowance				Gross Carrying Amount			
	Stage 1	Stage 2	Stage 3	TOTAL	Stage 1	Stage 2	Stage 3	TOTAL
	12-month ECL	Lifetime ECL	Lifetime ECL		12-month ECL	Lifetime ECL	Lifetime ECL	
Loans to individuals								
As at 1 January 2024	44,997	20,568	41,549	107,114	7,666,423	267,122	87,534	8,021,079
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(2,884)	2,219	665	-	(307,780)	258,500	49,280	-
- Transfer from stage 2	7,190	(11,311)	4,121	-	105,464	(151,767)	46,303	-
- Transfer from stage 3	6,617	10,634	(17,251)	-	14,822	22,523	(37,345)	-
- Changes in EAD and risk parameters*	74,011	84,460	65,442	223,913	(593,066)	33,017	11,375	(548,674)
New assets issued or acquired	33,823	-	-	33,823	2,066,978	-	-	2,066,978
Matured or derecognized assets (except for write off)	(2,282)	(594)	(1,715)	(4,591)	(404,063)	(9,241)	(4,348)	(417,652)
Total movements with impact on credit loss allowance charge for the period	116,475	85,408	51,262	253,145	882,355	153,032	65,265	1,100,652
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Net written off assets	-	-	(13,771)	(13,771)	-	-	(13,771)	(13,771)
Loss allowance for ECL and Gross Carrying as at 30 June 2024 (unaudited)	161,472	105,976	79,040	346,488	8,548,778	420,154	139,028	9,107,960

*The line “Changes in EAD and risk parameters” under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during the reporting period and transfers of new issued loans between stages.

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

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to corporate customers between the 1 January 2023 and 30 June 2023 (unaudited):

Corporate loans	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 2023	312,367	273,865	1,840,048	2,426,280	22,016,654	5,672,749	3,672,995	31,362,398
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(91,088)	86,691	4,397	-	(5,238,565)	4,971,073	267,492	-
- Transfer from stage 2	134,895	(148,454)	13,559	-	2,871,257	(3,150,989)	279,732	-
- Transfer from stage 3	59,583	252,520	(312,103)	-	206,082	556,783	(762,865)	-
- Change in EAD and risk parameters*	(260,378)	236,691	1,059,041	1,035,354	(910,988)	631,029	277,461	(2,498)
New assets issued or acquired	85,427			85,427	7,060,158	-	-	7,060,158
Matured or derecognized assets (except for write off)	(32,373)	(3,147)	(118,637)	(154,157)	(3,591,225)	(70,822)	(412,761)	(4,074,808)
Total movements with impact on credit loss allowance charge for the period	(103,934)	424,301	646,257	966,624	396,719	2,937,074	(350,941)	2,982,852
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Net written off assets	-	-	(1,569,664)	(1,569,664)	-	-	(1,569,664)	(1,569,664)
Foreign exchange differences	1,086	953	6,404	8,443	505,124	130,149	84,269	719,542
Loss allowance for ECL and Gross Carrying as at 30 June 2023 (unaudited)	209,519	699,119	923,045	1,831,683	22,918,497	8,739,972	1,836,659	33,495,128

*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 reporting period 2023 and transfers of new issued loans between stages.

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

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to state and municipal organisations between the 1 January 2023 and 30 June 2023 (unaudited):

State and municipal organisations	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 2023	108,869	273,773	9,391	392,033	12,615,316	1,741,219	12,464	14,368,999
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(4,478)	4,262	216	-	(910,062)	897,967	12,095	-
- Transfer from stage 2	273,281	(273,735)	454	-	1,723,709	(1,740,360)	16,651	-
- Transfer from stage 3	-	9,391	(9,391)	-	-	12,464	(12,464)	-
- Changes in EAD and risk parameters*	(324,571)	7,669	10,422	(306,480)	(894,619)	227,005	(414)	(668,028)
New assets issued or acquired	11,664	-	-	11,664	1,917,770	-	-	1,917,770
Matured or derecognized assets (except for write off)	(7,241)	(38)	-	(7,279)	(2,534,697)	(859)	-	(2,535,556)
Total movements with impact on credit loss allowance charge for the period	(51,345)	(252,451)	1,701	(302,095)	(697,899)	(603,783)	15,868	(1,285,814)
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Net written off assets	-	-	-	-	-	-	-	-
Foreign exchange differences	(78)	(196)	(7)	(281)	208,366	28,760	206	237,332
Loss allowance for ECL and Gross Carrying as at 30 June 2023 (unaudited)	57,446	21,126	11,085	89,657	12,125,783	1,166,196	28,538	13,320,517

*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 reporting period 2023 and transfers of new issued loans between stages.

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

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to individuals between the 1 January 2023 and 30 June 2023 (unaudited):

	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
Loans to individuals								
As at 1 January 2023	29,012	8,738	21,836	59,586	5,339,938	128,469	98,584	5,566,991
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Changes in the gross carrying amount								
- Transfer from stage 1	(791)	677	114	-	(145,550)	124,652	20,898	-
- Transfer from stage 2	4,795	(6,319)	1,524	-	67,866	(87,244)	19,378	-
- Transfer from stage 3	29	139	(168)	-	274	1,323	(1,597)	-
- Changes in EAD and risk parameters*	25,488	28,401	51,584	105,473	8,922	13,885	(7,829)	14,978
New assets issued or acquired	42,165			42,165	2,201,280	-	-	2,201,280
Matured or derecognized assets (except for write off)	(1,604)	(437)	(7,161)	(9,202)	(692,189)	(8,728)	(10,328)	(711,245)
Total movements with impact on credit loss allowance charge for the period	70,082	22,461	45,893	138,436	1,440,603	43,888	20,522	1,505,013
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Net written off assets/Recovery	-	-	3,168	3,168	-	-	3,168	3,168
Loss allowance for ECL and Gross Carrying as at 30 June 2023 (unaudited)	99,094	31,199	70,897	201,190	6,780,541	172,357	122,274	7,075,172

*The line “Changes in EAD and risk parameters” under columns related to Gross Carrying Amount represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2023 and transfers of new issued loans between stages.

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

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	30 June 2024 (unaudited)		31 December 2023	
	Amount	%	Amount	%
Manufacturing	27,213,217	42%	22,529,199	37%
Individuals	9,107,960	14%	8,021,079	13%
Oil and gas & chemicals	8,672,467	13%	11,052,861	18%
Trade and Services	8,089,148	13%	7,342,466	12%
Agriculture	3,694,536	6%	3,572,134	6%
Transport and communication	3,245,787	5%	3,269,401	5%
Energy	2,584,948	4%	2,982,969	5%
Construction	1,719,558	3%	1,637,666	3%
Total loans and advances to customers, gross	64,327,621	100%	60,407,775	100%
Less: Allowance for expected credit losses	(2,889,134)		(2,399,537)	
Total loans and advances to customers	61,438,487		58,008,238	

As at 30 June 2024 (unaudited), the Group granted loans to 14 (31 December 2023: 16) borrowers in the amount of UZS 18,830,549 million (31 December 2023: UZS 20,498,189 million), which individually exceeded 10% of the Group's equity.

Information about loans and advances to individuals as at 30 June 2024 (unaudited) and 31 December 2023 are as follows:

	30 June 2024 (unaudited)	31 December 2023
Mortgage	5,523,433	5,260,581
Microloan	2,649,616	1,819,198
Car Loan	631,693	661,671
Consumer Loans	303,218	279,497
Other	-	132
Total loans and advances to individuals, gross	9,107,960	8,021,079
Less: Allowance for expected credit losses	(346,488)	(107,114)
Total loans and advances to individuals	8,761,472	7,913,965

Information about collateral and other credit enhancement as at 30 June 2024 (unaudited) are as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	30 June 2024 (unaudited)
Loans guaranteed by letters of surety	2,317,842	12,807,142	1,704,056	16,829,040
Loans guaranteed by state guarantees	6,291,847	-	-	6,291,847
Not collateralized	-	1,011	763	1,774
Loans collateralised by:				
Real estate	397,578	12,635,297	5,131,645	18,164,520
Insurance policy	6,214	7,411,663	1,960,613	9,378,490
Equipment	306,291	5,950,644	-	6,256,935
Inventory and other receivables	3,028,555	2,680,988	1,013	5,710,556
Cash deposits	832,806	50,698	1,878	885,382
Vehicles	24,478	356,380	307,992	688,850
Equity securities	120,227	-	-	120,227
Total loans and advances to customers, gross	13,325,838	41,893,823	9,107,960	64,327,621
Less: Allowance for expected credit losses	(354,107)	(2,188,539)	(346,488)	(2,889,134)
Total loans and advances to customers	12,971,731	39,705,284	8,761,472	61,438,487

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Information about collateral and other credit enhancement as at 31 December 2023 are as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	31 December 2023
Loans guaranteed by letters of surety	2,206,185	11,975,511	1,781,668	15,963,364
Loans guaranteed by state guarantees	6,565,131	-	-	6,565,131
Not collateralised	-	989	4,567	5,556
Loans collateralised by:				
Real estate	588,838	11,360,294	4,806,715	16,755,847
Equipment	586,425	5,795,847	-	6,382,272
Inventory and receivables	3,426,705	2,360,679	1,062	5,788,446
Insurance policy	8,273	5,906,771	1,111,379	7,026,423
Cash deposits	1,031,961	53,748	2,161	1,087,870
Vehicles	30,066	360,361	313,527	703,954
Equity securities	128,912	-	-	128,912
Total loans and advances to customers, gross	14,572,496	37,814,200	8,021,079	60,407,775
Less: Allowance for expected credit losses	(116,111)	(2,176,312)	(107,114)	(2,399,537)
Total loans and advances to customers	14,456,385	35,637,888	7,913,965	58,008,238

Analysis by credit quality of loans and advances to customers that are collectively and individually assessed for impairment as at 30 June 2024 (unaudited) is as follows:

	State and municipal organisations	Corporate loans	Loans to individuals	Total
30 June 2024 (unaudited)				
<i>Loans assessed for impairment on a collective basis (gross)</i>				
Not past due loans	11,544,031	29,926,063	7,940,224	49,410,318
Past due loans				
- less than 30 days overdue	1,437,489	5,162,487	750,143	7,350,119
- 31 to 90 days overdue	344,318	3,903,657	299,114	4,547,089
- 91 to 180 days overdue	-	377,096	76,240	453,336
- 181 to 360 days overdue	-	890,067	33,120	923,187
- over 360 days overdue	-	151,314	9,119	160,433
Total loans assessed for impairment on a collective basis, gross	13,325,838	40,410,684	9,107,960	62,844,482
<i>Loans individually determined to be impaired (gross):</i>				
Restructured loans	-	1,483,139	-	1,483,139
Not past due loans	-	398,398	-	398,398
Past due loans				
- 1-30 days overdue	-	-	-	-
- 31-90 days overdue	-	22,445	-	22,445
- 91-180 days overdue	-	318,907	-	318,907
- 181-360 days overdue	-	743,389	-	743,389
- over 360 days overdue	-	-	-	-
Total loans individually determined to be impaired, gross	-	1,483,139	-	1,483,139
- Impairment provisions for individually impaired loans	-	(667,413)	-	(667,413)
- Impairment provisions assessed on a collective basis	(354,107)	(1,521,126)	(346,488)	(2,221,721)
Less: Allowance for expected credit losses	(354,107)	(2,188,539)	(346,488)	(2,889,134)
Total loans and advances to customers	12,971,731	39,705,284	8,761,472	61,438,487

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Analysis by credit quality of loans and advances to customers that are collectively and individually assessed for impairment as at 31 December 2023 is as follows:

31 December 2023	State and municipal organisations	Corporate loans	Loans to individuals	Total
<i>Loans assessed for impairment on a collective basis (gross)</i>				
Not past due loans	14,124,030	30,307,385	7,578,543	52,009,958
Past due loans				
- less than 30 days overdue	448,466	3,354,612	253,544	4,056,622
- 31 to 90 days overdue	-	2,219,674	143,741	2,363,415
- 91 to 180 days overdue	-	521,833	17,952	539,785
- 181 to 360 days overdue	-	788,391	26,261	814,652
- over 360 days overdue	-	31,799	1,038	32,837
Total loans assessed for impairment on a collective basis, gross	14,572,496	37,223,694	8,021,079	59,817,269
<i>Loans individually determined to be impaired (gross):</i>				
<i>Restructured loans</i>	-	590,506	-	590,506
Not past due loans	-	128,560	-	128,560
Past due loans				
- 1-30 days overdue	-	382,439	-	382,439
- 31-90 days overdue	-	79,507	-	79,507
- 91-180 days overdue	-	-	-	-
- 181-360 days overdue	-	-	-	-
Total loans individually determined to be impaired, gross	-	590,506	-	590,506
- Impairment provisions for individually impaired loans	-	(214,646)	-	(214,646)
- Impairment provisions assessed on a collective basis	(116,111)	(1,961,666)	(107,114)	(2,184,891)
Less: Allowance for expected credit losses	(116,111)	(2,176,312)	(107,114)	(2,399,537)
Total loans and advances to customers	14,456,385	35,637,888	7,913,965	58,008,238

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The credit quality of loans to customers carried at amortised cost is as follows at 30 June 2024:

30 June 2024 (unaudited)	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Corporate loans				
Standard	27,355,846	3,343,329	532,477	31,231,652
Substandard	-	7,782,453	116,945	7,899,398
Unsatisfactory	-	-	936,135	936,135
Doubtful	-	-	1,642,507	1,642,507
Loss	-	-	184,131	184,131
Gross carrying amount	27,355,846	11,125,782	3,412,195	41,893,823
Credit loss allowance	(278,089)	(654,104)	(1,256,346)	(2,188,539)
Carrying amount	27,077,757	10,471,678	2,155,849	39,705,284
State and municipal organisations				
Standard	8,459,007	4,000,547	-	12,459,554
Substandard	-	866,284	-	866,284
Unsatisfactory	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Gross carrying amount	8,459,007	4,866,831	-	13,325,838
Credit loss allowance	(124,951)	(229,156)	-	(354,107)
Carrying amount	8,334,056	4,637,675	-	12,971,731
Loans to individuals				
Standard	8,548,778	116,707	6,861	8,672,346
Substandard	-	303,447	8,188	311,635
Unsatisfactory	-	-	78,165	78,165
Doubtful	-	-	31,286	31,286
Loss	-	-	14,528	14,528
Gross carrying amount	8,548,778	420,154	139,028	9,107,960
Credit loss allowance	(161,474)	(105,974)	(79,040)	(346,488)
Carrying amount	8,387,304	314,180	59,988	8,761,472

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
31 December 2023				
Corporate loans				
Standard	26,130,681	2,440,295	823,972	29,394,948
Substandard	-	6,426,393	503,235	6,929,628
Unsatisfactory	-	-	560,899	560,899
Doubtful	-	-	883,814	883,814
Loss	-	-	44,911	44,911
Gross carrying amount	26,130,681	8,866,688	2,816,831	37,814,200
Credit loss allowance	(237,229)	(641,149)	(1,297,934)	(2,176,312)
Carrying amount	25,893,452	8,225,539	1,518,897	35,637,888
State and municipal organisations				
Standard	14,170,248	396,473	-	14,566,721
Substandard	-	5,775	-	5,775
Unsatisfactory	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Gross carrying amount	14,170,248	402,248	-	14,572,496
Credit loss allowance	(109,738)	(6,373)	-	(116,111)
Carrying amount	14,060,510	395,875	-	14,456,385
Loans to individuals				
Standard	7,666,423	127,981	24,855	7,819,259
Substandard	-	139,141	15,352	154,493
Unsatisfactory	-	-	20,278	20,278
Doubtful	-	-	27,003	27,003
Loss	-	-	46	46
Gross carrying amount	7,666,423	267,122	87,534	8,021,079
Credit loss allowance	(44,997)	(20,568)	(41,549)	(107,114)
Carrying amount	7,621,426	246,554	45,985	7,913,965

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9. LOANS AND ADVANCES TO CUSTOMERS (Continued)

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (“over-collateralised assets”) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset (“under-collateralised assets”). The effect of collateral on credit impaired assets at 30 June 2024 and 31 December 2023 are as follows.

30 June 2024 (unaudited)	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				
Manufacturing	1,145,514	3,897,887	402,426	393,820
Agriculture	1,142,834	2,345,765	-	-
Trade and services	397,159	1,321,104	18,889	17,653
Construction	154,007	478,228	314	313
Transport and communication	92,162	283,377	474	438
Oil and gas & Chemicals	57,849	215,157	567	563
Loans to Individuals carried at AC				
Mortgage	78,767	133,445	8,808	7,899
Microloan	30,083	44,030	2,728	2,580
Car Loan	7,371	15,420	771	721
Consumer Loans	10,500	10,737	-	-
Total	3,116,246	8,745,150	434,977	423,987

31 December 2023	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				
Manufacturing	1,421,375	4,454,912	9,274	8,958
Agriculture	593,131	1,822,592	-	-
Trade and services	481,276	1,843,412	19,209	16,640
Construction	186,594	467,673	-	-
Transport and communication	98,788	213,721	-	-
Oil and gas & Chemicals	7,184	18,750	-	-
Loans to Individuals carried at AC				
Mortgage	63,017	114,649	3,533	3,109
Microloan	15,712	21,960	2,395	2,345
Car Loan	2,070	5,336	-	-
Consumer Loans	786	1,073	-	-
Other	21	38	-	-
Total	2,869,954	8,964,116	34,411	31,052

In tables above, value of collateral represents collateral amount accepted by bank as security against loans issued. Information on related party balances is disclosed in Note 26. Information on fair value of loans and advance to customers is disclosed in Note 23.

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10. INVESTMENT SECURITIES MEASURED AT AMORTISED COST

	Currency	Annual coupon/ interest rate %	EIR %	Maturity date month/year	30 June 2024 (unaudited)	31 December 2023
Government Bonds	USD/UZS	0 -18	3.5 -21	Mar 2024 - Jul 2032	2,191,462	2,090,103
Corporate bonds	UZS	19 – 24	19.9 – 26.2	July 2026 -October 2026	23,430	12,987
Less: Allowance for expected credit losses					(14,583)	(9,675)
Total investment securities measured at amortised cost					2,200,309	2,093,415

Analysis by credit quality of investment securities measured at amortised costs at 30 June 2024 (unaudited) is as follows:

30 June 2024 (unaudited)	Government Bonds	Corporate Bonds	Total
- Rated BB-	2,191,462	10,374	2,201,836
- Rated B2	-	2,606	2,606
- Unrated	-	10,450	10,450
Less: Allowance for expected credit losses	(12,359)	(2,224)	(14,583)
Total investment securities measured at amortised cost	2,179,103	21,206	2,200,309

Analysis by credit quality of investment securities measured at amortised costs at and 31 December 2023 is as follows:

31 December 2023	Government Bonds	Corporate Bonds	Total
- Rated BB-	2,090,103	10,380	2,100,483
- Rated B2	-	2,607	2,607
Less: Allowance for expected credit losses	(9,544)	(131)	(9,675)
Total investment securities measured at amortised cost	2,080,559	12,856	2,093,415

At 30 June 2024, the Group holds government bonds of the Ministry of Finance of the Republic of Uzbekistan in the quantity of 2,212,055 (31 December 2023: 1,923,405) with nominal value of UZS 1,000,000 and with current yield 3.5-21 % p.a. (31 December 2023: 4.8-18 % p.a.).

As of June 30, 2024, the Group, through its subsidiary SQB Insurance LLC, holds corporate bonds issued by JSCB “Asia Alliance Bank” as well as corporate bonds from “Saipro Group” LLC via direct ownership. The total holdings amount to 12,550 corporate bonds, each with a nominal value of UZS 1,000,000. The bonds issued by JSCB “Asia Alliance Bank” carry a coupon rate equivalent to the Central Bank of Uzbekistan's refinancing rate (14% as of reporting date) plus an additional 5% per annum and the corporate bonds from “Saipro Group” LLC carry 24% fixed coupon rate. The maturity dates for these bonds are July 2026 and July 2028, respectively.

The credit rating is based on the rating agency Moody's (if available) or the rating agencies Standard & Poor's and Fitch. Information on related party balances is disclosed in Note 26. Information on fair value of investment securities measured at amortised cost is disclosed in Note 23.

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11. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS

As at 30 June 2024 (unaudited) and 31 December 2023, premises and equipment of the Group were not pledged.

	Buildings and Premises	Office and computer equipment	Constructi on in progress	Total premises and equipment	Intangible assets	Total
Carrying amount as at 31 December 2022	280,567	206,463	1,520,026	2,007,056	75,448	2,082,504
Additions	141,104	131,390	1,026,325	1,298,819	17,997	1,316,816
Capitalised borrowing costs	-	-	145,680	145,680	-	145,680
Disposals (net of depreciation)	(5,759)	(2,158)	(371)	(8,288)	(16,818)	(25,106)
Transfers	86,270	7,763	(94,033)	-	-	-
Depreciation/amortization charge	(13,234)	(89,615)	-	(102,849)	(8,682)	(111,531)
Carrying amount as at 31 December 2023	488,948	253,843	2,597,627	3,340,418	67,945	3,408,363
Cost as at 31 December 2023	566,958	618,478	2,597,627	3,783,063	92,718	3,875,781
Accumulated depreciation/amortisation	(78,010)	(364,635)	-	(442,645)	(24,773)	(467,418)
Carrying amount as at 31 December 2023	488,948	253,843	2,597,627	3,340,418	67,945	3,408,363
Additions	1,839	117,389	21,155	140,383	4,490	144,873
Disposals (net of depreciation)	(12,817)	(52)	(877)	(13,746)	-	(13,746)
Transfers	2,354,298	601	(2,354,899)	-	-	-
Transfer to non-current assets held for sale (or disposal groups)	(37,562)	-	-	(37,562)	-	(37,562)
Written off assets	(63)	(307)	-	(370)	(7,013)	(7,383)
Depreciation/amortization charge	(26,478)	(46,444)	-	(72,922)	(5,478)	(78,400)
Carrying amount as at 30 June 2024 (unaudited)	2,768,165	325,030	263,006	3,356,201	59,944	3,416,145
Cost as at 30 June 2023 (unaudited)	2,872,653	736,109	263,006	3,871,768	90,195	3,961,963
Accumulated depreciation/amortisation	(104,488)	(411,079)	-	(515,567)	(30,251)	(545,818)
Carrying amount as at 30 June 2024 (unaudited)	2,768,165	325,030	263,006	3,356,201	59,944	3,416,145

As at 30 June 2024, in accordance with the contract, the Group invested USD 208.718 million in 2019 - 2023, equivalent to UZS 2,350,828 million, (2023: USD 208.718 million, equivalent to UZS 2,350,828 million) of which was fully recorded in buildings and premises.

In accordance with Resolution No. 253 of the President of the Republic of Uzbekistan on Additional Measures to Strengthen Financial Stability and Accelerate the Privatization of the Joint-Stock Commercial Bank "Uzbek Industrial and Construction Bank" the valuation for the sale at auction of 11 administrative buildings of the Group has been conducted. This valuation and sale via auction were approved by the Group's Special Commission in Resolution No. 5, dated May 16, 2024, and is reflected in disclosure line "Transfer to non-current assets held for sale".

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12. NON-CURRENT ASSETS HELD FOR SALE

	30 June 2024 (unaudited)	31 December 2023
- Buildings held for sale	261,535	134,930
- Equipment held for sale	53,399	44,625
- Other assets held for sale	7,004	-
Total non-current assets (or disposal groups) held for sale	321,938	179,555

As of June 30, 2024, the portfolio of buildings held for sale includes repossessed properties from nine clients, totaling UZS 184,214 million. In comparison, six clients' repossessed properties amounted to UZS 102,208 million in 2023.

Additionally, other assets held for sale include shares from JSC "O'zbekiston pochta," valued at UZS 5,791 million and shares from "Kattaqurgon Business Services" LLC valued at UZS 1,213 million. These assets were reclassified from financial assets at fair value through other comprehensive income, as they meet the criteria for classification as held for sale as of the reporting date.

The measurement of these assets was conducted at the lower of their carrying amount and fair value less costs to sell.

13. DUE TO OTHER BANKS

	30 June 2024 (unaudited)	31 December 2023
Short term placements of other banks	3,279,702	2,500,576
Correspondent accounts and overnight placements of other banks	1,078,917	723,175
Payable to the CBU under repo agreement	621,237	816,807
Payable to the other banks under repo agreement	599,751	-
Long term placements of other banks	432,786	1,778,393
Total due to other banks	6,012,393	5,818,951

Correspondent accounts and overnight placements of other banks increased due to additional placement from Biznesni Rivojlantirish Banki, Mikrokreditbank, Credit Union Russia, and Amonatbank Tajikistan, amounting to a US dollar equivalent of 580,758 million UZS.

The Bank has entered into a REPO agreement with several local banks, including Aloqabank, Hamkorbank, Turon Bank and others.

Refer to Note 23 for the disclosure of the fair value of due to other banks. Information on related party balances is disclosed in Note 26.

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14. CUSTOMER ACCOUNTS

	30 June 2024 (unaudited)	31 December 2023
State and public organisations		
- Current/settlement accounts	2,447,806	2,006,528
- Term deposits	5,741,738	3,901,834
Other legal entities		
- Current/settlement accounts	2,383,154	2,812,289
- Term deposits	1,101,599	1,104,481
Individuals		
- Current/demand accounts	1,026,455	1,512,885
- Term deposits	3,709,491	2,990,665
Total customer accounts	16,410,243	14,328,682

Economic sector concentrations within customer accounts are as follows:

	30 June 2024 (unaudited)		31 December 2023	
	Amount	%	Amount	%
Public administration	5,530,187	34%	3,808,491	27%
Individuals	4,735,946	29%	4,503,550	31%
Oil and gas	1,831,748	11%	1,494,550	10%
Manufacturing	1,294,697	8%	1,599,498	11%
Trade	708,247	4%	712,118	5%
Energy	691,616	4%	705,081	5%
Services	598,507	4%	453,820	3%
Finance	344,654	2%	401,932	3%
Construction	217,581	1%	274,907	2%
Communication	113,184	1%	133,196	1%
Agriculture	97,499	1%	25,960	0%
Transportation	93,468	1%	92,428	1%
Mining	84,682	0%	40,439	0%
Engineering	36,527	0%	46,525	1%
Medicine	27,629	0%	24,519	0%
Other	4,071	0%	11,668	0%
Total customer accounts	16,410,243	100%	14,328,682	100%

As at 30 June 2024 (unaudited), the Group had two (Ministry of Finance and JSC Uzbekneftegaz) customers with a total balance UZS 5,209,027 million (31 December 2023: UZS 4,375,575 million), which individually exceeded 10% of the Group's equity.

Refer to Note 23 for the disclosure of the fair value of customer accounts. Information on related party balances is disclosed in Note 26.

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15. OTHER BORROWED FUNDS

	30 June 2024 (unaudited)	31 December 2023
International financial institutions		
China EXIMBANK	4,703,508	4,879,750
Cargill Financial Services International Inc	4,208,608	4,300,945
CREDIT Suisse	2,302,659	2,289,684
DEUTSCHE BANK AG	2,194,551	-
International Bank of Reconstruction and Development	2,181,522	1,930,490
Landesbank Baden-Wuerttemberg	1,898,194	1,922,190
JPMorgan Chase	1,771,468	1,400,208
Commerzbank AG	1,746,652	1,661,374
Banca Popolare di Sondrio	1,210,574	897,886
European Bank for Reconstruction and Development	1,042,912	1,208,070
ICBC (London) plc	1,041,815	1,030,290
International Finance Corporation	976,521	961,178
MFT XXI LLC	773,083	878,556
Raiffeisen Bank International AG	751,399	623,745
Daryo Finance B.V.	639,059	1,290,891
Asian Development Bank	609,474	624,642
International Development Association of World Bank	576,797	590,901
Japan International Cooperation Agency (JICA)	402,830	395,735
UniCredit	402,644	445,907
China Development Bank	391,681	460,771
Citibank N.A. ADGM	388,105	513,064
CBD bank	383,453	-
European Investment Bank	380,958	372,978
OPEC Fund for International Development	379,668	372,053
DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK	336,217	-
DZ BANK HONG KONG BRANCH	321,825	370,837
AJMAN BANK PJSC	315,186	-
Helaba (Landesbank Hessen-Thüringen)	255,070	30,975
Mashreqbank PSC	253,549	249,190
Korea EXIMBANK	234,620	279,873
KfW IPEX-Bank	227,256	237,010
Kamcombank LLC	204,366	456,266
ODDO BHF	194,832	98,551
Petersburg technology Center	191,845	397,457
Fimbank	128,315	-
Baobab Securities Limited	112,088	112,088
Turk EXIMBANK	82,567	116,746
AKA Ausfuhrkredit-Gesellschaft mbH	79,122	91,015
Agence Française de Développement	76,514	77,880
SAMURAI ASSET FINANCE CO., LTD	28,539	-
Gazprombank	23,105	27,524
The Export-Import Bank of the Republic of China	19,068	23,359
Citibank Europe PLC	4,545	419,179
International Fund for Agricultural Development	1,670	1,758
EURASIAN BANK	-	11,477
JSC "BANK CENTERCREDIT" KZ	-	18,283
John Deere	-	6,648
Financial institutions of Uzbekistan		
Fund for Reconstruction and Development of Uzbekistan	1,802,777	1,417,471
Agriculture Support Fund under the Ministry of Economy and Finance	1,185,086	1,583,855
Long term borrowings from Ministry of Economy and Finance	724,626	1,095,835
Uzbekistan Mortgage Refinancing Company (UzMRC)	680,052	653,284
Export Promotion Agency under MIFT	320,964	368,720
Long term borrowings from CBU	153,215	187,389
KDB Bank Uzbekistan	97,767	199,604
Young Entrepreneurs Support Fund under MIFT	41,295	30,455
Preference Shares	10,160	11,219
Inter-Network Energy Conservation Fund under the Ministry of Energy	2,972	3,365
Khokimiyat of Tashkent Region	1,365	5,113
Other	80	1
Total other borrowed funds	39,468,793	37,633,735

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On 4 March 2024 the Group and Fimbank has signed an agreement on attracting the credit line facility in the amount of USD 10 million. The facility is to be used to general purpose trade financing. The maturity period of the loan is 18 months with three semi-annual repayments.

On 15 March 2024, Commercial Bank of Dubai PSC has disbursed USD 30 million under the Master Trade Loan Agreement, signed on 23 February 2024. The loan has maturity of 6 months with bullet repayment of principal and interest repayments. (Data by IFI).

On 12 June 2024 Ajman Bank PJSC (UAE) disbursed USD 25 million under the Master Murabaha agreement, signed on 21 May 2024. The loan has maturity of 12 months with bullet repayment of principal and three semi-annual interest repayments. (Data by IFI).

On 13 May 2024 the Group and Deutsche Bank AG signed syndicated term loan agreement in the amount of EUR 165 million. Under the loan agreement, the Group is responsible for the loan solely to be directed to finance small and medium sized business projects. The maturity of the loan agreement is 18 months. (Data by IFI).

On 19 June 2024, DZ Bank AG Deutsche Zentral-Genossenschaftsbank has disbursed USD 25 million under an EBRD covered trade loan agreement dated 21 February 2024. The loan maturity period is defined as 12 months bullet repayment of principal and semi-annual interest repayments. (Data by IFI).

On 27 June 2024 the Group and Samurai Asset finance Co., LTD has signed an agreement in the amount of USD 10 million on attracting the Credit line facility for trade finance. The loan maturity period is defined as 5 years. (Data by IFI).

The maturity analysis is disclosed in Note 25. Refer to Note 23 for disclosure of the fair value of other borrowed funds and Note 26 for information on related party balances.

16. SUBORDINATED DEBT

	Currency	Maturity date	Nominal interest rate %	Effective interest rate %	30 June 2024 (unaudited)	31 December 2023
Subordinated debt of Fund for Reconstruction and Development of Uzbekistan	UZS	2041	9.0%	9.1%	99,541	100,626
	USD	2027	5.0%	5.7%	257,429	252,439
Subordinated debt of Ministry of Economy and Finance	UZS	2035	4.7%	4.7%	1,094,847	1,094,894
Subordinated debt of IFC	USD	2029	11.9%	12.4%	504,872	248,895
Total subordinated debt					1,956,689	1,696,854

The increase of subordinated debt of IFC was due to attraction of USD 20 million under the existing IFC subordinated debt agreement dated 23 July 2023.

Refer to Note 23 for the disclosure of the fair value of subordinated debt and Note 26 for information on related party balances.

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17. INTEREST INCOME AND EXPENSE

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Interest income calculated using the effective interest method		
Interest income on assets recorded at amortised cost comprises:		
Interest on loans and advances to customers	3,825,532	3,043,765
Interest on investment securities measured at amortised cost	204,923	193,979
Interest on balances due from other banks	178,061	185,374
Interest on balances cash and cash equivalents	11,538	3,516
Total interest income calculated using the effective interest method	4,220,054	3,426,634
Other similar income		
Finance lease receivables	23,583	14,416
Total other similar income	23,583	14,416
Interest expense		
Interest expense on liabilities recorded at amortised cost comprises:		
Interest on other borrowed funds	(1,379,447)	(1,065,691)
Interest on customer accounts	(621,255)	(580,122)
Interest on debt securities in issue	(175,228)	(104,049)
Interest on balances due to other banks	(261,114)	(152,111)
Interest on subordinated debt	(40,609)	(4,880)
Total interest expense	(2,477,653)	(1,906,853)
Net interest income before provision on loans and advances to customers	1,765,984	1,534,197

18. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)*
Staff costs	426,833	416,920
Social security costs	65,357	59,042
Total staff costs	492,190	475,962
Taxes other than income tax	74,871	47,364
Depreciation and amortisation	78,400	52,809
Security services	37,531	29,591
Communication and software maintenance	36,628	17,620
Membership fees and contribution to Deposits Guarantee Fund	26,574	16,639
Charity expenses	21,568	27,538
Repair and maintenance of buildings	17,566	8,999
Consultancy fee	13,392	6,045
Stationery and other low value items	10,341	11,628
Travel expenses	8,635	6,582
Rent expenses	8,298	7,784
Utilities expenses	5,360	2,568
Representation and entertainment	4,976	3,114
Advertising expenses	4,843	3,940
Legal and audit fees	3,809	5,460
Fuel	2,302	1,829
Loss on Sale or Disposition of Fixed assets	1,141	13,348
Other operating expenses	10,424	12,803
Total administrative and other operating expenses	858,849	751,623

Significant increase in taxes other than income tax is due to increase in the property tax by UZS 15,029 million due to increase in construction in progress (Tashkent City, Head office) and taxes on non-resident income totaling UZS 12,636 million. The increase in membership fee is due to additional accrual of UZS 4,800 million as a contribution to the Deposit Guarantee Fund. The growth of consultancy fee expenses is led by the development of the bank's strategy for the year's 2024-2026, at the amount of UZS 2,685 million. Finally, the increase in expenses related to communication and software maintenance is due to maintenance of the Group software solutions such as SAP, CRM and licenses at the total amount of UZS 8,800 million. The legal and audit fees in the table above include expenses for audit services in the amount of UZS 3,192 million for six months ended 30 June 2024 (nil for six months ended 30 June 2023).

*Operating expenses for HY 2023 was revised to align with IFRS 17.

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19. INCOME TAXES

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)*
Current income tax expense	180,796	135,223
Deferred tax (benefit)/expense:		
- <i>Deferred tax (benefit)/expense</i>	(126,656)	(47,418)
- <i>Deferred tax expense relating to the components of other comprehensive income</i>	1,678	540
Total income tax expense through profit or loss and other comprehensive income	55,818	88,345

*H1 2023 figures were revised to align with IFRS 17.

Interim period income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate applied for the six months ended 30 June 2024 (unaudited) is 18% (the estimated tax rate for the six months ended 30 June 2023 (unaudited) was 32%).

Starting on 1 January 2022, only 80% of the loan loss provisions created for statutory reporting are eligible for tax deductions. The recovery of provisions created after 1 January 2022 is also 80% taxable.

20. 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.

	Six months ended 2024 (unaudited)	Six months ended 2023 (unaudited)
Profit for the year attributable to ordinary shareholders	247,268	185,473
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in million of shares)	243,259	243,552
Total basic and diluted earnings per ordinary share (expressed in UZS per share)	1.02	0.76

21. COMMITMENTS AND CONTINGENCIES

Operating lease commitments. As at 30 June 2024 (unaudited) and 31 December 2023, the Group had no material operating lease commitments outstanding.

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

At 30 June 2024 (unaudited), the Group was engaged in litigation proceedings with 1 client in relation to loan agreement (3 clients at 31 December 2023). No provision has been made as the Group's management believes that it is not likely that any significant loss will eventuate.

Tax legislation. Uzbek tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. The Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and state authorities. Recent events within Uzbekistan suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past, may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

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21. COMMITMENTS AND CONTINGENCIES (Continued)

The Management believes that its interpretation of the relevant legislation is appropriate and the Bank’s tax, currency legislation and customs positions will be sustained. Accordingly, as at 30 June 2024 (unaudited), no provision for potential tax liabilities had been recorded (2023: Nil). The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital expenditure commitments. As at 30 June 2024 (unaudited) and 31 December 2023, the Group had contractual capital expenditure commitments for the total amount of UZS 45,102 million and UZS 160,258 million in respect of premises and equipment, respectively.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The credit related commitments are comprised of the following:

	30 June 2024 (unaudited)	31 December 2023
Guarantees issued	2,108,926	1,457,703
Letters of credit, non post-financing	2,257,412	2,065,635
Letters of credits, post-financing with commencement after reporting period end	676,360	863,518
Undrawn credit lines	1,847,634	834,515
Total gross credit related commitments	6,890,332	5,221,371
Less - Cash held as security against letters of credit and guarantees	(1,985,844)	(1,352,830)
Less – Provision for expected credit losses	(29,148)	(11,762)
Total credit related commitments	4,875,340	3,856,779

The total outstanding contractual amount of letters of credit, guarantees issued and undrawn credit lines does not necessarily represent future cash requirements as these financial instruments may expire or terminate without being funded.

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22. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

<i>In million Uzbekistan Soums</i>	Liabilities from financing activities			Total
	Other borrowed funds	Debt securities issue	Subordinated debt	
Net debt at 1 January 2023	32,241,760	3,361,256	330,560	35,933,576
Proceeds from the issue	16,506,252	1,286,100	240,848	18,033,200
Redemption	(12,937,288)	-	-	(12,937,288)
Foreign currency translation	2,963,617	371,174	43,649	3,378,440
Reclassification of other borrowed funds to subordinated debt	(1,091,571)	-	1,091,571	-
Other non-cash movements	(49,035)	(48,164)	(9,774)	(106,973)
Net debt at 31 December 2023	37,633,735	4,970,366	1,696,854	44,300,955
Proceeds from the issue	5,287,033	-	251,100	5,538,133
Redemption	(3,449,373)	-	-	(3,449,373)
Foreign currency translation	(21,405)	89,685	8,935	77,215
Other non-cash movements	18,803	1,392	(200)	19,995
Net debt at 30 June 2024 (unaudited)	39,468,793	5,061,443	1,956,689	46,486,925

23. FAIR VALUE

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

The Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Management's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

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23. FAIR VALUE (Continued)

The Group considers that the accounting estimate related to the valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to changes from year to year, as it requires the Management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific features of transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on the condensed consolidated financial position, as well as, the related profit or loss reported on the condensed 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 period. 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).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation model(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2024 (unaudited)	31 December 2023				
Equity securities at FVTOCI						
- <i>Visa Inc.</i>	19,119	18,676	Level 1	Quoted bid prices in an active market.	N/A	N/A
- <i>Derivative financial assets</i>	50,960	51,499	Level 3	Discounted cash flows. Discount rate estimated based on constructed build up curves	Discount rate	The greater discount- the smaller fair value
- <i>Other</i>	122,282	100,541	Level 3	Discounted cash flows. Discount rate estimated based on WACC	Discount rate	The greater discount- the smaller fair value

Other financial assets are those without quoted market prices in an active market, mainly represented by investment into LLC “Yashil Energiya” (19.2%) valued at UZS 68 billion, JSC “Mortgage Refinancing Company of Uzbekistan” (ownership 8%) valued at UZS 32.7 billion and JSC “Republican Currency Exchange” (ownership 11.1%) valued at UZS 14.9 billion.

The fair value of the equity instruments at fair value through other comprehensive income were determined as the present value of future dividends by assuming dividend growth rate of zero per annum. The Management built its expectation based on previous experience of dividends received on financial assets at fair value through other comprehensive income over multiple years, and accordingly calculated the value of using the average rate of return on investments. A significant unobservable input used in determining the fair value of equity securities at FVTOCI is the Group's WACC. The higher the WACC, the lower will be 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.

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23. FAIR VALUE (Continued)

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.

	30 June 2024 (unaudited)		31 December 2023	
	Carrying value	Fair value	Carrying value	Fair value
Loans and advances to customers	61,438,487	60,525,528	58,008,238	58,050,659
Due from other banks	1,864,872	1,688,604	1,778,707	1,590,323
Debt securities in issue				
- Eurobonds	5,061,443	4,950,921	4,970,366	4,910,894
Other borrowed funds	39,468,793	34,204,013	37,633,735	32,309,689
Subordinated debt	1,956,689	1,737,903	1,696,854	1,633,337

	30 June 2024 (unaudited)			Total
	Level 1	Level 2	Level 3	
Loans and advances to customers	-	-	60,525,528	60,525,528
Due from other banks	-	-	1,688,604	1,688,604
Debt securities in issue				
- Eurobonds	3,652,214	1,298,707	-	4,950,921
Other borrowed funds	-	-	34,204,013	34,204,013
Subordinated debt	-	-	1,737,903	1,737,903

	31 December 2023*			Total
	Level 1	Level 2	Level 3	
Loans and advances to customers	-	-	58,050,659	58,050,659
Due from other banks	-	-	1,590,323	1,590,323
Debt securities in issue				
- Eurobonds	3,572,111	1,338,783	-	4,910,894
Other borrowed funds	-	-	32,309,689	32,309,689
Subordinated debt	-	-	1,633,337	1,633,337

* The table was revised to align with HY 2024 presentation.

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24. CAPITAL RISK MANAGEMENT

The Group manages regulatory capital as Group’s capital. The Group’s objectives when managing capital are to comply with the capital requirements set by the CBU, and to safeguard the Group’s ability to continue as a going concern. Compliance with capital adequacy ratios set by the CBU is monitored monthly with reports outlining their calculation reviewed and signed by the Chairman and Chief Accountant.

Under the current capital requirements set by the CBU, banks have to maintain ratios of (actual ratios given below are unaudited):

- Ratio of regulatory capital to risk weighted assets (“Regulatory capital ratio”) above a prescribed minimum level of 13% (31 December 2023: 13%). Actual ratio as at 30 June 2024: 15.2% (31 December 2023: 16.1%);
- Ratio of Group’s tier 1 capital to risk weighted assets (“Capital adequacy ratio”) above a prescribed minimum level of 10% (31 December 2023: 10%). Actual ratio as at 30 June 2024: 10.8% (31 December 2023: 11.0%); and
- Ratio of Group’s tier 1 capital to total assets less intangibles (“Leverage ratio”) above a prescribed minimum level of 6% (31 December 2023: 6%). Actual ratio as at 30 June 2024: 9.8% (31 December 2023: 9.7%).

The Group and the Bank have complied with all externally imposed capital requirements throughout the reporting period and 2023.

Total capital is based on the Group’s reports prepared under CBU Instructions and related instructions and comprises:

	30 June 2024 (unaudited)	31 December 2023
Tier 1 capital	8,710,345	7,802,768
Less: Deductions from capital	(88,568)	(72,859)
Tier 1 capital adjusted	8,621,777	7,729,909
Tier 2 capital	3,502,729	3,551,187
Total regulatory Capital	12,124,506	11,281,096

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, preference shares, retained earnings excluding current year profit and less intangible assets and investment into unconsolidated entities excluding investments made to green energy companies. The other component of regulatory capital is Tier 2 capital, which includes current year profit, general reserves created per regulatory requirements for assets classified as standard and subordinated debt balances adjusted based on remaining maturity.

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25. RISK MANAGEMENT POLICIES

The Group manages amongst other the following risks: credit risk, off-balance sheet risk, market risk, currency risk, interest rate risk, liquidity risk, operational risk, and compliance risk.

Risk management system is the part of the overall management system of the Group which aims to provide sustainable development of the Bank and the Group members in line with the approved Development Strategy.

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2023.

Interest risk. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate re-pricing that may be undertaken. Interest rate positions are managed by the Bank's Treasury Department, which uses investment securities, advances to the CBU and other banks, deposits from Banks and the CBU to manage the positions.

Currency risk. The Group takes on exposure to the effect of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. In respect of currency risk, the Management Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Group's Treasury Department measures its currency risk by matching financial assets and liabilities denominated in same currency and analyses effect of actual annual appreciation/depreciation of that currency against Uzbekistan Soum to the profit and loss of the Group. The table below summarizes the Group's exposure to foreign currency exchange rate risk at the end of reporting period:

	USD	EUR	Other currencies	UZS	Total
30 June 2024 (unaudited)					
Cash and cash equivalents	4,047,157	1,835,308	347,694	1,751,600	7,981,759
Due from other banks	842,912	63,184	1,313	957,463	1,864,872
Loans and advances to customers	25,779,058	15,227,177	-	20,432,252	61,438,487
Investment securities measured at amortised cost	-	-	-	2,200,309	2,200,309
Other financial assets	9,962	3,641	1,040	33,538	48,181
Total monetary assets	30,679,089	17,129,310	350,047	25,375,162	73,533,608
Due to other banks	1,826,626	698,296	888,330	2,599,141	6,012,393
Customer accounts	5,283,918	486,491	95,374	10,544,460	16,410,243
Debt securities in issue	5,061,443	-	-	-	5,061,443
Other borrowed funds	18,541,179	16,154,106	204,366	4,569,142	39,468,793
Other financial liabilities	133,182	7,455	26	78,310	218,973
Subordinated debt	762,300	-	-	1,194,389	1,956,689
Total monetary liabilities	31,608,648	17,346,348	1,188,096	18,985,442	69,128,534
Derivative instruments	-	-	1,176,173	(1,125,213)	50,960
Net Balance sheet position	(929,559)	(217,038)	338,124	5,264,507	4,456,034

The Group holds derivatives for risk management, primarily to mitigate its exposure to the Russian Ruble. During the six months of 2024, and in 2023 year the Group entered into cross-currency swap agreements with ICBC Standard Ltd.

	USD	EUR	Other currencies	UZS	Total
31 December 2023*					
Cash and cash equivalents	3,951,582	1,615,364	289,333	1,109,615	6,965,894
Due from other banks	780,218	-	16,293	982,196	1,778,707
Loans and advances to customers	25,483,464	12,673,843	-	19,850,931	58,008,238
Investment securities measured at amortised cost	124,597	-	-	1,968,818	2,093,415
Other financial assets	9,831	6,330	-	11,232	27,393
Total monetary assets	30,349,692	14,295,537	305,626	23,922,792	68,873,647
Due to other banks	2,566,045	1,108,348	875,316	1,269,242	5,818,951
Customer accounts	4,745,697	391,558	124,177	9,067,250	14,328,682
Debt securities in issue	4,970,366	-	-	-	4,970,366
Other borrowed funds	18,102,943	13,137,941	456,266	5,936,585	37,633,735
Other financial liabilities	127,648	20	-	54,952	182,620
Subordinated debt	501,334	-	-	1,195,520	1,696,854
Total monetary liabilities	31,014,033	14,637,867	1,455,759	17,523,549	64,631,208
Derivative instruments	-	-	1,211,810	(1,160,311)	51,499
Net Balance sheet position	(664,341)	(342,330)	61,677	5,238,932	4,293,938

* The table was revised to align with HY 2024 presentation.

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25. RISK MANAGEMENT POLICIES (Continued)

Geographical risk concentration. The geographical concentration of the Group's financial assets and liabilities at 30 June 2024 (unaudited) is set out below:

30 June 2024 (unaudited)	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	3,502,474	4,184,416	12,256	282,613	7,981,759
Due from other banks	1,684,253	180,619	-	-	1,864,872
Loans and advances to customers	61,438,487	-	-	-	61,438,487
Investment securities measured at amortised cost	2,200,309	-	-	-	2,200,309
Financial assets at fair value through other comprehensive income	122,280	19,121	-	-	141,401
Derivative financial assets	-	50,960	-	-	50,960
Other financial assets	38,602	1,178	8,401	-	48,181
Total financial assets	68,986,405	4,436,294	20,657	282,613	73,725,969
Liabilities					
Due to other banks	4,232,824	17,091	427,697	1,334,781	6,012,393
Customer accounts	16,410,243	-	-	-	16,410,243
Debt securities in issue	-	5,061,443	-	-	5,061,443
Other borrowed funds	5,020,355	25,741,871	7,514,168	1,192,399	39,468,793
Other financial liabilities	80,375	5,454	133,144	-	218,973
Subordinated debt	1,451,817	504,872	-	-	1,956,689
Total financial liabilities	27,195,614	31,330,731	8,075,009	2,527,180	69,128,534
Net balance sheet position	41,790,791	(26,894,437)	(8,054,352)	(2,244,567)	4,597,435
Credit related commitments (Note 21)	5,503,998	-	-	-	5,503,998

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

31 December 2023*	Uzbekistan	OECD	Non-OECD	Russia	Total
Assets					
Cash and cash equivalents	4,237,428	2,568,635	57	159,774	6,965,894
Due from other banks	1,695,281	82,565	-	861	1,778,707
Loans and advances to customers	58,008,238	-	-	-	58,008,238
Derivative financial assets	-	51,499	-	-	51,499
Investment securities measured at amortised cost	2,093,415	-	-	-	2,093,415
Financial assets at fair value through other comprehensive income	100,539	18,678	-	-	119,217
Other financial assets	21,392	62	5,939	-	27,393
Total financial assets	66,156,293	2,721,439	5,996	160,635	69,044,363
Liabilities					
Due to other banks	2,690,933	22,705	259,640	2,845,673	5,818,951
Customer accounts	14,328,682	-	-	-	14,328,682
Debt securities in issue	-	4,970,366	-	-	4,970,366
Other borrowed funds	5,577,817	23,166,246	7,129,869	1,759,803	37,633,735
Other financial liabilities	55,009	2,584	125,027	-	182,620
Subordinated debt	1,447,959	248,895	-	-	1,696,854
Total financial liabilities	24,100,400	28,410,796	7,514,536	4,605,476	64,631,208
Net balance sheet position	42,055,893	(25,689,357)	(7,508,540)	(4,444,841)	4,413,155
Credit related commitments (Note 21)	3,856,779	-	-	-	3,856,779

* The table was revised to align with HY 2024 presentation.

25. RISK MANAGEMENT POLICIES (Continued)

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

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and invest the funds into liquid assets such as interbank placements, 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 interbank 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 Bank is subject to certain financial and other restrictive covenants under the terms of its indebtedness that impose certain requirements on the Bank to comply with financial ratios and tests and certain restrictions that limit the Bank's ability to, among others, obtain further financing and/or repay existing long-term indebtedness. In drawing up this condensed consolidated interim financial information as at 30 June 2024, the management undertook a detailed review of the Bank's debt agreements and identified that in one case there was a clause that the Bank did not comply with as at 30 June 2024 or at 31 December 2023. The implication of this was that this debt and a number of other facilities where there are conditions in the relevant facility agreements, together, totaling UZS 37,591,632 million (31 December 2023 - UZS 30,022,608 million), should no longer be considered, for financial reporting purposes, as long term as at 30 June 2024 and 31 December 2023. Therefore, management took action and notified the transaction agent on 27 June 2024 to voluntarily prepay this debt and did so on 2 July 2024. Following the early repayment of the debt and having taken legal advice where it was considered appropriate and received any necessary additional loan covenant waivers, the expected maturity table below shows a positive short term liquidity gap after taking into account the early repayment of the above-mentioned debt and all other long term debt facilities being settled on their contractual settlement dates, as the Bank now has the right to defer settlement of the other respective debt liabilities to their settlement dates.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities, except for assets that are readily saleable if it should be necessary to meet cash outflows on financial liabilities. Such financial assets are included in the maturity analysis based on their expected date of disposal and financial liabilities at their expected date of settlement. Impaired loans are included at their carrying amounts net of impairment provisions and based on the expected timing of cash inflows.

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25. RISK MANAGEMENT POLICIES (Continued)

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 30 June 2024 (unaudited) is set out below.

	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
30 June 2024 (unaudited)							
Assets							
Cash and cash equivalents	7,981,759	-	-	-	-	-	7,981,759
Due from other banks	462,582	179,410	101,167	815,915	260,083	45,715	1,864,872
Loans and advances to customers	5,147,585	13,433,717	7,645,989	14,865,988	10,486,566	9,858,642	61,438,487
Investment securities measured at amortised cost	63,809	647,127	523,317	832,876	98,271	34,909	2,200,309
Financial assets at fair value through other comprehensive income	-	-	-	141,401	-	-	141,401
Derivative financial assets	-	50,960	-	-	-	-	50,960
Other financial assets	48,181	-	-	-	-	-	48,181
Total financial assets	13,703,916	14,311,214	8,270,473	16,656,180	10,844,920	9,939,266	73,725,969
Liabilities							
Due to other banks	4,553,697	1,040,713	15,982	268,799	93,202	40,000	6,012,393
Customer accounts	7,091,952	578,019	1,832,105	4,595,403	545,798	1,766,966	16,410,243
Debt securities in issue	-	3,805,927	-	-	1,255,516	-	5,061,443
Other borrowed funds	2,764,320	7,032,805	5,788,690	11,109,023	5,914,554	6,859,401	39,468,793
Other financial liabilities	218,973	-	-	-	-	-	218,973
Subordinated debt	4,205	2,817	-	9,677	603,596	1,336,393	1,956,688
Total financial liabilities	14,633,147	12,460,281	7,636,777	15,982,902	8,412,666	10,002,761	69,128,534
Net liquidity gap	(929,231)	1,850,933	633,696	673,278	2,432,254	(63,495)	4,597,435
Cumulative liquidity gap	(929,231)	921,702	1,555,398	2,228,676	4,660,930	4,597,435	

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25. RISK MANAGEMENT POLICIES (Continued)

The analysis of liquidity of the Group's assets and liabilities as at 31 December 2023 is set out below.

31 December 2023	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	6,965,894	-	-	-	-	-	6,965,894
Due from other banks	290,613	127,302	211,455	146,314	957,215	45,808	1,778,707
Loans and advances to customers	4,403,325	11,584,658	8,070,527	14,091,009	9,973,536	9,885,183	58,008,238
Investment securities measured at amortised cost	58,112	1,101,353	691,278	207,817	-	34,855	2,093,415
Financial assets at fair value through other comprehensive income	-	-	-	119,217	-	-	119,217
Derivative financial assets	-	51,499	-	-	-	-	51,499
Other financial assets	27,393	-	-	-	-	-	27,393
Total financial assets	11,745,337	12,864,812	8,973,260	14,564,357	10,930,751	9,965,846	69,044,363
Liabilities							
Due to other banks	2,597,424	2,732,125	91,495	359,007	38,900	-	5,818,951
Customer accounts	6,678,347	1,940,232	1,710,912	1,901,199	124,813	1,973,179	14,328,682
Debt securities in issue	-	42,123	3,694,366	-	1,233,877	-	4,970,366
Other borrowed funds	1,383,247	4,501,605	7,415,110	10,417,128	6,609,368	7,307,277	37,633,735
Other financial liabilities	182,620	-	-	-	-	-	182,620
Subordinated debt	3,080	3,949	-	6,452	346,640	1,336,733	1,696,854
Total financial liabilities	10,844,718	9,220,034	12,911,883	12,683,786	8,353,598	10,617,189	64,631,208
Net liquidity gap	900,619	3,644,778	(3,938,623)	1,880,571	2,577,153	(651,343)	4,413,155
Cumulative liquidity gap	900,619	4,545,397	606,774	2,487,345	5,064,498	4,413,155	

The above analysis is based on remaining contractual maturities. Although the Group does not have the right to use the mandatory deposits held in Central Bank of Uzbekistan for the purposes of funding its operating activities, the Management classifies them as demand deposits in the liquidity gap analysis on the basis that their nature is inherently to fund sudden withdrawal of customer accounts.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Group. It is unusual for banks ever to be completely matched since business transactions are often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates.

The Management believes that whilst a substantial portion of customer accounts is on demand, the fact that significant portion of these customer accounts are of large state-owned 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.

25. RISK MANAGEMENT POLICIES (Continued)

Climate-related risk. The Group and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

Management believes that it is currently not possible to explicitly incorporate climate risk factors in the Group's risk framework, including ECL measurement. Existing scenarios, forecasts, and estimates are covering only the long-term horizon well beyond the maturity of the existing portfolios. Such scenarios are also high-level, and attribution to specific borrowers without additional data would be highly arbitrary. To address the information gap for detailed, borrower-specific data, the Group is collecting information to perform a robust assessment of the risks specific of its borrowers. The Group is planning to enhance its credit risk scoring models to incorporate such information in the PD and LGD measurement in the future.

26. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Group applies a disclosure exemption regarding Government-related entities, where the same Government has control or joint control of, or significant influence over, both the Group and the other entities, disclosed as "entities under common control".

- "Significant shareholders" – legal entities - shareholders which have a significant influence to the Group through Government;
- "Key management personnel" – members of the Management Board and the Council of the Bank;
- "Entities under common control" – entities that are controlled, jointly controlled or significantly influenced by the Government.

The Government of the Republic of Uzbekistan, acting through the Funds for Reconstruction and Development and the Ministry of Economy and Finance of the Republic of Uzbekistan, directly and indirectly controls the Group. There are no individually significant transactions with the government related entities and the terms, conditions, and amounts of these related party transactions are usually same as those between unrelated parties. The Group enters into banking transactions with Government-related entities including but not limited to lending, deposit taking, cash settlements, obtaining borrowings etc., Transactions with related parties are settled on an arm's-length basis and recognized in the financial statements according to the same accounting policy as for similar transactions with unrelated parties.

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26. RELATED PARTY TRANSACTIONS (Continued)

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

	30 June 2024 (unaudited)		31 December 2023	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Cash and cash equivalents				
- entities under common control (contractual interest rate: 0% – 0%)	585,902	7%	285,995	4%
Due from other banks				
- entities under common control (contractual interest rate: 0% – 14%)	1,126,573	74%	1,334,385	87%
Loans and advances to customers				
- key management personnel (contractual interest rate: 24% – 27%)	349	0%	368	0%
- entities under common control (contractual interest rate: 2% – 26%)	13,325,838	21%	14,572,496	24%
Credit loss allowance				
- key management personnel	(5)	0%	(2)	0%
- entities under common control	(376,337)	13%	(116,111)	5%
Investment securities measured at amortised cost				
- significant shareholders (contractual interest rate: 8% – 19%)	2,191,461	99%	2,090,103	99%
Other Assets				
- key management personnel	14	0%	12	0%
- significant shareholders	4,188	3%	2,089	1%
- entities under common control	20,225	14%	22,913	15%
Due to other banks				
- entities under common control (contractual interest rate: 0% – 16%)	1,323,508	22%	964,575	16%
Customer accounts				
- key management personnel (contractual interest rate: 0% – 22%)	1,360	0%	2,089	0%
- significant shareholders (contractual interest rate: 0% – 18%)	3,970,253	24%	3,732,455	26%
- entities under common control (contractual interest rate: 0% – 19%)	4,219,291	26%	2,175,907	15%
- associate (contractual interest rate: 0% – 0%)	208	0%	-	0%
Other borrowed funds				
- significant shareholders (contractual interest rate: 0% – 12%)	2,527,403	6%	2,513,306	7%
- entities under common control (contractual interest rate: 2% – 10%)	1,185,086	3%	1,588,968	4%
Other liabilities				
- significant shareholders	45	0%	45	0%
- entities under common control	24,853	9%	529	0%
Subordinated debt				
- entities under common control (contractual interest rate: 5.7% – 9.2%)	1,451,817	74%	1,447,959	85%

* The table was revised to align with HY 2024 presentation.

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26. RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June 2024 (unaudited)		Six months ended 30 June 2023 (unaudited)	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Interest income				
- key management personnel	27	0%	8	0%
- significant shareholders	206,510	5%	64,874	4%
- entities under common control	686,863	16%	255,977	16%
Interest expense				
- key management personnel	(1)	0%	(1)	0%
- significant shareholders	(623,809)	25%	(223,379)	25%
- entities under common control	(84,198)	3%	(65,110)	7%
(Provision for)/recovery of credit losses on loans and advances to customers				
- key management personnel	(3)	0%	1	0%
- entities under common control	(258,974)	24%	268,472	0%
Fee and commission income				
- significant shareholders	9	0%	16	0%
- entities under common control	22,173	9%	12,606	11%
Net gain from trading in foreign currencies				
- entities under common control	53,432	17%	30,421	13%
Administrative and other operating expenses				
- key management personnel	(7,716)	1%	(2,919)	1%

Key management compensation is presented below:

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Salaries and other benefits	4,674	4,734
Bonuses	2,200	827
Social security contributions	842	696
Total	7,716	6,257

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

On July 22, 2024, the Group launched a Sustainability Bond on the London Stock Exchange, with a total value of USD 400 million and 2.25 trillion UZS. The bond framework has received a Second-Party Opinion (SPO) from Sustainable Fitch Inc., confirming its adherence to sustainability standards.

On July 2, 2024, the Group fully repaid the outstanding loan from the Credit Suisse AG (now UBS AG) loan facility agreement dated 29 June 2021.

On July 16 2024, First Abu Dabi Bank PJSC has disbursed USD 15 million. The facility is to be used to finance trade finance projects of clients. The loan maturity period is defined as 6 months.

On July 16, 2024, the Group established three new subsidiaries: “Arton Vodiy Invest” with a 97.98% ownership stake, and both “Xiva Plaza” and “Xiva Trade Center” with 100% ownership each. These subsidiaries aim to enhance investment attraction, foster industrial development, and regulate trade, in alignment with the directives outlined in Government Commission Statement No. 35.

On July 26 2024, CBU decreased refinancing rate from 14% to 13.5%.